

**COMMONWEALTH OF VIRGINIA**  
**BEFORE THE STATE CORPORATION COMMISSION**

**In the Matter of:**

|                                                          |          |                                |
|----------------------------------------------------------|----------|--------------------------------|
| <b>KENTUCKY UTILITIES COMPANY</b>                        | <b>)</b> |                                |
| <b>D/B/A OLD DOMINION POWER COMPANY</b>                  | <b>)</b> |                                |
|                                                          | <b>)</b> |                                |
| <b>For Transfer of Certificate, Approval of Merger,</b>  | <b>)</b> | <b>CASE NO. PUR-2026-00052</b> |
| <b>and Declaratory Order pursuant to Chapter 10.1</b>    | <b>)</b> |                                |
| <b>and Chapter 5 of Title 56 of the Code of Virginia</b> | <b>)</b> |                                |

**RESPONSE OF**  
**KENTUCKY UTILITIES COMPANY D/B/A OLD DOMINION POWER COMPANY**  
**AND LOUISVILLE GAS AND ELECTRIC COMPANY**

**SCC STAFF DISCOVERY REQUESTS – SET THREE**  
**DATED JULY 22, 2026**

**FILED: JULY 29, 2026**

**KENTUCKY UTILITIES COMPANY D/B/A OLD DOMINION POWER COMPANY  
AND LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to the SCC Staff Discovery Requests – Set Three  
Dated July 22, 2026**

**Case No. PUR-2026-00052**

**Question No. 1**

**Witness: Julissa Burgos**

Q-1. Please provide a narrative of the factors and changes that have lead to PPL's dividend payout ratio decreasing over the past five years from ~104% in 2022 to ~67% in 2025.

A-1. The decline in PPL's dividend payout ratio (based on GAAP financials) from approximately 104% in 2022 to approximately 67% in 2025 was primarily driven by the sale of its U.K. utility business in 2021 and the continued higher payout to shareowners without the corresponding earnings. In early 2022, PPL reset its dividend to align with the earnings profile of its remaining regulated U.S. operations and a targeted payout ratio of approximately 50%-60%.

In addition, PPL recently reduced its targeted dividend growth rate, which is expected to help support funding of the company's capital investment program.

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**Question No. 2**

**Witness: Chad E. Clements**

- Q-2. Please provide a narrative of what capital investments would qualify for Federal ITCs as well as State ITCs in Virginia and Kentucky. Please also note if the requirements to qualify for ITCs have changed in those jurisdictions over the past five years.
- A-2. Capital investments that may qualify for federal Investment Tax Credits (“ITCs”) include qualifying clean energy projects, such as the Companies’ Marion and Mercer Solar Facilities and Brown Energy Storage System currently under construction. Depending on the technology and placed-in-service date, clean energy projects may qualify for either production-based credits under Internal Revenue Code (“IRC”) §§ 45 and 45Y or investment-based credits under IRC §§ 48 and 48E. Virginia and Kentucky do not provide broad-based state ITCs comparable to the federal clean energy tax credits. Over the past five years, the qualification requirements and potential value of federal ITCs have evolved significantly as a result of the Inflation Reduction Act of 2022 and subsequent regulatory guidance, including prevailing wage and apprenticeship requirements, domestic content incentives, energy community incentives, and the transition to technology-neutral clean energy credits. In addition, the One Big Beautiful Bill Act of 2025 (H.R. 1) accelerated the phase-out of certain federal clean energy credits for wind and solar projects, retained a longer phase-out period for certain non-wind and non-solar technologies, such as energy storage, and imposed additional limitations and restrictions that may affect credit eligibility. The proposed merger of KU into LG&E is not expected to affect the eligibility of future qualifying investments for available federal ITCs.

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**Question No. 3**

**Witness: Chad E. Clements**

- Q-3. At what point would the Applicants seek to have a Private Letter Ruling from the IRS with regards to the treatment of historical ITCs generated by KU prior to the merger?
- A-3. The Applicants may seek a Private Letter Ruling ("PLR") from the Internal Revenue Service, if necessary, in advance of filing an application for new rates post-merger to provide certainty regarding the treatment of those ITCs and continued compliance with applicable federal normalization requirements.