

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

**In the Matter of:**

<b>ELECTRONIC JOINT APPLICATION OF</b>	)	
<b>KENTUCKY UTILITIES COMPANY AND</b>	)	
<b>LOUISVILLE GAS AND ELECTRIC COMPANY</b>	)	<b>CASE NO. 2026-00077</b>
<b>FOR APPROVAL OF MERGER</b>	)	
	)	

**RESPONSE OF**  
**KENTUCKY UTILITIES COMPANY**  
**AND**  
**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**TO**  
**THE ATTORNEY GENERAL'S**  
**INITIAL REQUEST FOR INFORMATION**

**DATED MAY 1, 2026**

**FILED: May 8, 2026**

VERIFICATION

COMMONWEALTH OF KENTUCKY )  
 )  
COUNTY OF JEFFERSON )

The undersigned, **John Bevington**, being duly sworn, deposes and says that he is Senior Director – Business and Economic Development for PPL Services Corporation and he provides services to Louisville Gas and Electric Company and Kentucky Utilities 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.

*[Handwritten signature of John Bevington]*  
\_\_\_\_\_

**John Bevington**

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 5<sup>th</sup> day of May 2026.

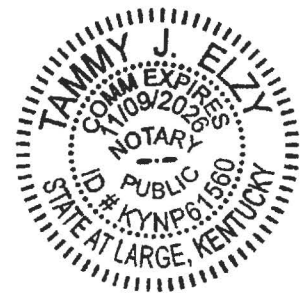
*[Handwritten signature of Tammy J. Ely]*  
\_\_\_\_\_

Notary Public

Notary Public ID No. KYNP61560

My Commission Expires:

November 9, 2026





**VERIFICATION**

**COMMONWEALTH OF KENTUCKY )**

**COUNTY OF JEFFERSON )**

The undersigned, **Chad E. Clements**, being duly sworn, deposes and says that he is the Director – Regulated Utility Tax for PPL Services Corporation and currently provides tax related services to Louisville Gas and Electric Company and Kentucky Utilities Company, that he has personal knowledge of the matters set forth in the responses for which he is identified as a witness, and that the answers contained therein are true and correct to the best of his information, knowledge, and belief.

Signed by:  
*Chad Clements*  
583EC22E6AACA1B...  
**Chad E. Clements**

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 5 day of May 2026.



Brittany Elise Meyer  
NOTARY PUBLIC  
Commonwealth of Kentucky  
Commission Number KYNP87702  
My Commission Expires  
April 22, 2028

*Brittany E Meyer*  
Notary Public

Notary Public ID No. KYNP87702

My Commission Expires:

4/22/2028



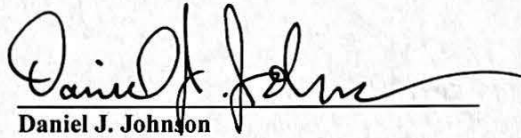


VERIFICATION


STATE OF NEW YORK )

)  
COUNTY OF Albany )

The undersigned, **Daniel J. Johnson**, being duly sworn, deposes and says that he is Senior Vice President and Chief Information Officer for PPL Services Corporation and he provides services to Louisville Gas and Electric Company and Kentucky Utilities Company, and that he has personal knowledge of the matters set forth in the foregoing responses, and that the answers contained therein are true and correct to the best of his information, knowledge, and belief.

  
Daniel J. Johnson

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 5<sup>th</sup> day of May, 2026.

  
Notary Public

Notary Public, ID No. 01DU 6441124  
(SEAL)

My Commission Expires: 9/19/26

TERA L DUTKIEWICZ  
Notary Public, State of New York  
No. 01DU6441124  
Qualified in Albany County  
Commission Expires 09/19/20 24





VERIFICATION

COMMONWEALTH OF KENTUCKY )  
 )  
COUNTY OF JEFFERSON )

The undersigned, **Shannon L. Montgomery**, being duly sworn, deposes and says she is the Vice President, Customer Services for Kentucky Utilities Company and Louisville Gas and Electric 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.

*Shannon Montgomery*  
\_\_\_\_\_  
Shannon L. Montgomery

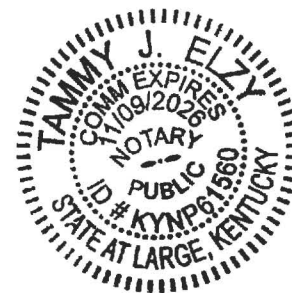
Subscribed and sworn to before me, a Notary Public in and before said County and State, this 5<sup>th</sup> day of May 2026.

*Tammy J. Elzy*  
\_\_\_\_\_  
Notary Public

Notary Public ID No. KYNP61560

My Commission Expires:

November 9, 2026



VERIFICATION

COMMONWEALTH OF KENTUCKY )  
 )  
COUNTY OF JEFFERSON )

The undersigned, **Charles R. Schram**, being duly sworn, deposes and says that he is Vice President –Energy Supply and Analysis for Kentucky Utilities Company and Louisville Gas and Electric Company and is 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.

*Charles R. Schram*  
\_\_\_\_\_  
Charles R. Schram

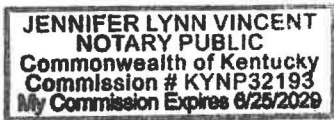
Subscribed and sworn to before me, a Notary Public in and before said County and State this 5th day of MAY 2026.

*Jennifer Lynn Vincent*  
\_\_\_\_\_  
Notary Public

Notary Public ID No. KYNP32193

My Commission Expires:

06/25/2029





**KENTUCKY UTILITIES COMPANY  
AND  
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to the Attorney General's Initial Request for Information  
Dated May 1, 2026**

**Case No. 2026-00077**

**Question No. 1**

**Responding Witness: Robert M. Conroy / Christopher M. Garrett**

- Q-1. Refer to the Companies' Application at paragraph 31 wherein the Companies describe their request for authorization to defer merger costs.
- a. Provide a listing and description of all expected merger costs that would be deferred pursuant to this request.
  - b. Provide a copy of all studies, analyses, and/or other documentation and/or internal communications that address expected merger costs and/or the amounts and quantifications of such costs.
  - c. Confirm it is the Companies' intent that any such deferrals will be limited to "incremental" costs that would not have been incurred but for the merger. Provide an affirmative statement as to the standard the Companies will apply for such deferrals, including the requirement that such costs be "incremental."
  - d. Refer to the Companies' Application at par. 8.
    - i. Confirm it is the Companies' intent not to defer the cost of the "significant IT upgrades the Companies and PPL are currently undertaking" pursuant to the deferral authority requested in this proceeding. If this is not correct, then provide a corrected statement, including a description of the IT upgrade costs the Companies intend to defer and the Companies' estimates of these costs, including all studies and analyses relied on for the estimates of the costs.
    - ii. Indicate whether it is the Companies' intent to defer the cost of the "significant IT upgrades the Companies and PPL are currently undertaking" pursuant to any other Commission deferral authority granted in another proceeding. If so, describe and provide a citation to each authority relied on for this purpose.
  - e. Refer to the direct testimony of Robert Conroy at 15 wherein he states "the Companies have incurred and will incur merger costs not being recovered through current rates or addressed by other deferrals, including legal,

regulatory, and financing-related costs to achieve and implement merger (e.g., the cost of this proceeding).” Provide all studies, analyses, quantifications, and estimated merger costs to the extent not provided in response to parts (a) and (b) of this question.

A-1.

- a. See the response to PSC 2-12.
- b. See legal entity merger study filings referenced in Footnotes 1-3, Page 4 of the Companies’ Application. Additionally, see the response to PSC 2-12.
- c. Confirmed. The Companies will only request deferral accounting treatment for incremental external costs to effectuate the merger.
- d.
  - i. Confirmed.
  - ii. In Case Nos. 2025-00113 and 2025-00114, the Companies received approval to defer certain software implementation costs incurred through December 31, 2026 over the underlying lives of the software. These costs include certain implementation costs of the new ERP system and CIS.
- e. See the response to PSC 2-12.

**KENTUCKY UTILITIES COMPANY  
AND  
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Attorney General's Initial Request for Information  
Dated May 1, 2026**

**Case No. 2026-00077**

**Question No. 2**

**Responding Witness: Robert M. Conroy / Daniel Johnson**

- Q-2. Refer to the direct testimony of Robert Conroy at 5-6 wherein he addresses the costs of “the significant IT upgrades the Companies and PPL Corporation (“PPL”) are currently undertaking.”
- a. Provide a copy of all studies detailing the scope of the IT upgrades and the cost of the upgrades without the proposed merger.
  - b. Provide a copy of all studies detailing the scope of the IT upgrades and the cost of the upgrades with the proposed merger.
  - c. Provide a copy of all studies, analyses, other than provided in response to parts (a) and (b) of this question, and communications regarding the comparative scope and costs of the IT upgrades without and with the merger.
  - d. Refer to the direct testimony of Robert Conroy at 10-11 wherein he addresses the convergence of base rates and rider rates, other than the FAC and OSS riders, in future rate proceedings. Confirm that the IT upgrades the Companies and PPL are currently undertaking will require the systems to function separately for the legacy utilities, at least temporarily due to the timing of the next base rate proceeding and the convergence of base rates and rider rates other than the FAC and OSS rider rates, regardless of whether the merger is consummated. Explain your response.
- A-2.
- a. No studies have been performed which detail the scope of the IT upgrades excluding the proposed merger.
  - b. See the direct testimony of Daniel Johnson in Case Nos. 2025-00113 and 2025-00114 for a description of the IT upgrades and the associated costs.
  - c. Not applicable.
  - d. See the response to Question No. 7.

**KENTUCKY UTILITIES COMPANY  
AND  
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Attorney General's Initial Request for Information  
Dated May 1, 2026**

**Case No. 2026-00077**

**Question No. 3**

**Responding Witness: Robert M. Conroy**

- Q-3. Refer to the direct testimony of Robert Conroy at 11 wherein he states: "The Companies propose to unify their FAC and OSS mechanisms as part of their merger because attempting not to unify these mechanisms would be inefficient for several reasons." [emphasis in original]
- a. Describe what is meant by the term "unify" with respect to the FAC and OSS mechanisms.
  - b. Confirm that KU and LG&E will maintain separate FAC and OSS riders after the merger until all rates are converged even if the KU and LG&E FAC and OSS riders reflect the post-merger combined fuel expense and OSS margins, at least in part, because the legacy utilities (recharacterized as "districts") will continue billing their legacy customers until all base and rider rates are converged. If this is not correct, then provide a corrected statement and an explanation as to why each correction in the corrected statement was necessary. In addition, provide a copy of all support and/or analyses relied on for your response.
  - c. Provide a comparison of the present FAC and OSS rider rates for each of the legacy utilities to combined FAC and OSS rider rates assuming the merger had been in effect during the expense months used to calculate the present rider rates.
- A-3.
- a. See Mr. Conroy's testimony at pages 11-14, which addresses this issue at length. In simple terms, "unifying" the FAC and OSS mechanisms means that there would only be one combined utility filing instead of two separate utility filings utilizing the combined utility costs and sales as described in Mr. Conroy's testimony.
  - b. As stated in the Companies' application and Mr. Conroy's testimony, the Companies propose to unify their FAC and OSS mechanisms as described

therein.<sup>1</sup> Thus, beginning with the fifth month following merger, the FAC monthly billing factor will be the same under both LG&E's tariff and KU's tariff adopted by LG&E. The billing system will continue to bill legacy customers under each rate district, but the unified FAC monthly billing factor will be the same for all.

- c. See the responses to PSC 2-8, PSC 2-9 and PSC 2-11.

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<sup>1</sup> Application at 12-14; Conroy Direct at 11-14.

**KENTUCKY UTILITIES COMPANY  
AND  
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Attorney General's Initial Request for Information  
Dated May 1, 2026**

**Case No. 2026-00077**

**Question No. 4**

**Responding Witness: Robert M. Conroy / Christopher M. Garrett**

Q-4. Refer to the direct testimony of Robert Conroy at 15-16 wherein he states "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."

- a. Provide a copy of all studies, analyses, and all other documentation and communications that quantify and compare the costs and savings from the proposed merger to the status quo by year on a nominal and npv basis, including all supporting studies, analyses, and all other documentation and communications.
- b. Provide a listing and description of all expected merger savings.
- c. Provide a copy of all studies, analyses, and/or other documentation and/or internal communications that address expected merger savings and/or the amounts and quantifications of such savings.

A-4.

- a-c. See legal entity merger study filings referenced in Footnotes 1-3, Page 4 of the Companies' Application. A detailed listing and description of the \$2.3 million in annual merger cost savings can be found in the legal entity merger study performed by PWC filed on March 31, 2022.<sup>2</sup>

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<sup>2</sup> [https://psc.ky.gov/pscecf/2018-00294/rick.lovekamp@lge-ku.com/03312022011250/Closed/2-2022\\_LGE\\_KU\\_Legal\\_Merger\\_Study.pdf](https://psc.ky.gov/pscecf/2018-00294/rick.lovekamp@lge-ku.com/03312022011250/Closed/2-2022_LGE_KU_Legal_Merger_Study.pdf)

**KENTUCKY UTILITIES COMPANY  
AND  
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Attorney General's Initial Request for Information  
Dated May 1, 2026**

**Case No. 2026-00077**

**Question No. 5**

**Responding Witness: Robert M. Conroy**

- Q-5. Refer to the direct testimony of Robert Conroy at 16 wherein he states: “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.” Provide a copy of or a link to the Applications in the FERC and VSCC proceedings.
- A-5. See the response to PSC 2-33.

**KENTUCKY UTILITIES COMPANY  
AND  
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Attorney General's Initial Request for Information  
Dated May 1, 2026**

**Case No. 2026-00077**

**Question No. 6**

**Responding Witness: Christopher M. Garrett**

- Q-6. Refer to Exhibit CMG-1 to the direct testimony of Christopher Garrett filed by the Companies in Cases 2025-00113 and 2025-00114. Confirm this "Legal Merger Assessment" does not include any quantitative analyses in the form of a forecast of merger costs to achieve, merger administrative savings, or merger synergy savings. If the Companies prepared such a forecast in support of the Assessment, then provide a copy of that forecast and all supporting analyses. If the Companies did not prepare such a forecast, then explain why they did not.
- A-6. See the response to PSC 2-40. Additionally, see the response to Question No. 4.

**KENTUCKY UTILITIES COMPANY  
AND  
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Attorney General's Initial Request for Information  
Dated May 1, 2026**

**Case No. 2026-00077**

**Question No. 7**

**Responding Witness: Christopher M. Garrett**

- Q-7. Refer to the direct testimony of Christopher Garrett at 1 wherein he states: "I describe how the information technology ("IT") investments the Companies are making create an opportunity, with no significant incremental cost, to design IT platforms to serve a single entity." Confirm the scope and cost of the IT upgrades presently includes both legacy utilities and that the scope of the IT upgrades necessarily will continue to include both legacy utilities given that there will continue to be a separate set of tariffs for each legacy utility (rate division) until the tariffs are converged at some future date. If this statement is not correct, then provide a corrected statement and an explanation as to why each correction was necessary. In addition, provide all support relied on for your response.
- A-7. The scope and cost of the IT upgrades include the costs associated with consolidating the accounting of LG&E and KU post-merger. The primary benefit of merging is the associated regulatory and administrative efficiencies to be achieved from operating as one company. Accordingly, the Companies plan to not account for LG&E and KU separately post-merger with one exception for revenues. Revenues will be tracked separately (e.g., rate districts) in the new accounting system until such time base rates have been harmonized and tariffs have been consolidated.

Were the newly merged entity required to separately account for the two legacy utilities post-merger, the costs to reconfigure the systems would need to be incurred yet again once the rates are harmonized. Thus, merging now, while the Companies are already reconfiguring their IT systems, is the most cost-effective way to merge.

**KENTUCKY UTILITIES COMPANY  
AND  
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Attorney General's Initial Request for Information  
Dated May 1, 2026**

**Case No. 2026-00077**

**Question No. 8**

**Responding Witness: Julissa Burgos**

- Q-8. Refer to the direct testimony of Christopher Garret at 7 wherein he states: "In conjunction with the merger, the Companies may consider multiple long-term financing structures. The financing structures being evaluated include: (i) amend the existing LG&E and KU indentures; (ii) retain the legacy mortgage of the surviving entity, LG&E; and (iii) a collateral trust mortgage." Confirm these multiple long-term financing structures are available to the legacy utilities if there is no merger, i.e., the merger is not necessary in order for the Companies to pursue any of these structures if the Companies deem them attractive. Explain your response and provide all support relied on.
- A-8. The financing structures referenced in Mr. Garrett's testimony are driven by merger specific considerations and would not be necessary absent a merger. The alternatives Mr. Garrett lays out arise from the merger related need to facilitate efficient financing of the combined entity.

Absent a merger of the entities, each utility would continue to access the capital markets independently under its existing indenture and financing framework and forego the potential savings that the combined entity would have as a single issuer with a greater scale and marketability.

**KENTUCKY UTILITIES COMPANY  
AND  
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Attorney General's Initial Request for Information  
Dated May 1, 2026**

**Case No. 2026-00077**

**Question No. 9**

**Responding Witness: Christopher M. Garrett**

Q-9. Refer to the direct testimony of Christopher Garrett at 11 wherein he states:

“The new 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. To align the consolidated depreciation rates with the separate company depreciation rates, the Companies have requested Mr. Spanos to perform the study using the asset values as of June 30, 2024.<sup>3</sup> 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.”

- a. Explain why the Companies believe it is necessary to consolidate the depreciation rates for KU and LG&E at this time, given that the Companies do not propose any changes in their base rates, environmental surcharge rates, or any other tariffs that were/are based on revenue requirements determined with depreciation expense calculated using the depreciation rates approved in Cases 2025-00113 and 2025-00114. Provide all support relied on for your response.
- b. Explain why the Companies did not provide the depreciation study coincident with the filing of the Application in this proceeding.
- c. Indicate when the Companies plan to file the depreciation study in this proceeding.
- d. Describe how the parties are not denied their discovery and other procedural rights due to the delay in filing the depreciation study.

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<sup>3</sup> Footnote 9 in the quoted excerpt states: “Currently approved depreciation rates for KU and LG&E are based on depreciation studies as of June 30, 2024 filed as part of Case Nos. 2025-00113 and 2025-00114.”

- e. Provide a copy of all purchase orders, contracts, engagement agreements, and/or other documents and communications, including notes and other handwritten writings, that describe the scope of the depreciation study to be performed by Gannet Fleming, including, but not limited to, all changes in parameters that will be or may be included in the depreciation study.

A-9.

- a. See the response to Question 10.
- b. The study was not filed with the application because it had not yet been completed by the filing date.
- c. See the response to PSC 2-5.
- d. The new depreciation rates from the combined study have been provided in response to PSC 2-5. The Companies plan to supplement PSC 2-5 with a copy of the full depreciation study and workpapers once it becomes available (anticipated later this month).
- e. See attachments being provided in separate files.

**KENTUCKY UTILITIES COMPANY  
AND  
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Attorney General's Initial Request for Information  
Dated May 1, 2026**

**Case No. 2026-00077**

**Question No. 10**

**Responding Witness: Christopher M. Garrett**

- Q-10. Reference the Application, paragraph 33. Explain when the Companies expect to file Mr. Spanos' new depreciation study. If the new depreciation study is not filed into the record until after the discovery portion of the Commission's procedural schedule has expired, will the Companies agree to allow Staff and the intervenors the right to pose additional data requests pertaining to the depreciation study? If not, why not?
- a. Explain why the new depreciation rates could not be reviewed in the next base rate case that the merged Company will file.
- A-10. See the response to PSC 2-5.
- a. New depreciation rates must be approved for accounting purposes as part of this proceeding. Absent new, combined depreciation rates, LG&E would not have approved depreciation rates for the assets it assumes from KU post-merger. For example, LG&E does not have approved depreciation rates for KU generation assets including the Ghent and Brown coal units. The new systems are being designed and configured to account for the merged entity as one post-merger. Thus, merging now, while the Companies are already reconfiguring their IT systems, is the most cost-effective way to merge.

**KENTUCKY UTILITIES COMPANY  
AND  
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Attorney General's Initial Request for Information  
Dated May 1, 2026**

**Case No. 2026-00077**

**Question No. 11**

**Responding Witness: Robert M. Conroy**

- Q-11. Provide the timeline for the planned convergence of the legacy utility rates to the post-merger combined utility single set of tariff rates.
- A-11. See the response to PSC 2-3.

**KENTUCKY UTILITIES COMPANY  
AND  
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Attorney General's Initial Request for Information  
Dated May 1, 2026**

**Case No. 2026-00077**

**Question No. 12**

**Responding Witness: Robert M. Conroy / Christopher M. Garrett**

- Q-12. Provide a copy of all studies and analyses that compare the base and rider rates and total rates, except for the FAC and OSS riders, of the legacy utilities to the post-merger combined utility single set of tariff rates by year. Identify all new costs that would arise as a result of the proposed merger. Include in your response a discussion regarding any potential federal compliance costs, including but not limited to depancaking costs, involving the Federal Energy Regulatory Commission (FERC).
- A-12. The Companies have not performed detailed analysis of the future costs for base rates or mechanisms under a post-merger combined utility single set of tariff rates. Such analysis will be performed in a future base rate proceeding when addressing consolidated rates. See the response to PSC 2-3.

In past legal merger studies, the Companies have presented information regarding the differences between total revenues for each of the LG&E and KU rate schedules (See the reports provided in 2018, 2020, 2021, and 2022). These analyses looked at the impact by rate schedule of equalizing the then-current all-in rates of each individual utility not the underlying costs of service and also at the impact by rate schedule on revenues if the lowest rate were in effect for both utilities. The Companies have updated this analysis based on the rates established in the most recent base rate cases in Case Nos. 2025-00113 and 2025-00114. See the attachment provided in a separate file. This should not be interpreted as what the Companies would propose in future base rate proceeding to address a single set of tariff rates.

The Companies have not identified any new costs from a rate perspective that would arise as a result of the proposed merger or any potential federal compliance costs. Regarding one-time costs of the merger, see the response to PSC 2-12. Regarding depancaking costs, those costs arise from the transmission service which is already operated on a combined Company basis. Total transmission costs today are allocated to KU and LG&E. Post-merger, an allocation would not be necessary.

**KENTUCKY UTILITIES COMPANY  
AND  
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Attorney General's Initial Request for Information  
Dated May 1, 2026**

**Case No. 2026-00077**

**Question No. 13**

**Responding Witness: Robert M. Conroy / Counsel**

- Q-13. Identify all risks to ratepayers associated with the proposed merger.
- A-13. The Companies object to this request on grounds of vagueness. Notwithstanding their objection, the Companies reiterate Mr. Conroy's testimony: "The Companies have jointly planned and operated their utilities, and achieved significant operational efficiencies, since they first came together under one holding company almost thirty years ago.<sup>4</sup> Indeed, for nearly all substantive intents and purposes, they already operate as one electric utility."<sup>5</sup> During that time, the Companies have had some of the most reliable service and lowest rates in the nation. Thus, it is unclear what "risks to ratepayers associated with the proposed merger" this request seeks to address.

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<sup>4</sup> *Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for Approval of Merger*, Case No. 1997-00300, Order (Ky. PSC Sept. 12, 1997).

<sup>5</sup> Conroy Direct at 4.

**KENTUCKY UTILITIES COMPANY  
AND  
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Attorney General's Initial Request for Information  
Dated May 1, 2026**

**Case No. 2026-00077**

**Question No. 14**

**Responding Witness: Christopher M. Garrett**

- Q-14. Identify the total dollar amount of projected cost savings expected from the proposed merger, including savings arising from the elimination of duplicative functions or costs. Explain also how those savings differ from savings already achieved under preexisting shared operations.
- A-14. See the response to PSC 2-34. Additionally, see the 2022 PWC merger study filed in Case Nos. 2018-00294 and 2018-00295 for additional details on the makeup of the associated cost savings.

**KENTUCKY UTILITIES COMPANY  
AND  
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Attorney General's Initial Request for Information  
Dated May 1, 2026**

**Case No. 2026-00077**

**Question No. 15**

**Responding Witness: John Bevington / Christopher M. Garrett / Shannon L.  
Montgomery**

- Q-15. Confirm that all ratepayers are now metered via the Companies' AMI system, with the exception of customers who have specifically opted out of AMI usage. If so confirmed, explain whether the proposed merger will affect any component of the AMI system / infrastructure, and if so, how. Include in your response a description of any changes to the Companies' accounting system and entries related to AMI costs and savings, including the use of AFUDC.
- A-15. Not confirmed. Certain populations of electric meters were always excluded from the AMI deployment due to technical, operational, or billing constraints. In total, roughly 20,000 meters were excluded from the AMI scope, the majority of which are gas only customers. Additionally, a limited population of electric meters in Eastern Kentucky, primarily in the Barbourville area, cannot be supported due to network infrastructure limitations that prevent AMI communications from reaching customer locations.

AMI regulatory assets and liabilities approved for amortization in Case No. 2025-00113 and Case No. 2025-00114 will continue to be amortized at amounts approved in those cases on a combined basis. AFUDC is no longer being accrued for the AMI project.

**KENTUCKY UTILITIES COMPANY  
AND  
LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Attorney General's Initial Request for Information  
Dated May 1, 2026**

**Case No. 2026-00077**

**Question No. 16**

**Responding Witness: John Bevington / Shannon L. Montgomery / Adam R. Smith**

- Q-16. Reference the Final Order dated June 20, 2021 in Case No. 2020-00349, p. 63, item nos. 7 - 15. Explain whether the proposed merger will in any manner affect the quantification of benefits derived from the AMI deployment, and/or: (i) the development of the pre-pay program approved in Case Nos. 2025-00113 and 2025- 00114; (ii) existing Demand Side Management programs; any (iii) any of the Commission-imposed requirements regarding the implementation of AMI, as set forth in the final orders for Case Nos. 2020-00349 and 2020-00350. Include in your response a discussion of the projected impact of the proposed merger on any conservation voltage reduction the merged Company may implement in its combined system.
- A-16. The Companies do not anticipate any impact from the proposed merger on the delivery of the existing Demand Side Management programs since LG&E will adopt KU's existing tariffs, including the DSM tariff. The Companies anticipate no impact to its Prepay programs. Upon consolidation in a future case, the proposed merger will simplify the calculation of the DSM cost recovery mechanism. The Companies anticipate no impact to Commission imposed requirements regarding implementation of AMI or conservation voltage reduction.

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**Question No. 17**

**Responding Witness: John Bevington / Shannon L. Montgomery / Adam R. Smith**

- Q-17. Reference the Final Order dated June 20, 2021 in Case No. 2020-00349, p. 64, item no. 16. Provide a discussion regarding whether the proposed merger, including the proposed Information Technology (IT) investments, will impact the Companies' AMI systems in any manner. Include in your discussion whether the IT investments will in any manner enhance the following: (i) implementation of conservation voltage reduction, whether on a combined system-wide basis or on selected circuits; (ii) power quality; (iii) asset management; (iv) distribution system investment and utilization; (v) load forecasting at the circuit level and more granular; (vi) peak reduction of generation; transmission development and utilization; and the calculation of all avoided cost categories and calculations used in determining NMS-2 and QF compensation.
- A-17. Neither the proposed merger nor any merger-related IT investments will affect the Companies' AMI systems.

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**Question No. 18**

**Responding Witness: John Bevington / Shannon L. Montgomery / Counsel**

- Q-18. Confirm whether both LG&E and KU currently have achieved Green Button certification. Explain whether both LG&E and KU customers currently have the ability to grant third parties access to their AMI data utilizing the Green Button Connect My Data standard. Include in your response the impact(s) that the proposed merger and the proposed IT investments will have on customers' ability to obtain their data through a single download. Explain also whether the merged Company will maintain its Green Button Connect My Data certification, and if not, why not.
- A-18. The Companies object to this request on the ground of relevance and note that they are addressing some of these questions in response to a complaint with the Attorney General's Office. Notwithstanding the Companies' objection, the Companies state that they do not expect the proposed merger will affect their Green Button certification status or customers' ability to access their data.

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**Question No. 19**

**Responding Witness: Christopher M. Garrett**

- Q-19. State the total amount of merger-related costs anticipated by the Companies and identify which of these costs the Companies intend to seek to recover from ratepayers.
- A-19. See the responses to PSC 2-12 and 2-13.

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**Question No. 20**

**Responding Witness: Christopher M. Garrett**

- Q-20. Explain what operational or financial benefits will result from the merger that are not already being achieved under the Companies' current structure.
- A-20. See the response to PSC 2-34. The Companies do not anticipate incremental operational savings as the Companies have largely operated on an integrated basis since the merger of the holding companies in 1998.

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**Question No. 21**

**Responding Witness: Robert M. Conroy / Counsel**

- Q-21. Provide a discussion regarding how the Companies will proceed if they elect to rebrand their current operating names of LG&E and KU. Include in your discussion whether the Companies: (a) intend to retain a consultant in this regard; and (b) plan to obtain customer feedback on potential name changes, and if so, how, e.g., whether through participatory forums, surveys, etc.
- A-21. The Companies object to this request on the ground of relevance. Notwithstanding that objection, the Companies state that they have not specifically determined the process of possible future rebranding, which the Companies are not proposing in this proceeding. The process for a possible future rebranding would include consulting an advertising agency, and it could include gathering employee, customer, and community stakeholder feedback.

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**Question No. 22**

**Responding Witness: Robert M. Conroy**

Q-22. Reference the Conroy direct testimony at 2:7-13. Assuming the merger is approved, and upon its consummation, will LG&E continue operating under the LG&E name in the current LG&E service territory?

A-22. Yes.

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**Question No. 23**

**Responding Witness: Robert M. Conroy / Counsel**

- Q-23. Refer to the application, pages 6 – 7. The Companies assert that even though LG&E will be acquiring KU through the requested merger, it anticipates continuing to operate as LG&E and KU in each respective service territory. The Companies further state that, “[t]he 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.” Refer also to the Conroy direct testimony at 7:9 – 11, in which Mr. Conroy asserts that LG&E having two regulated utility operations makes it somewhat administratively easier for LG&E to be the acquiring entity.
- a. In addition to the cited administrative ease, explain in detail why it is more beneficial to both the Companies and the customers for LG&E to acquire KU instead of KU acquiring LG&E.
  - b. Provide all analyses and studies (including cost benefit analyses) conducted demonstrating all advantages and disadvantages of LG&E acquiring KU versus KU acquiring LG&E.
  - c. Provide a detailed explanation as to how the combined utility name change in the future will be beneficial to the customers and/or the Companies.
  - d. Provide a detailed explanation as to whether the combined utility name change in the future could have any negative ramifications for the customers and/or the Companies.
  - e. Provide a detailed explanation as to how the Companies will determine when the timing is best suited for a combined utility name change.
  - f. Provide all combined utility name changes that have been contemplated thus far.
  - g. Provide any and all updates for subparts (a) – (e) throughout the pendency of this case.

A-23.

- a. It is reasonable to merge the Companies in an administratively efficient way. In the Companies' case, because LG&E has two utility operations, it is more administratively efficient to merge KU into LG&E.
- b. No such studies exist.
- c. The Companies object to this request as irrelevant; they are not seeking a name change in this case. Notwithstanding their objection, see the response to Question No. 21.
- d. The Companies object to this request as irrelevant; they are not seeking a name change in this case. Notwithstanding their objection, the Companies state that they would work to mitigate any potential negative effects of a future name change, including customer education to minimize customer confusion.
- e. The Companies object to this request as irrelevant; they are not seeking a name change in this case, which this request reflects. Notwithstanding their objection, the Companies state that they do not currently have a set of decision criteria concerning when a possible future name change might be appropriate.
- f. The Companies object to this request as irrelevant; they are not seeking a name change in this case.
- g. No response is necessary.

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**Question No. 24**

**Responding Witness: John Bevington / Shannon L. Montgomery**

Q-24. If the Commission grants the Companies' requested merger, will the merged Company perform special training with its customer service department to explain the merger situation to customers who contact the Companies with concerns regarding the same?

A-24. Yes.

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**Question No. 25**

**Responding Witness: Robert M. Conroy / Christopher M. Garrett**

- Q-25. Reference the Conroy direct testimony at 10:13 – 18, in which Mr. Conroy states that merging the companies will cause minimal changes to the personnel who would otherwise operate and manage the utilities absent the proposed merger. Provide a detailed list of the minimal changes to personnel that will occur if the Commission were to approve of the Companies' requested merger.
- A-25. See the response to PSC 2-23.

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**Question No. 26**

**Responding Witness: Robert M. Conroy**

- Q-26. Provide a discussion regarding whether the Companies intend to retain the All Electric Schools tariff (Tariff AES) in the current KU service territory, as set forth in KU Tariff Sheet 13. If so, discuss in detail how the Companies intend to make Tariff AES available in the current LG&E service territory. Include in your discussion all efforts made to reach out to the Jefferson County Public School system, private schools such as the Archdiocese of Louisville Catholic School system and other private schools who currently take service from LG&E.
- A-26. Mr. Conroy's testimony further states, "The combined utility will adopt LG&E's and KU's existing tariffs; using rate districts, the combined utility will serve LG&E and KU customers under the Companies' current tariffs just as the Companies do today."<sup>6</sup> Therefore, the merged entity will continue to offer Rate AES in KU's service territory as it does today, i.e., as a **closed** rate schedule, which it has been for almost 15 years (since July 1, 2011),<sup>7</sup> at least until the Commission approves any changes in Rate AES in future rate cases. That being said, the Companies do not anticipate reopening or expanding Rate AES, which is the same expectation the Companies would have had absent merger.

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<sup>6</sup> Conroy Direct at 5. The accompanying footnote states, "The Companies are not proposing to harmonize or unify their base rates or tariffs in this case. Any such harmonization or unification will occur in a later base rate case." *Id.* at 5 fn. 12.

<sup>7</sup> *See, e.g.,* Kentucky Utilities Company P.S.C. No. 20, Original Sheet No. 13 ("This rate schedule is not available to privately operated kindergartens or daycare centers and is restricted to those Customers who were qualified for and being served on Rate AES as of July 1, 2011. Because this rate schedule is closed to new Customers, if Customer is taking service under this rate schedule and subsequently elects to take service under another rate schedule, Customer may not again take service under this rate schedule.").

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**Question No. 27**

**Responding Witness: Robert M. Conroy**

- Q-27. Explain in detail all plans the Companies have for expanding and extending LG&E's gas service into areas of the Commonwealth that currently have no gas service.
- A-27. The proposed merger will have no effect on LG&E expanding or extending its gas service.

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**Question No. 28**

**Responding Witness: Chad E. Clements / Christopher M. Garrett**

- Q-28. Reference the application, paragraph 17. Provide a discussion regarding whether under the current state of tax law, the tax consequences of transferring cash among the LKE entities would remain minimized. If not, describe what actions would be necessary to mitigate the risk of incurring additional tax expense.
- A-28. As discussed in paragraph 17 of the Application, the Company confirms that the tax consequences associated with intercompany cash transfers among members of the LKE group will remain unchanged following the merger. The merged entity would remain positioned below LG&E and KU Energy Holding Company, which in turn sits below the two intermediary holding entities previously approved in Case No. 2017-00415.

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**Question No. 29**

**Responding Witness: Elizabeth J. McFarland / Charles R. Schram**

- Q-29. Explain how the proposed merger will affect the current joint dispatch of the Companies' generation fleet, and the operation of its transmission system.
- A-29. The proposed merger will have no impact on the current joint dispatch of the Companies' generation fleet. See the response to LFUCG-METRO 1-14. Regarding the operation of the transmission system, see the response to Question No. 30.

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**Question No. 30**

**Responding Witness: Elizabeth J. McFarland**

- Q-30. Reference the McFarland direct testimony in Case Nos. 2025-00113 and 2025-00114, Exhibit BJM-2, § 2.0 at p. 8, wherein the witness states that since the 1998 merger, the transmission systems of LG&E and KU have been jointly planned, operated and maintained as one combined system. He further explains, however, that significant differences between the two systems remain. Discuss whether the merger is expected to affect how the Companies plan, operate and maintain their transmission systems.
- A-30. The proposed merger is not expected to change how the transmission systems for the Companies are planned, designed, operated, or maintained. The key differences that exist today in the transmission systems are due to the different areas the systems serve – compact, urban Louisville mostly for LG&E's transmission system compared to a sprawling, rural system for KU. The Companies design and build the transmission system to meet the needs of the area it is serving – considering factors such as terrain, environmental factors, and system growth.

The Companies will continue to plan, design, operate, and maintain the transmission systems of the Companies as a single system. This was most recently shown in the Transmission System Hardening and Resiliency Plan ("TSHARP") that was submitted and approved as part of the Companies' most recent rate cases. TSHARP accounts for the systems as one, prioritizing and optimizing capital investments where they are most needed.

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**Question No. 31**

**Responding Witness: Robert M. Conroy**

- Q-31. Explain what effect the proposed merger will have on the Companies' special contracts. Will any such contracts require re-negotiation? If so, explain whether this would modify the current cost of service allocations developed through the most recent cost of service studies in dockets 2025-00113 and 2025-00114.
- A-31. The proposed merger is not expected to have any effect on the Companies' special contracts.

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**Question No. 32**

**Responding Witness: John Bevington / Shannon L. Montgomery / Counsel**

- Q-32. Explain what effect the proposed merger will have on the Companies' franchises. Will any franchise contracts require re-negotiation?
- A-32. Upon consummation of the proposed merger, all tangible and intangible property, including the Franchise Agreements, of both LG&E and KU will be vested in LG&E.<sup>8</sup> The Companies do not anticipate having to renegotiate any franchise agreements solely as a result of the proposed merger.

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<sup>8</sup> KRS 271B.11-060.

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**Question No. 33**

**Responding Witness: Robert M. Conroy / Counsel**

- Q-33. Regarding the applications that the Companies intend to submit to the Virginia State Corporation Commission in which they will seek approval of the merger:
- a. Confirm that under its existing law, the Commonwealth of Virginia mandates that electric generating utilities require a certain percentage of their power be derived from renewable energy sources. Explain whether any such current mandates, or any recent legislative changes, could affect the merged Company in any manner. If not, explain fully why not.
  - b. Assuming the Virginia State Corporation Commission (VSCC) approves the application, will that approval cause rates to increase for LG&E-KU customers? If so, provide complete details. Please consider this an on-going request to provide all relevant updates.
  - c. Explain whether any VSCC regulation or legal mandate will impact the LDC operations of the merged Company, assuming all necessary approvals for merger are obtained.
- A-33.
- a. Not confirmed. The referenced mandate, which appears in Va. Code 56-585.5, does not apply to KU's Virginia operations (Old Dominion Power or "ODP") because ODP is not a Phase I or Phase II utility as defined in Va. Code 56-585.1. Moreover, KU's Virginia operations are generally exempt from the Virginia Electric Utility Regulation Act (Va. Code 56-576 – 56.596.6) under Va. Code 56-580(G).
  - b. No.
  - c. The Companies are unaware of any VSCC regulation or legal mandate that will impact the LDC operations of the merged entity.

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**Question No. 34**

**Responding Witness: Charles R. Schram**

- Q-34. Explain whether LG&E and/or KU have any bilateral contracts in place for off-system power sales to non-affiliates. If so, discuss the ramifications on these contracts in the event the proposed merger is approved.
- A-34. No such contracts exist.

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**Question No. 35**

**Responding Witness: Charles R. Schram**

- Q-35. Explain whether LG&E and/or KU have any bilateral contracts in place for off-system power purchases from non-affiliates. If so, discuss the ramifications on these contracts in the event the proposed merger is approved. Include in your discussion the Companies' off-system purchases from OVEC.
- A-35. The Companies do have bilateral contracts for off-system power purchases from non-affiliates, but the proposed merger will not affect them. In the case of OVEC, the merged companies will continue to have rights to purchase the total percentage share of OVEC power (currently 2.5% KU plus 5.63% LG&E).

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**Question No. 36**

**Responding Witness: Charles R. Schram / Counsel**

- Q-36. With regard to the proposal to unify the two Companies' fuel adjustment clauses (FAC), provide a discussion regarding: (i) whether one company or the other is more dependent on barge delivery of coal to its coal-fired generating stations; and (ii) the current and projected impacts that the Persian Gulf war is currently having on diesel prices.
- A-36. The Companies object to both parts of this request on the ground of relevance. Notwithstanding this objection, the Companies provide the following responses.
- (i) All coal deliveries to the Ghent and Trimble County stations arrive via barge, Mill Creek station receives coal via rail and barge, and E.W. Brown station receives coal only via rail. Overall, approximately 40 percent of LG&E's coal is delivered via rail and 60 percent is delivered by barge. Approximately 10 percent of KU's coal is delivered via rail and 90 percent by barge.
  - (ii) Diesel fuel prices have increased approximately 50% since the beginning of 2026. The price of fuel oil impacts the Companies' fuel expense for generation through direct purchases of fuel oil for start-up and stabilization and price adjustments tied to fuel oil indexes in some coal and transportation contracts.

Fuel oil for start-up and stabilization is purchased in the spot market and will increase as the market price of fuel oil increases. However, this impact is not expected to be material since fuel oil represents less than one-half of one percent of the combined Companies' fuel expense. Currently, only KU's E.W. Brown and Ghent stations use fuel oil for start-up and stabilization.

Some of the Companies' coal and transportation agreements have price adjustment mechanisms that are tied to fuel oil indexes. A portion of the price will increase as fuel oil increases. The adjustments will decrease when the price of fuel oil decreases.

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**Question No. 37**

**Responding Witness: Robert M. Conroy**

- Q-37. Reference the Conroy testimony at 15-16. Explain why the Companies are not seeking permission to establish a regulatory liability to track savings from the proposed merger.
- A-37. First, it is important to note that the Companies have jointly planned and operated their utilities, and achieved significant operational efficiencies from which customers have long benefitted, since the Companies first came together under one holding company almost thirty years ago.<sup>9</sup>

Second, as Mr. Conroy's testimony states, "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.'"<sup>10</sup> Here, although the Companies anticipate there will be long-term merger savings, realized merger benefits will be more dispersed and difficult to identify and track than the one-time merger costs the Companies are seeking authority to defer. Also, customers will receive the benefit of implicit merger savings in future rate cases; absent regulatory asset authority, the Companies would not be able to recover the cost of making those savings occur. Thus, it is appropriate and consistent with the Commission's regulatory asset standards to seek only regulatory asset authority in this case.

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<sup>9</sup> *Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for Approval of Merger*, Case No. 1997-00300, Order (Ky. PSC Sept. 12, 1997).

<sup>10</sup> Conroy Direct at 15 (internal citations omitted).

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**Question No. 38**

**Responding Witness: Christopher M. Garrett**

- Q-38. Confirm that if the proposed merger is approved, the remaining service companies would be PPL Services Corp., and LG&E and KU Energy, LLC. If confirmed, explain whether the merger of these two companies could provide cost savings to ratepayers.
- A-38. The only remaining services company will be PPL Services Corporation following the merger of LG&E and KU Services into PPL Services. LG&E and KU Energy, LLC will remain, but it is not a services company.

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**Question No. 39**

**Responding Witness: Counsel**

- Q-39. Confirm that the proposed merger will not require the Companies to submit a Hart- Scott-Rodino Act filing to the U.S. Department of Justice.
- A-39. Because LG&E and KU are already under the same common control, the proposed merger qualifies for an exemption from Hart-Scott-Rodino Act filing requirements.

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**Question No. 40**

**Responding Witness: Julissa Burgos**

- Q-40. Explain whether as a result of the proposed merger, PPL plans on paying any special dividends on any class of stock. If so, provide details including whether the officers, directors or majority holders of common stock are among potential recipients of any such special dividend.
- A-40. PPL does not plan on paying any special dividends on any class of stock as a result of the proposed merger.

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**Question No. 41**

**Responding Witness: Chad E. Clements / Christopher M. Garrett**

- Q-41. Explain whether the merged Company anticipates any changes in accounting principles, including tax procedures and filing requirements. If so, summarize the changes and identify the impact on ratepayers.
- A-41. The Company does not anticipate any changes in accounting principles as a result of the merger.

The Company does not anticipate any changes, other than administrative, to its tax procedures or filing requirements as a result of the merger. The merged company will continue to be included in the PPL consolidated federal income tax return and will remain part of the same Kentucky unitary group filing a combined state income tax return that includes all entities below LG&E and KU Energy Holding Company. Stand-alone state income tax filings in Indiana and Virginia are expected to be minimally impacted, as apportionment in those states will reflect the post-merger structure. Non-income tax filings, including sales and use and property tax returns, are not expected to be impacted, other than eliminating the need to file separate returns for the individual entities. Accordingly, the Company does not expect the merger-related tax filing changes to have a material impact on ratepayers.

It is anticipated that all future investment tax credits (subject to normalization requirements) will be amortized in accordance with Option 2 IRC §168(f)(2) and §46(f), as elected by LG&E. This is not expected to impact customers as they will continue to receive their associated share of the ITC benefits.

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**Question No. 42**

**Responding Witness: Chad E. Clements / Christopher M. Garrett**

- Q-42. Explain whether PPL or any of its affiliates will receive any type or sort of tax advantages or benefits as a result of the proposed merger.
- A-42. The Company does not expect the merger to result in any tax advantages or benefits to PPL or any of its affiliates.