COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

REBUTTAL TESTIMONY OF ROBERT M. CONROY VICE PRESIDENT, STATE REGULATION AND RATES ON BEHALF OF KENTUCKY UTILITIES COMPANY AND LOUISVILLE GAS AND ELECTRIC COMPANY

Filed: July 1, 2026

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INTRODUCTION

Q. Please state your name, position, and business address.

A. My name is Robert M. Conroy. I am the Vice President of State Regulation and Rates for Kentucky Utilities Company ("KU") and Louisville Gas and Electric Company ("LG&E") (collectively, "Companies") and an employee of LG&E and KU Services Company. My business address is 2701 Eastpoint Parkway, Louisville, Kentucky 40223.

Q. What is the purpose of your rebuttal testimony?

A. My testimony addresses certain arguments and positions of Walmart, Inc. ("Walmart") witness Samuel C. Patton and Attorney General ("AG") witness Lane Kollen. First, I make three overarching observations concerning the intervenor testimony: (1) neither the AG nor Walmart opposes the proposed merger, and Walmart affirmatively supports it; (2) the Companies agree with several of Mr. Kollen's suggestions and can show why Mr. Kollen is incorrect concerning the other issues he raises; and (3) there is no support for adding conditions to merger approval of the kind added to prior change of control approvals for the Companies. Second, I discuss how the savings and efficiencies Mr. Patton cites for why Walmart supports the proposed merger are the *exact same* kinds of savings and efficiencies the Commission has cited in directing the Companies to study merger for almost ten years. Third, I address Mr. Kollen's request that the Commission "direct" the Companies to consider gradualism in moving to unified rates, noting there is no need for such direction because the Companies always consider gradualism in proposing new base rates.

OVERARCHING OBSERVATIONS

Q. Do you have any overarching observations about the intervenor testimony?

A. Yes, I have three such observations.

First, *no intervenor's testimony opposes merging the Companies*. Indeed, Mr. Patton *supports* the Companies' merger and identifies additional administrative efficiencies and regulatory savings that Walmart, the Commission, and other intervenors will experience. As I further discuss below, the administrative efficiencies and regulatory savings Mr. Patton cites as why Walmart supports merging the Companies are exactly the same kinds of benefits the Commission has long cited in directing the Companies to study merging.

Second, the concerns Mr. Kollen raises are easily addressed and are not reasons to deny any of the relief the Companies seek in this proceeding; importantly, Mr. Kollen himself does not see his concerns as reason to oppose merging the Companies. Moreover, as Christopher M. Garrett and I address in our respective rebuttal testimonies, the Companies agree with several of Mr. Kollen's solutions for addressing certain issues he raises. In particular, the Companies agree with considering gradualism in the merged entity's future base rate cases and with adding a regulatory liability for reasons Mr. Garrett addresses, namely one to address depreciation expense differences as suggested by Mr. Kollen. Where the Companies and Mr. Kollen disagree, Mr. Garrett's rebuttal testimony explains why Mr. Kollen is incorrect. Thus, Mr. Kollen's testimony, taken on the whole and as addressed by Mr. Garrett, tends to support approving the Companies' Joint Application with one additional regulatory deferral accounting request.

Third, the intervenor testimony in this case—and the relative lack thereof—shows there is no need to add conditions to the Commission's merger approval. Indeed, of the six intervenors in this case—all of which have demonstrated they can and will submit testimony to advocate their positions when it is in their interest to do so—only two submitted testimony.[1] Neither testimony supports or even mentions adding conditions to merger approval of the kind common in the Companies' past change of control cases. Perhaps even more striking is that KIUC, which has participated in all the Companies' change of control cases for almost thirty years—and which submitted testimony advocating for adding conditions to approving such changes of control in those cases—filed no testimony in this case. Moreover, the AG's witness Mr. Kollen did not advocate or even mention adding conditions to the Commission's merger approval of the kind he advocated when testifying on behalf of KIUC in prior change of control cases involving the Companies.[2]

None of this is surprising because the proposed merger is not an acquisition of a Kentucky utility by an outside party that introduces new risk to customers' rates or service; it is not even the acquisition of one regulated Kentucky utility by another Kentucky regulated utility for potential financial gain. Rather, it is the legal merging of two long-regulated Kentucky utility companies that have been and will remain both Commission-regulated and under the same ultimate control and ownership. Indeed, the Companies have been under the same immediate holding company and operated effectively as one utility company to achieve operational efficiencies and savings for almost 30 years. Thus, the proposed merger is essentially a matter of completing the

[1] The parties to which the Commission granted intervention in this proceeding are the AG, KBCA, KIUC, LFUCG, Louisville Metro, and Walmart.

[2] *See, e.g., Joint Application of PPL Corporation, E.ONAG, E.ON US Investments Corp., E.ON US. LLC, Louisville Gas and Electric Company and Kentucky Utilities Company for Approval of an Acquisition of Ownership and Control of Utilities*, Case No. 2010-00204, Direct Testimony of Lane Kollen (Aug. 5, 2010).

final paperwork for a merger that began—and the Commission approved—almost three decades ago; it is not grounds for adding new conditions. Moreover, the relative absence of intervenor testimony in this case, the entire lack of testimony advocating adding conditions to merger approval, and the entire lack of opposition to the proposed merger collectively make a strong argument for *not* adding conditions to the Commission's merger approval in this case (in addition to any legal impediments to doing so).

In sum, what the intervenors' testimony says—and what it does *not* say—supports the Commission's unconditioned approval of the proposed merger as filed, with the addition of one regulatory liability, as Mr. Garrett addresses in his testimony.

Q. You argue above that the intervenor testimony provides no ground for conditioning merger approval in this case. You previously testified that another reason for the Commission not to condition merger approval is that other regulators, namely the Virginia State Corporation Commission ("VSCC") and Federal Energy Regulatory Commission ("FERC") must also approve the merger and might seek to add conditions of their own, each making merger less likely to proceed.[3] What is the status of the Companies' VSCC and FERC merger applications?

A. The Companies filed two joint applications with the VSCC seeking approval of the merger. In Case No. PUR-2026-00052, the Companies request (1) approval of the transfer of the certificate to furnish electric service pursuant to Chapter 10.1 of Title 56 of the Code of Virginia, (2) approval of the merger of KU into LG&E pursuant to

[3] Conroy Direct at 16-17.

Chapter 5 of Title 56 of the Code of Virginia or a determination that such approval is not required, and (3) a declaration that KU/ODP's exemption from regulation under Chapter 23 of Title 56 of the Code of Virginia in Section 56-580 G will continue to apply to the merged Companies. In Case No PUR-2026-00083, the Companies request approval of (1) the assumption and issuance of evidences of indebtedness necessary to consummate, or following the merger, and (2) the affiliate agreement, the *Plan of Merger*. The Companies have responded to discovery from VSCC Staff in both cases. The VSCC issued a procedural order in Case No. PUR-2026-00052, which provides a schedule for the case. No party has filed a Notice of Participation at this time. In Case No. PUR-2026-00052, the VSCC Staff Report is due September 14, 2026, and the final order is due October 26, 2026. In Case No. PUR-2026-00083, a final order is due August 31, 2026.

The Companies anticipate filing their FERC merger application under section 203(a)(1) of the Federal Power Act (16 U.S.C. §§ 824b(a)(1)) this month. The Companies will continue to supplement their response to PSC 3-12 to provide the Commission with VSCC and FERC filings and substantive orders.

MR. PATTON RECOGNIZES THAT THE MERGER WILL CREATE SAVINGS FOR CUSTOMERS, INTERVENORS, AND THE COMMISSION, WHICH IS CONSISTENT WITH THE COMMISSION'S YEARSLONG INTEREST IN MERGING THE COMPANIES.

Q. Does Walmart support the Companies' merger?

A. Yes, Walmart's witness Mr. Patton supports the Companies' merger for two reasons. First, he agrees with the Companies' assessment of the operational efficiencies and regulatory savings the Companies can achieve.[4] Second, Mr. Patton argues that the

[4] Direct Testimony of Samuel C. Patton at 5 (Ky. PSC June 8, 2026).

merger will also create direct regulatory and administrative efficiencies and savings for Walmart, the Commission, and other intervenors.[5]

Q. Does Mr. Patton believe that the Companies' merger is appropriate at this time?

A. Yes. Mr. Patton recognizes that planned changes to the Companies' IT systems present a unique opportunity for the Companies to economically achieve the operational and regulatory efficiencies of merger.[6]

Q. What does Mr. Patton say about potential regulatory savings and administrative efficiencies for Walmart and other intervenors?

A. Mr. Patton explains that because Walmart incurs significant regulatory and administrative costs to be active in KU and LG&E's separate proceedings, it will experience regulatory savings and administrative efficiencies from the Companies' merger.[7] Mr. Patton also predicts that the Commission and other intervenors will experience these administrative efficiencies.[8]

Q. Do you agree with Mr. Patton's conclusions on cost savings for intervenors?

A. Yes. If the Commission approves the Companies' merger, the Commission and other intervenors in the Companies' future cases will benefit from the regulatory savings and administrative efficiencies that Mr. Patton identifies.

Notably, the regulatory savings and administrative efficiencies Mr. Patton identifies are *exactly* the kinds of benefits the Commission has cited in directing the Companies to consider merging in at least four separate orders issued over more than five years, the most recent of which it issued less than three years ago:

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[5] *Id.*
[6] *Id.* at 3.
[7] *Id.* at 5.
[8] *Id.*

- In a 2018 order, the Commission stated, "As the Commission expressed at the March 20, 2018 hearing, we will require LG&E and KU to develop an internal study to fully evaluate and quantify the costs and benefits associated with a potential merger of the two utilities."[9]

- A year later, the Commission directed the Companies to file annual updates to the merger study.[10]

- In 2021, the Commission expressed concern that the Companies might be taking potential merger insufficiently seriously, stating that if the Companies did not study merger to the Commission's satisfaction, the Commission might conduct its own study of the issue.[11] The Commission further criticized the Companies' study because it did not "include an analysis of the duplication of costs to ratepayers and stress on regulators' resources from filing what is effectively two distinct rate cases every few years" and was "indifferent to the impact [their] legal status has on others, and it ignores the numerous savings [their] legal merger would create, both to [their] customers and stakeholders."[12]

- Two years later, the Commission again expressed concern that the Companies were not fully considering potential merger benefits, including benefits to the Commission itself. In an August 2023 order, the Commission stated, "Although LG&E/KU obtained a potential legal merger study from PWC, the Commission remains concerned that LG&E/KU is not fully considering the impact its legal status has on others and savings from a legal merger."[13] The Commission criticized the PWC study for "overlook[ing] the impact on the duplication of costs to ratepayers *and stress on regulators' resources* because revenue requirement filings and supporting financial data, data request responses, and resulting rate schedules are unique to each of the two utilities and thus remain the equivalent of two general rate cases."[14] The Commission closed its order by reducing the required frequency of merger studies (to be filed only with base rate case applications rather than annually) with the expectation that

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[9] *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).
[10] *Electronic Application of Kentucky Utilities Company for an Adjustment of its Electric Rates*, Case No. 2018-00294, Order at 29-30 (Ky. PSC Apr. 30, 2019); *Electronic Application of Louisville Gas and Electric Company for an Adjustment of its Electric and Gas Rates*, Case No. 2018-00295, Order at 33 (Ky. PSC Apr. 30, 2019).
[11] *Electronic Application of Kentucky Utilities Company for an Adjustment of Its Electric Rates, a Certificate of Public Convenience and Necessity to Deploy Advanced Metering Infrastructure, Approval of Certain Regulatory and Accounting Treatments, and Establishment of a One-Year Surcredit*, Case No. 2020-00349, Order at 59-60 (Ky. PSC June 30, 2021); *Electronic Application of Louisville Gas and Electric Company for an Adjustment of Its Electric and Gas Rates, a Certificate of Public Convenience and Necessity to Deploy Advanced Metering Infrastructure, Approval of Certain Regulatory and Accounting Treatments, and Establishment of a One-Year Surcredit*, Case No. 2020-00350, Order at 63-65 (Ky. PSC June 30, 2021).
[12] Case No. 2020-00349, Order at 59 (Ky. PSC June 30, 2021); Case No. 2020-00350, Order at 63-64 (Ky. PSC June 30, 2021).
[13] Case Nos. 2018-00294 and 2018-00295, Order at 3 (Ky. PSC Aug. 22, 2023).
[14] *Id.* at 4 (emphasis added).

> "LG&E/KU will devote sufficient time and resources to conduct a robust analysis that reflects an unbiased review of the benefits and costs of a legal merger."[15]

Thus, the Commission has long expressed interest in merging the Companies to achieve potential benefits for customers and the Commission itself. It is therefore noteworthy that the kinds of potential savings the Commission has identified for years in directing the Companies to study merging are *precisely* the kinds of savings Mr. Patton identifies as why Walmart supports merging the Companies.

CONSISTENT WITH THE COMPANIES' LONG-ESTABLISHED PRACTICE, THE MERGED ENTITY WILL CONSIDER GRADUALISM WHEN PROPOSING NEW RATES.

Q. Mr. Kollen asks the Commission to "direct the Companies to ensure that the convergence of their legacy utility customer rates reflect the principle of gradualism and that no customer classes or individual customers be subjected to unreasonable increases or reductions in their rates solely as the result of this transition to convergence."[16] Do the Companies agree and plan to consider gradualism in their post-merger base rate cases?

A. Yes. It is unclear why Mr. Kollen believes it is necessary to ask the Commission to "direct" the Companies to consider gradualism in post-merger base rate cases; the Companies have long and consistently considered gradualism in their past rate cases. Moreover, the Companies have explicitly said in this proceeding that unifying rates could occur over multiple rate cases as the merged company considers gradualism in the total context of rate percentage increases and bill impacts.[17] Thus, the Companies

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[15] *Id.* at 5.
[16] Kollen at 6 and 13.
[17] Companies' Response to Walmart 2-4.

and Mr. Kollen agree on this issue, and there is no need to "direct" the Companies to do anything in this regard.

CONCLUSION

Q. What are your conclusions and recommendations?

A. I conclude the intervenor testimony in this case—including Mr. Kollen's testimony as addressed and rebutted by Mr. Garrett and me—supports approving the Companies' Joint Application as filed, with the addition of approving deferral accounting authority for the regulatory liability Mr. Garrett addresses in his rebuttal testimony. I further conclude the intervenor testimony—and the relative lack of intervenor testimony—provides no support for adding conditions to merger approval of the kind added to prior change of control approvals for the Companies.

I therefore recommend the Commission grant unconditioned approval of all relief requested in the Companies' Joint Application, as well as approval for the Companies to establish the regulatory liability Mr. Garrett addresses in his testimony. Doing so will allow customers, intervenors, and the Commission to enjoy merger benefits—including the administrative and regulatory efficiency benefits Mr. Patton cites in his testimony, which are the same benefits the Commission itself has cited for years in directing the Companies to study merging.

Q. Does this conclude your testimony?

A. Yes, it does.

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Robert M. Conroy**, being duly sworn, deposes and says that he is Vice President, State Regulation and Rates for Kentucky Utilities Company and Louisville Gas and Electric Company and an employee of LG&E and KU Services Company, that he has personal knowledge of the matters set forth in the foregoing testimony, and that the answers contained therein are true and correct to the best of his information, knowledge, and belief.

Robert M. Conroy

Robert M. Conroy

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 29th day of June 2026.

Tammy J. Elzy

Notary Public

Notary Public ID No. KYNP61560

My Commission Expires:

November 9, 2026

TAMMY J. ELZY COMM EXPIRES 11/09/2026 NOTARY PUBLIC ID # KYNP61560 STATE AT LARGE, KENTUCKY