

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

RESPONSE OF
KENTUCKY UTILITIES COMPANY
AND
LOUISVILLE GAS AND ELECTRIC COMPANY
TO
COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION


DATED MAY 21, 2026

FILED: MAY 29, 2026

VERIFICATION


COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Lonnie E. Bellar**, being duly sworn, deposes and says that he is Executive Vice President of Engineering, Construction and Generation 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.



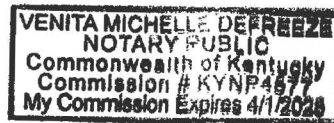
Lonnie E. Bellar

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 26th day of May 2026.


Notary Public
Notary Public ID No. KYNP 4577

My Commission Expires:

April 1, 2028



VERIFICATION

COMMONWEALTH OF PENNSYLVANIA)
)
COUNTY OF LEHIGH)

The undersigned, **Julissa Burgos**, being duly sworn, deposes and says that she is the Assistant Treasurer for PPL Services Corporation, Louisville Gas and Electric Company, and Kentucky Utilities Company and currently provides financial related services to Louisville Gas and Electric Company and Kentucky Utilities Company, that she has personal knowledge of the matters set forth in the foregoing response and that the material contained therein is true and correct to the best of her information, knowledge, and belief.



Julissa Burgos

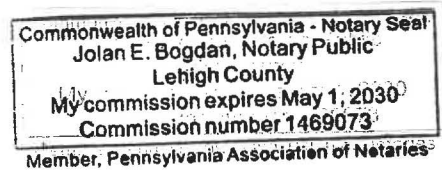
Subscribed and sworn to before me, a Notary Public in and before said County and State, this 28 day of May, 2026.



Notary Public

Notary Public, ID No. 1469073 (SEAL)

My Commission Expires: May 1, 2030



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.



Chad E. Clements

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 27th day of May 2026.

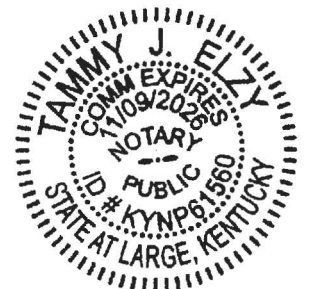


Notary Public

Notary Public ID No. KYNP61560

My Commission Expires:


November 9, 2026



VERIFICATION

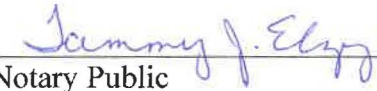
COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

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 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.



Robert M. Conroy

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 27th day of May 2026.



Notary Public

Notary Public ID No. KYNP61560

My Commission Expires:

November 9, 2026



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
Daniel J. Johnson

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 28th day of May, 2026.

Tera L Dutkiewicz
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 26



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

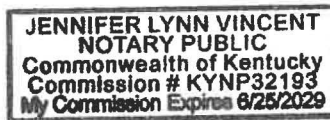
Subscribed and sworn to before me, a Notary Public in and before said County and State this 27 day of MAY 2026.

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 Commission Staff's Third Request for Information
Dated May 21, 2026**

Case No. 2026-00077

Question No. 1

Responding Witness: Robert M. Conroy

- Q-1. Refer to Case No. 2025-00113,² February 16, 2026 Order, page 149 and Case No. 2025-00114,³ February 16, 2026 Order, page 158 referring to final ownership percentages. Refer also to LG&E/KU's response to Commission Staff's Second Request for Information (Staff's Second Request), Item 39. Explain whether, like the FAC and OSS mechanisms, LG&E/KU will utilize pre-merger asset ownership percentages for Mill Creek 5, Marion Solar, and Mercer Solar for purposes of the Pilot Generation Recovery Adjustment Clause (Adjustment Clause PGR) if the Commission approves LG&E/KU's merger request. If not, explain how LG&E/KU plans to determine ownership percentages if the Commission approves the merger.
- A-1. To clarify, the FAC and OSS mechanisms are proposed to be unified upon consummation of the merger. As such, any pre-merger ownership percentages for generating units will not apply, as the FAC and OSS mechanisms will operate based on a single entity with no distinction on generating unit ownership. As indicated in the response to PSC 1-39, the other mechanisms, including the Adjustment Clause PGR, will utilize pre-merger asset ownership percentages in any monthly filings post-consummation of the merger, if base rates and other mechanisms have not already been unified, to determine the cost to be included in the monthly filing for each individual utility. Regarding Adjustment Clause PGR, LG&E and KU will utilize the current ownership percentages for Mill Creek 5 (KU – 69%, LG&E – 31%), Marion Solar (KU – 63%, LG&E – 37%) and Mercer Solar (KU – 63%, LG&E – 37%) to allocate the capital and O&M costs for ratemaking purposes in the separate LG&E and KU monthly filings for cost recovery starting with the month in which each new generating unit goes in service during 2027.

² Case No. 2025-00113, Electronic Application of Kentucky Utilities Company for An Adjustment of Its Electric Rates and Approval of Certain Regulatory and Accounting Treatments (Ky. PSC Feb. 16, 2026), Order at 149.

³ Case No. 2025-00114, 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 (Ky. PSC Feb. 16, 2026), Order at 158.

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

**Response to Commission Staff's Third Request for Information
Dated May 21, 2026**

Case No. 2026-00077

Question No. 2

Responding Witness: Robert M. Conroy

- Q-2. In the event the Commission approves LG&E/KU's application, explain whether prospective special contract customers or customers receiving service on the extremely high load factor (EHLF) will be considered LG&E customers and take service pursuant to LG&E's tariff. If so, explain how the cost to serve will be allocated. If not, explain how the determination will be made for the applicable service tariff.
- A-2. Post-merger but pre-tariff unification, all customers would be LG&E customers; the only question would be under which tariff (i.e. rate district) the customer would take service from LG&E, either the LG&E tariff or the legacy KU tariff.

Thus, after merger but prior to unifying the Companies' electric tariffs, all customers, including EHLF and special contract customers to the extent they are taking standard tariff service, will take service under the tariff applicable in their rate district, i.e., either the LG&E electric tariff or the legacy KU tariff. The same would apply equally to prospective customers.

Regarding "how the cost to serve will be allocated" as applied to prospective EHLF customers, EHLF is a standard tariff rate under both electric tariffs, which the Companies are not proposing to change in this merger case. Thus, whichever tariff applied in the rate district in which the prospective EHLF customer sought service would govern the EHLF rate for that prospective customer. In a future base rate proceeding in which rates are harmonized, cost allocation will be governed by the consolidated cost of service study.

Regarding "how the cost to serve will be allocated" as applied to prospective special contract customers, any non-tariff rate, term, or condition in a special contract would be determined on a case-by-case basis and reviewed and approved by the Commission.⁴ Otherwise, the applicable tariff in the rate district in which the prospective special contract customer sought service would govern rates and

⁴ The Companies currently anticipate formulating such a customer's rates in reference to unified LG&E costs, not a rate-district allocation based on legacy KU and LG&E determinants, but each special contract is, by definition, a special situation to be addressed on a case-by-case basis.

service for that prospective customer. Note that most of the Companies' electric special contract customers have special contracts only for economic development rates, which involve standard percentage discounts to tariffed demand rates, not entirely new, distinct rates. Moreover, every special contract customer takes service under a generally applicable tariff with regard to at least some, if not most, rates, terms, and conditions.

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

**Response to Commission Staff's Third Request for Information
Dated May 21, 2026**

Case No. 2026-00077

Question No. 3

Responding Witness: Robert M. Conroy

- Q-3. Explain whether LG&E gas operations will expand to the merged territory.
- A-3. As stated in response to AG 1-27, the proposed merger will have no effect on LG&E expanding or extending its gas service. KU does not provide gas service. LG&E currently provides gas service in some portions of KU's electric service territory.

See also the response to Question No. 4.

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

**Response to Commission Staff's Third Request for Information
Dated May 21, 2026**

Case No. 2026-00077

Question No. 4

Responding Witness: Robert M. Conroy

- Q-4. Explain whether LG&E gas operations will be compliant with all federal pipeline safety regulations and statutes upon assuming the KU territory.
- A-4. Because KU does not provide gas service, there is no KU gas service territory for LG&E to assume; and the combining of LG&E's and KU's electric service territories upon merging the Companies will have no effect on LG&E's gas service territory.

LG&E has endeavored and will continue to endeavor to ensure its gas operations comply with all federal pipeline safety regulations and statutes irrespective of merger.

See also the response to Question No. 3.

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

**Response to Commission Staff's Third Request for Information
Dated May 21, 2026**

Case No. 2026-00077

Question No. 5

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

- Q-5. Refer to LG&E and KU's response to Staff's Second Request, Item 5. Provide the citation to the request or approval to apply those depreciation rates to the Environmental Compliance tariff as well as the demand side management filings.
- A-5. The Companies have not explicitly requested approval for the combined depreciation study rates for environmental compliance or demand side management filings, which is consistent with how they have previously requested approval for depreciation rates in base rate cases. In this case, the Companies have requested approval of the unified depreciation rates for accounting purposes, which would flow through to the formulas used for those mechanism filings as a matter of course.

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

**Response to Commission Staff's Third Request for Information
Dated May 21, 2026**

Case No. 2026-00077

Question No. 6

Responding Witness: Robert M. Conroy

- Q-6. Refer to the Direct Testimony of Robert M. Conroy (Conroy Direct Testimony), pages 11-12.
- a. Provide the complete Power Supply System Agreement (PSSA) and Transmission Coordination Agreement (TCA). Include as part of the response, any amendments, supplements, modifications, restatements or replacements made to the PSSA and/or the TCA in the last five years.
 - b. Provide, for calendar years 2020 through 2025, annual settlement statements and/or LG&E/KU's equivalent internal reconciliation documents that detail revenue allocations for each company under the PSSA and TCA.
 - c. Explain in detail what methodology LG&E/KU propose to use to calculate the PSSA and TCA for the newly merged entity and Old Dominion Power. As part of the response, explain in detail how the resulting LG&E rate districts will function with regard to the PSSA and TCA.
- A-6.
- a. The PSSA and TCA have not been modified or amended in the last five years. See the attachment being provided in a separate file for the filing made with the Commission on March 2, 2018, reflecting the current version of the PSSA and TCA.
 - b. See attachment being provided in a separate file. This file shows revenues recognized under the PSSA and TCA. PSSA revenues include off-system sales revenues to third parties, intercompany off-system sales between LG&E and KU, and intercompany native load sales between LG&E and KU. TCA revenues include third-party transmission revenues as well as transmission revenue transactions between LG&E and KU.
 - c. As indicated in the response to PSC 2-7, the PSSA will terminate upon consummation of the merger of LG&E and KU. Likewise, the TCA will also terminate upon consummation of the merger. Therefore, the utilities will

operate as a single entity post-merger, and there will be no need for a methodology to allocate revenues and costs. The rate districts are only for the purpose of billing retail customers under the existing tariffs of LG&E and KU until such time as the retail tariffs are unified in a future base rate proceeding. Because the PSSA and TCA will terminate upon merger, they will not affect the function of rate districts for the purpose of billing retail customers.

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

**Response to Commission Staff's Third Request for Information
Dated May 21, 2026**

Case No. 2026-00077

Question No. 7

Responding Witness: Julissa Burgos

- Q-7. Refer to LG&E/KU's response to Staff's Second Request, Item 4. Explain whether the authorized debt of one quintillion dollars was approved by the Commission. If so, provide the case number and Order reference for approval. If not, explain why not.
- A-7. The authorized amount reflected in Application Exhibit 3 Page 3 of one quintillion dollars represents the amount of indebtedness authorized to be secured by the indenture and reflects standard industry practice of establishing a sufficiently large, authorized issuance cap to ensure the indentures remain in effect over a long-time horizon without requiring periodic amendments. When LG&E and KU adopted their current indentures in 2010, they selected this amount solely for that purpose.

LG&E and KU do not take the position that references to the one quintillion dollars amount in the LG&E's and KU's 2010 First Mortgage Indentures, or in the Financial Exhibit submitted in the application, acts as Commission authorization to issue that amount of debt. Instead, the references simply act as descriptions of the maximum amount of securities permissible under each indenture as a matter of contract law and indenture practice.

Rather, in accordance with KRS 278.300, LG&E and KU periodically submit detailed applications to the Commission that request Commission authority for specific maximum principal amounts of relevant new debt to occur during specified time periods, based upon their current and future capital needs.

By way of background, the Commission approved LG&E's and KU's entering into the 2010 indentures by orders dated September 30, 2010 in Case Nos. 2010-00205 (LG&E) and 2010-00206 (KU). The proceedings included submission copies of the forms of the indentures. These forms have been incorporated by reference in subsequent applications submitted under KRS 278.300.

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

**Response to Commission Staff's Third Request for Information
Dated May 21, 2026**

Case No. 2026-00077

Question No. 8

Responding Witness: Julissa Burgos

- Q-8. Refer to LG&E/KU's response to Staff's Second Request, Item 4. Provide a detailed explanation of the following phrase: "limiting the maximum outstanding debt to approximately 66 percent of the value of LG&E and KU pledged assets under to each indenture, being substantially all their real and tangible personal property." Include quantitative examples of this statement for at least three evidences of indebtedness.
- A-8. The indenture limits the amount of secured debt to approximately 66% of the value, subject to certain adjustments, of actual assets owned by LG&E/KU and covered by the indenture, ensuring at least a one-third excess value cushion securing the secured debt. This asset coverage test effectively governs borrowing capacity and provides a key financial protection for bondholders by preventing over-leveraging.

Examples of this limitation include:

- LG&E's issuance of \$700 million in first mortgage bonds in August 2025, at which time LG&E certified \$1.25 billion in relevant property additions.
- LG&E's issuance of \$400 million in first mortgage bonds in March 2023, at which time LG&E certified \$675 million in relevant property additions.
- KU's issuance of \$400 million in first mortgage bonds in March 2023, at which time KU certified \$661 million in relevant property additions.

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

**Response to Commission Staff's Third Request for Information
Dated May 21, 2026**

Case No. 2026-00077

Question No. 9

Responding Witness: Robert M. Conroy

- Q-9. Provide a reconciliation, in Excel format with all formulas accessible and unprotected, comparing (a) the cost and revenue allocations between LG&E and KU that the PSSA and TCA produced for each of calendar years 2023, 2024, and 2025) the cost and revenue allocations that the Companies' proposed post-merger rate-district methodology would have produced for the same years, had it been in effect.
- a. For each line item, identify the dollar difference and indicate which rate district (or jurisdiction) bears more, or less, cost, and which receives more, or less, revenue under the proposed methodology compared to the PSSA/TCA.
 - b. To the extent the proposed methodology produces material differences from the PSSA/TCA outcomes, explain the policy basis for the change and identify which customer classes within each rate district experience the resulting impact.
 - c. If LG&E/KU have not performed such a reconciliation, explain why not.
- A-9.
- a.-c. See the response to Question No. 6.

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

**Response to Commission Staff's Third Request for Information
Dated May 21, 2026**

Case No. 2026-00077

Question No. 10

Responding Witness: Lonnie E. Bellar / Robert M. Conroy

Q-10. Refer to Case Nos. 2022-00402⁵ and 2025-00045.⁶ For each case identify all approved construction projects, provide their expected in-service date, the updated expected total cost, and the current cost allocation between LG&E and KU. As part of the response, explain how each rate class will be impacted when rates are harmonized between LG&E and KU.

A-10.

Project	Expected In-Service Date	Cost (\$million)	Ownership Allocation ⁷	
			LG&E	KU
Mill Creek Unit 5	2Q2027	\$947.2	31%	69%
Mercer Solar	4Q 2027	\$242.8	37%	63%
E.W. Brown BESS	2Q 2027	\$269.8	100%	0%
Marion Solar	3Q 2027	\$279.7	37%	63%
E.W. Brown Unit 12	2Q 2030	\$1,381.0	100%	0%
Mill Creek Unit 6	2Q 2031	\$1,414.0	100%	0%
Ghent 2 SCR	2Q 2028	\$152.4	0%	100%

At this time, the Companies cannot determine impacts of these projects on future rate harmonization since the costs have not been reflected in costs to serve customers today. Such cost allocation will be included in the base rate case combined company cost of service study when rates are harmonized.

⁵ Case No. 2022-00402, Electronic Application of Kentucky Utilities Company and Louisville Gas and Electric Company for Certificates of Public Convenience and Necessity and Site Compatibility Certificates and Approval of a Demand Side Management Plan and Approval of Fossil Fuel-Fired Generating Unit Retirements (Ky. PSC Nov. 6, 2023), final Order.

⁶ Case No. 2025-00045, Electronic Application of Kentucky Utilities Company and Louisville Gas and Electric Company for Certificates of Public Convenience and Necessity and Site Compatibility Certificates (Ky. PSC Oct. 28, 2025), final Order.

⁷ Based on ownership percentages presented in the respective cases.

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

**Response to Commission Staff's Third Request for Information
Dated May 21, 2026**

Case No. 2026-00077

Question No. 11

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

- Q-11. Provide a detailed explanation regarding how costs are allocated between LG&E, KU, and Old Dominion Power, for personnel and resources that are owned by one entity but utilized by another: for example, during storm restoration efforts. As part of the response provide a detailed explanation regarding how those costs will be allocated after the merger, but prior to rate harmonization as well as after the merger and after rate harmonization.
- A-11. Today, costs are allocated among LG&E and KU in accordance with the Cost Allocation Manual for accounting purposes. KU costs are subsequently assigned or allocated between Kentucky, Virginia, and FERC jurisdictions through the performance of a jurisdictional separation cost of service study for ratemaking purposes. This jurisdictional separation cost of service study will continue to be performed post-merger.

For accounting purposes post-merger, O&M costs will be recorded entirely to LG&E. For ratemaking purposes post-merger, O&M costs will continue to be allocated to LG&E, ODP, and FERC jurisdictions through the performance of a jurisdictional separation cost of service study or through other allocation methods including joint ownership percentages. This will ensure that LG&E, ODP, and FERC customers are allocated costs in a fair and equitable manner.

As this pertains to normal storm restoration costs incurred prior to the merger, LG&E personnel performing storm restoration work in KU's service territory direct charge their costs to KU for accounting purposes. For ratemaking purposes, KU subsequently allocates these costs between its Kentucky and Virginia operations (ODP) through the jurisdictional separation cost of service study. Post-merger, all storm restoration costs will be recorded entirely to LG&E for accounting purposes and will be subsequently allocated for ratemaking purposes to LG&E, ODP, and FERC customers through the jurisdictional separation cost of service study.

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

**Response to Commission Staff's Third Request for Information
Dated May 21, 2026**

Case No. 2026-00077

Question No. 12

Responding Witness: Robert M. Conroy

- Q-12. Refer to LG&E/KU's response to Staff's Second Request, Item 33. Provide all documents regarding any filings with the Virginia State Corporation Commission and the Federal Energy Regulatory Commission (FERC) that relate in any way to the proposed merger of LG&E and KU. As part of the response, state when LG&E/KU anticipate submitting any relevant filings with the FERC. This is an ongoing request.
- A-12. See attachment being provided in a separate file. Certain information requested is confidential and proprietary and is being provided under seal pursuant to a petition for confidential protection. The Companies currently anticipate submitting their initial application with FERC in June. The Companies will supplement this response after they make the relevant FERC filings, as well as with any further filings they make with the Virginia State Corporation Commission or FERC.

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

**Response to Commission Staff's Third Request for Information
Dated May 21, 2026**

Case No. 2026-00077

Question No. 13

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

- Q-13. Refer to the Direct Testimony of Christopher M. Garrett (Garrett Direct Testimony), Exhibit CMG-1 in Case Nos. 2025-00113 and 2025-00114. Provide a detailed explanation regarding why LG&E/KU did not conduct analysis regarding the financial impact of rate equalization harmonization by rate class, as it had done in previous merger studies ordered by the Commission
- A-13. In the past merger studies presented (See the reports provided in 2018, 2020, 2021, and 2022), the Companies utilized the then-current base rates for each Company when developing the analysis on rate equalization. Prior to filing the merger study in Case Nos. 2025-00113 and 2025-00114, the most recent base rates were established in Case Nos. 2020-00349 and 2020-00350 to be effective December 6, 2021 (after rehearing). The analysis regarding rate equalization associated with the base rates established in the 2020 rate cases was included in the 2022 merger study. Therefore, there were no updated base rates to include in the 2023 merger study or the study included in Exhibit CMG-1. Once the Orders were received in the current rate case proceedings on February 16, 2026, the Companies updated the analysis of the financial impact of rate equalization based on the Commission ordered rates and provided the updated analysis in response to AG 1-12.⁸

⁸ Note that the Companies recently filed a corrected analysis in response to AG 1-12.

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

**Response to Commission Staff's Third Request for Information
Dated May 21, 2026**

Case No. 2026-00077

Question No. 14

Responding Witness: Julissa Burgos / Counsel

- Q-14. Provide a detailed explanation regarding how LG&E/KU will approach future debt issuance, including whether LG&E/KU plans to issue debt through LG&E and KU Energy, LLC (LKE). As part of the response, provide the current Moody's and S&P ratings for LG&E, KU, and LKE.
- A-14. As discussed in Mr. Garrett's testimony on pages 7 and 8, the Companies are considering multiple long-term financing structures that minimize asset capacity implications and ongoing administration but provide for the continued access to the capital markets to obtain necessary financing.

As discussed, 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.

The Companies are evaluating various factors of each structure, including the associated costs and market suitability, with financial and legal advisors. Following completion of that analysis, the Companies will determine which of these options will ultimately result in the most efficient, long-term financing structure that will minimize asset capacity implications and provide continued access to capital markets. The Companies desire market flexibility to make that decision as close as reasonably possible to the time frame for issuing the financing. They will notify the Commission once they have determined the long term financing structure they intend to pursue, and following such, provide a copy or form of indenture for the financing structure, to the extent applicable.

The Companies believe that each of the financing structures fit within the existing, combined financing authorizations and approvals granted by the Commission to LG&E and KU in the prior financing cases, Case Nos. 2023-00398 and 2023-00397, as applied to the ultimate merged entity.

LKE is no longer an SEC registered entity and therefore there is no expectation to issue debt through this entity. LKE is no longer rated by the rating agencies.

Below are the current ratings for both LG&E and KU:

LG&E and KU		
Credit Rating	S&P	Moody's
Secured	A	A1
Unsecured	NR	NR
Long-term Issuer	A-	A3
Outlook	Stable	Stable

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

**Response to Commission Staff's Third Request for Information
Dated May 21, 2026**

Case No. 2026-00077

Question No. 15

Responding Witness: Robert M. Conroy

- Q-15. State whether Old Dominion Power will be required to undergo any rate harmonization in future rate cases if the merger is approved.
- A-15. The merger does not affect the current rates charged to ODP customers or current allocations to ODP. ODP will not undergo any rate harmonization with LG&E post-merger, as ODP's costs of service and tariff books are specific to the Virginia jurisdiction. The costs used for ODP ratemaking purposes will be the combined Company data for LG&E; however, the Virginia allocators will be updated to reflect ODP's current portion of the new combined company's costs.

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

**Response to Commission Staff's Third Request for Information
Dated May 21, 2026**

Case No. 2026-00077

Question No. 16

Responding Witness: Christopher M. Garrett / Daniel Johnson

- Q-16. Refer to Direct Testimony of Daniel Johnson (Johnson Direct Testimony) in Case Nos. 2025-00113 and 2025-00114, pages 18 and 20-22. State whether the expected capital expenditures for each "value stream" for LG&E and KU remain accurate. If not, provide a detailed explanation as to why and provide the updated expected capital expenditures.
- A-16. The Companies have not updated the cost estimates at this time from those provided in the rate case.

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

**Response to Commission Staff's Third Request for Information
Dated May 21, 2026**

Case No. 2026-00077

Question No. 17

Responding Witness: Christopher M. Garrett / Daniel Johnson

- Q-17. Refer to LG&E/KU's response to Staff's Second Request, Item 22. State whether LG&E/KU would incur \$17-20 million in estimated IT costs if LG&E/KU did not merge and did not plan to merge.
- A-17. The Companies would have to redesign, rebuild and retest various allocations, configurations, and integrations given the current status of the ERP project should the merger not be approved. This may result in implementation delays and increased costs. The exact amount of these costs is not known, but the range provided above is likely understated should the project be delayed for three or more months.

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

**Response to Commission Staff's Third Request for Information
Dated May 21, 2026**

Case No. 2026-00077

Question No. 18

Responding Witness: Christopher M. Garrett / Daniel Johnson

- Q-18. Refer to LG&E/KU's response to Staff's Second Request, Item 22. Confirm those costs will be incurred regardless if the Commission if denies the merger. If not confirmed, explain the response.
- A-18. See the response to Question No. 17.

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

**Response to Commission Staff's Third Request for Information
Dated May 21, 2026**

Case No. 2026-00077

Question No. 19

Responding Witness: Christopher M. Garrett

- Q-19. Refer to the Application generally. If the Commission approves the merger, but the IT integration encounters delays or budget overruns, explain the specific protections in place to ensure that these avoided costs do not eventually manifest as higher-than-expected implementation costs for ratepayers.
- A-19. The IT integration the Companies are undertaking includes multiple large and complex projects, each with many variables. The Companies are actively managing these projects to mitigate risks to both timelines and costs. Nonetheless, it is possible an undertaking of this complexity and magnitude could encounter delays or budget exceedances, and the Companies expect and welcome Commission prudence review of IT costs in future rate cases, which provides appropriate customer protections.

But importantly for the purposes of this case, the Companies do not anticipate that any delays or budget overruns the IT integration encounters will be due to configuring the new systems for one-utility operations. In short, there is no reason to believe the merger will drive any IT project delays or cost exceedances.

Note also that, as shown in the response to PSC 2-12, the Companies are not seeking a merger-related deferral of any IT-related cost. They are not doing so precisely because configuring the new IT systems for merged utility operations does not create incremental cost relative to configuring the new IT systems for separate utility operations.

But it is important to reiterate that configuring these new IT systems for two-utility operations would recreate the same cost barrier to later merger that existed prior to undertaking the current IT work. As the Companies have consistently shown, the cost of changing established IT systems from two-utility to one-utility accounting would cause merger to be uneconomical precisely because it would require undertaking new IT work *solely to accommodate merger*. Therefore, if the Companies configure their new IT systems for two-utility accounting during this current IT overhaul, they will reestablish the same cost hurdle to future merger that previously existed. It is only now, when the Companies can establish

their new IT systems for either one-utility or two-utility accounting at the same cost that merger can cost-effectively occur. Missing this opportunity would likely preclude cost-effective merger for 10 to 15 years, perhaps longer.

See also the Companies' responses to PSC 2-12, 2-17, 2-18, 2-31, 2-32, and Question No. 23.

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

**Response to Commission Staff's Third Request for Information
Dated May 21, 2026**

Case No. 2026-00077

Question No. 20

Responding Witness: Christopher M. Garrett

- Q-20. Refer to Conroy's Direct Testimony, pages 15-16. Explain what amortization period will be utilized if LG&E/KU are granted regulatory asset accounting authority for merger costs.
- A-20. Bondholder consent fees, if applicable, are expected to be amortized over the life of the debt. The Companies recommend the remaining costs be amortized over a five-year period consistent with the payback period contingent on the outcome from the rate case proceedings.

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

**Response to Commission Staff's Third Request for Information
Dated May 21, 2026**

Case No. 2026-00077

Question No. 21

Responding Witness: Christopher M. Garrett

- Q-21. Refer to LG&E/KU's response to Staff's Second Request, Item 1, footnote 3. Provide the expected incremental bondholder consent fees. Include an updated chart that includes the expected incremental bondholder consent fees in the "Costs to Achieve" column.
- A-21. The incremental bondholder consent fees of \$7.4 million were included in the response to PSC 2-12 along with a breakdown of the updated costs to achieve estimate.

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

**Response to Commission Staff's Third Request for Information
Dated May 21, 2026**

Case No. 2026-00077

Question No. 22

Responding Witness: Julissa Burgos

- Q-22. Refer to LG&E/KU's response to Staff's Second Request, Item 1. Identify each outstanding debt instrument issued by LG&E and KU for which a consent, amendment, or supplemental indenture would be required in connection with the proposed merger. The response should include, at minimum, the principal amount outstanding, the issue date, the maturity date, and any change-of-control or merger-restriction covenants.
- A-22. Information regarding LG&E's and KU's long-term and short-term debt instruments and the merger or change-of-control provisions therein, if any, is set forth below and in the attachment being provided in separate file.

LONG TERM DEBT – INSTRUMENTS

LG&E's and KU's long-term debt is in the form of (a) secured, first mortgage bonds issued under the Companies' respective 2010 first mortgage indentures with The Bank of New York, Trustee, and (b) tax-exempt environmental "conduit" municipal bonds issued by various Kentucky counties and supported by LG&E and KU loan agreements with such counties.

First Mortgage Bonds

LG&E's and KU's 2010 first mortgage bond indentures with The Bank of New York, Trustee, as supplemented, are substantively identical and each contain provisions permitting mergers under conditions for which the LG&E/KU merger will qualify. The indentures do not have change of control provisions.

Under provisions of the respective first mortgage indentures, mergers are authorized:

- with respect to the disappearing entity (KU), the surviving entity (LG&E) shall deliver to the trustee a supplemental indenture expressly assuming the payment obligations of bonds and other obligations under the disappearing entity (KU's) indenture and confirming the continuation of the lien of such indenture on the existing legacy KU property,

- with respect to the surviving entity (LG&E), no actions are required regarding under its indenture.

Tax Exempt Bonds

LG&E and KU have existing loan agreements with the relevant Kentucky county issuers requiring LG&E and KU to perform all payment obligations of the counties under the bonds. The various loan agreements are generally similar and contain provisions permitting mergers under conditions for which the LG&E/KU merger will qualify. The loan agreements do not have change of control provisions.

Under provisions of the various loan agreements, mergers are authorized:

- with respect to the disappearing entity (KU), as long as the surviving entity (LG&E) delivers to the county and its bond trustee a written instrument assuming the obligations of the disappearing entity under its loan agreements, and that the surviving entity is a U.S. corporation qualified to do business in Kentucky.
- with respect to the surviving entity (LG&E), no actions are required regarding under its loan agreements.

SHORT TERM DEBT – INSTRUMENTS

LG&E and KU issue short-term debt via three facilities: (a) pursuant to their revolving credit agreements, (b) pursuant to their commercial paper programs, and (c) pursuant to the joint utility money pool.

Revolving Credit Agreements

LG&E's and KU's 2021 Amended and Restated Revolving Credit Agreements, as further amended, with Wells Fargo Bank, National Association, as administrative agent, are substantively identical and permit mergers under conditions for which the LG&E/KU merger qualify. The agreements' change of control provisions are not applicable because PPL Corporation will remain the indirect owner of LG&E and KU.

Under provisions of the respective revolving credit agreements, mergers are authorized where the surviving entity (LG&E) delivers to the lender a written instrument assuming all the obligations under the loan agreement, substantially all the assets and revenues of such entity come from the utility or energy business and such entity has debt ratings equal to or better than prior to the merger.

Commercial Paper Programs

LG&E's and KU's 2022 Commercial Paper Issuing and Paying Agent Agreements, as further amended, with U.S. Bank Trust Company, National Association, as such agent, are substantially identical and do not have provisions regarding mergers or changes of control.

Utility Money Pool

LG&E and KU participate as borrowers or lenders in the 2011 Utility Money Pool Agreement, as amended, with LG&E and KU Energy LLC, as a lender only, and LG&E and KU Services Company, as an administrative agent. The money pool agreement does not have provisions restricting mergers or changes of control.

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

**Response to Commission Staff's Third Request for Information
Dated May 21, 2026**

Case No. 2026-00077

Question No. 23

Responding Witness: Christopher M. Garrett / Daniel Johnson

- Q-23. Refer to LG&E/KU's response to the Attorney General's First Request for Information (Attorney General's First Request), Item 1. Compare the scope of the IT upgrades, and the costs of those upgrades, assuming the following three scenarios: (1) the merger is approved, (2) the merger is delayed until at least 2028, (3) and the merger never occurs. If no prior analysis or studies have been completed, conduct the necessary analysis to fully respond to this request.
- A-23. Scenario 1 is the current plan, which is to consolidate legal entities as a part of the ERP implementation to reduce the cost to achieve the target state operating model, reducing costs for customers. There is no additional cost to achieve the merger under this scenario. Thus, it is best for customers and consistent with the Commission's historical interest in a cost-effective merger.

Scenario 2 would be the costliest scenario and prohibitive to a cost-effective merger. The plan and build of the solution to date has been based on having one legal entity. The current program would need to be delayed to redesign, rebuild and retest the system allocations, configurations and integrations that are specific to two KY legal entities, and would result in significant incremental costs. Once the program is live, there would then be a secondary effort to merge the entities into a single instance which would require redesign, rebuild, and retesting of system allocations, configurations and integrations along with the creation of new charge numbers for accounting purposes.

Scenario 3 would delay the initial program and go live, increasing the cost to achieve, as described in Scenario 2, but there would be no further costs following the initial deployment if the Companies do not merge.

Additionally, see the response to Question No. 17.

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

**Response to Commission Staff's Third Request for Information
Dated May 21, 2026**

Case No. 2026-00077

Question No. 24

Responding Witness: Christopher M. Garrett / Daniel Johnson

- Q-24. Refer to LG&E/KU's response to the Attorney General's First Request, Item 7. State what the expected allocation of IT upgrade costs would be between LG&E and KU if the merger does not occur for any reason.
- A-24. See the response to Question No. 23. The expected allocation of IT upgrade costs between the Companies absent merger would be on the same basis as reflected in the Companies' 2025 base rate cases.

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

**Response to Commission Staff's Third Request for Information
Dated May 21, 2026**

Case No. 2026-00077

Question No. 25

Responding Witness: Charles R. Schram

- Q-25. Identify all wholesale energy contract customers of LG&E and KU and which utility they take service from. State whether the proposed merger will affect any of the following: terms of service, pricing, or availability of service for each wholesale customer. For any affected wholesale customer, provide a detailed explanation regarding how that customer will be affected. As part of the response, state whether the proposed merger would allow, or require, the current agreement with any wholesale customer to be renegotiated, for novation to occur, or would allow either party to terminate the wholesale agreement.
- A-25. Today, KU provides full-requirements wholesale generation service to the cities of Bardstown and Nicholasville. Rates for this service are determined by cost-based formulas that are regulated by the Federal Energy Regulatory Commission ("FERC"). As a result of the proposed merger, the formula rates will focus on the combined LG&E and KU generation assets instead of KU generation assets only. The Companies will make the appropriate filings with FERC to affect this change. The proposed merger will not affect the terms or availability of service for the wholesale customers, and because LG&E and KU have been jointly planning and dispatching their generation portfolio since 1998, any impact on the cost of service is anticipated to be small.

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

**Response to Commission Staff's Third Request for Information
Dated May 21, 2026**

Case No. 2026-00077

Question No. 26

Responding Witness: John Bevington

- Q-26. Identify all franchise customers of LG&E and KU and which utility they take service from. State whether the proposed merger will affect any of the following: terms of service, pricing, or availability of service for each wholesale customer. For any affected wholesale customer, provide a detailed explanation regarding how that customer will be affected. As part of the response, state whether the proposed merger would allow, or require, the current agreement with any franchise customer to be renegotiated, for novation to occur, or would allow either party to terminate the agreement.
- A-26. See attached for a list of LG&E and KU franchise agreements. The Companies assume the reference to "wholesale customer" in this request was intended to be "franchise customer". The Companies do not anticipate having to renegotiate any franchise agreements solely as a result of the proposed merger.

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

**Response to Commission Staff's Third Request for Information
Dated May 21, 2026**

Case No. 2026-00077

Question No. 27

Responding Witness: Robert M. Conroy / Elizabeth J. McFarland

- Q-27. Provide a detailed explanation regarding how LG&E/KU's Open Access Transmission Tariff (OATT) would be impacted by the proposed merger. Include in the response how the tariff currently operates with respect to both utilities and how revenues and costs are allocated between LG&E and KU.
- A-27. A filing will need to be made with FERC to modify the current LG&E and KU Joint Pro Forma Open Access Transmission Tariff ("OATT") for Louisville Gas and Electric Company and Kentucky Utilities Company to reflect that it will be a single entity OATT rather than a joint OATT. In addition, edits will be needed to reflect that formula rate inputs will be pulled from a single FERC Form 1 for LG&E rather than compiled by aggregating inputs from the LG&E FERC Form 1 and KU FERC Form 1. While required, these revisions are not expected to be material.

Importantly, Operations under the OATT are not expected to be substantively impacted by the proposed merger because the transmission systems are already operated as a single, joint system. From a transmission customer perspective, there is no distinction between LG&E and KU. All transmission service reservations, generator interconnection requests, and monthly invoicing for use of the system are administered under a single LG&E/KU framework. Accordingly, the OATT should continue to operate largely as it does today, with revisions primarily limited to removing references to KU.

Revenues received from transmission customers and costs incurred by transmission are allocated between KU and LG&E pursuant to the Transmission Coordination Agreement ("TCA"). This agreement is filed with FERC and shared with the Kentucky Public Service Commission. It uses actual KU and LG&E data to determine each company's percentage share of the total transmission-related revenues and costs. A copy of the most recent TCA that includes formulas for how revenues and costs are allocated is provided in response to Question No. 6a. It is anticipated that the TCA will be terminated and canceled at FERC.

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

**Response to Commission Staff's Third Request for Information
Dated May 21, 2026**

Case No. 2026-00077

Question No. 28

Responding Witness: Robert M. Conroy / Elizabeth J. McFarland

- Q-28. Provide the costs and revenues relating to the OATT for LG&E and KU for each year beginning in 2020 through 2025.
- A-28. See attachment being provided in a separate file. This file includes revenues recognized under the OATT including third-party transmission revenues as well as transmission revenue transactions between LG&E and KU. Costs included in the OATT primarily include all transmission expenses (Accounts 560-573) except for transmission of electricity by others (Account 565) and A&G expenses (Accounts 920-935). Given the voluminous nature of the costs included in the OATT, the Company has provided the primary expenses allocated using the TCA including Reliability Coordinator, Independent Transmission Operator and depancaking expenses (Accounts 560, 561, 562, 563, 564, 566, 567). OATT revenues and expenses are allocated between LG&E and KU in accordance with the TCA.

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

**Response to Commission Staff's Third Request for Information
Dated May 21, 2026**

Case No. 2026-00077

Question No. 29

Responding Witness: John Bevington

Q-29. Identify each demand side management (DSM) program operated by LG&E and KU. State whether the proposed merger will affect either LG&E and KU's program in scope, design, or budget.

A-29. The Companies offer the same DSM programs to LG&E and KU customers. The current list of available programs includes:

- Bring Your Own Device,
- Optimized Electric Vehicle Charging,
- Demand Conservation,
- Online Marketplace,
- WeCare for homeowners and renters,
- WeCare for apartment building owners,
- Appliance Recycling,
- Residential Online Audit, Rebates, and Kits,
- Peak Time Rebates,
- Small Business Audit and Direct Install,
- Business Rebates,
- Business Demand Response, and
- Business Midstream Lighting.

The Companies do not expect any changes in the DSM scope, design, or budget resulting from the proposed merger. Upon consolidation in a future case after the merger is approved and consummated, the calculation of the DSM cost recovery mechanism will be simplified (e.g., one electric vs. two electric calculations).

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

**Response to Commission Staff's Third Request for Information
Dated May 21, 2026**

Case No. 2026-00077

Question No. 30

Responding Witness: Robert M. Conroy

- Q-30. Provide a detailed explanation regarding how the proposed merger will affect net metering customers in LG&E and KU's territory. As part of the response, state how many customers in each territory are currently net metering customers.
- A-30. The terms and conditions governing the NMS-1 and NMS-2 tariffs are consistent for both LG&E and KU, except for the rate pertaining to NMS-2 customer credits. Upon merger approval and completion of a subsequent general rate case, the avoided cost for the newly combined company will be assessed and reported within that proceeding. In accordance with statute, customers enrolled in NMS-1 will retain their grandfathered status. The Companies will continue to utilize the existing LG&E and KU tariffs until such time as they are harmonized.

Additionally, the 1% cap will be evaluated on a consolidated basis, rather than individually for each company as is currently practiced.

	NMS-1	NMS-2	Total
LG&E	833	2,661	3,494
KU	978	1,951	2,929
Total	1,811	4,612	6,423

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

**Response to Commission Staff's Third Request for Information
Dated May 21, 2026**

Case No. 2026-00077

Question No. 31

Responding Witness: Robert M. Conroy

- Q-31. Provide a detailed explanation regarding how the proposed merger will affect qualifying facility customers in LG&E and KU's territory.
- A-31. The terms and conditions governing the SQF and LQF tariffs are consistent for both LG&E and KU, except for the rates pertaining to customer credits. Upon merger approval and completion of a subsequent general rate case, the avoided cost for the newly combined company will be assessed and reported within that proceeding. The Companies will continue to utilize the existing LG&E and KU tariffs until such time as they are harmonized.

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

**Response to Commission Staff's Third Request for Information
Dated May 21, 2026**

Case No. 2026-00077

Question No. 32

Responding Witness: Christopher M. Garrett

- Q-32. For both LKE, and separately, PPL and its subordinate affiliates that are not LKE, identify each shared service provided to LG&E and KU, the annual dollar amount of the service provided for the most recent 5 years, and how costs are allocated to LG&E and KU and ODP.
- A-32. See attachment provided in a separate file for the total shared service costs provided to LG&E and KU by LG&E and KU Services Company and PPL Services Corp. Information for each shared service is not readily available so costs have been provided in total for the 5 years requested. Costs are allocated to LG&E and KU using the methods of allocation provided in the CAM including direct assignment, direct attribution, and indirect attribution. For costs that are directly attributed or indirectly attributed (allocated costs), a two-tiered approach is utilized for PPL Services costs and a single tiered approach is utilized for LG&E and KU Services ("LKS") costs. Under the two-tiered approach, PPL Services costs are first allocated to the Kentucky operations via LKS in total and then subsequently allocated to LG&E and KU using the CAM ratios identified for each department/activity. Under the single tiered approach, LKS charges are allocated to LG&E and KU using the CAM ratios identified for each department/activity. Post-merger, the two-tiered approach will no longer be necessary for PPL Services costs. PPL Services costs will be directly assigned to LG&E or will be allocated to LG&E via the use of the CAM ratios. LKS will cease to exist post-merger.

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

**Response to Commission Staff's Third Request for Information
Dated May 21, 2026**

Case No. 2026-00077

Question No. 33

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

Q-33. Refer to LG&E/KU's response to the Attorney General's First Request, Item 28.

- a. Provide a detailed explanation about how tax benefits and liabilities are currently allocated from PPL and LKE to LG&E and KU and ODP.
- b. Explain in detail how LG&E, KU, and ODP will be affected post-merger as it relates to PPL and LKE's tax allocation methodology. Include in the explanation a comparison for each utility that shows in real dollars the tax implications pre-merger and post-merger.

A-33.

- a. LG&E and KU are members of the PPL Consolidated Tax Sharing Agreement, which governs the allocation of consolidated income tax benefits and liabilities among members of the PPL Consolidated Group. Under this agreement, and consistent with Kentucky Public Service Commission orders in Case Nos. 2009-00549 and 2009-00548, LG&E and KU calculate income tax expense for ratemaking purposes using the "stand alone" method. Under this method, each utility calculates its income tax liability or benefit as though it filed a separate return, without any allocation of consolidated tax benefits or liabilities from affiliated entities.

In addition, Section 56-235.2(A) of the Code of Virginia, as amended in 2008, provides that electric utilities, such as ODP, must exclude consolidated tax adjustments from affiliates when determining income tax expense for ratemaking purposes and must report taxes as if filing on a separate return basis.

Accordingly, no consolidated tax benefits or liabilities from PPL or LKE are allocated to LG&E, KU, or ODP.

- b. Following the proposed merger, LG&E will remain a member of the PPL Consolidated Tax Sharing Agreement and will continue to use the "stand alone" method for ratemaking purposes, as required under the Agreement and

as dictated by prior Kentucky Commission orders and Virginia statute. Because this methodology already determines income tax expense on a “stand alone” basis, without regard to the tax benefits and liabilities of other affiliates, the merger will not result in any change to the allocation of income tax expense or benefits as compared to the pre-merger structure.

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

**Response to Commission Staff's Third Request for Information
Dated May 21, 2026**

Case No. 2026-00077

Question No. 34

Responding Witness: Elizabeth J. McFarland / Adam R. Smith

- Q-34. Identify every reliability metric LG&E and KU and ODP that is currently measured, including, but not limited to, the system average interruption frequency index (SAIFI), system average interruption duration index (SAIDI), customer average interruption index (CAIDI), and momentary average interruption index (MAIFI). As part of the response, state how each reliability metric will be impacted post-merger for each utility, including whether any utility will be negatively impacted by any changes to any of the reliability metrics.
- A-34. The Companies measure the system average interruption frequency index (SAIFI), system average interruption duration index (SAIDI), customer average interruption duration index (CAIDI), and momentary average interruption frequency index (MAIFI) for reliability metrics. The metrics are currently tracked at a corporate (LG&E/KU/ODP), utility (LG&E, KU (KY Only) and ODP), regulatory utility (LG&E and KU), Local Area and Circuit level and will not be impacted post-merger.

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

**Response to Commission Staff's Third Request for Information
Dated May 21, 2026**

Case No. 2026-00077

Question No. 35

Responding Witness: Robert M. Conroy

- Q-35. Refer to LG&E/KU's response to Louisville/Jefferson County Metro Government and Lexington-Fayette Urban County Government's Initial Requests for Information, Item 5. Provide the rate impact, based on LG&E/KU's most recent rate cases, for each rate class if LG&E/KU realize \$200,000 in estimated savings in a future base rate case.
- A-35. See attachment provided in a separate file. The Companies calculated an average rate by rate class based on total revenues divided by forecasted kWh load for this analysis. Total revenues were adjusted by the allocated \$200,000 estimated savings as shown in the attachment although actual rate case expenses are typically amortized over multiple years pursuant to Commission approval.

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

**Response to Commission Staff's Third Request for Information
Dated May 21, 2026**

Case No. 2026-00077

Question No. 36

Responding Witness: Elizabeth J. McFarland / Adam R. Smith

- Q-36. State whether merging will affect LG&E and KU's storm response protocols for either utility. If yes, explain in detail how.
- A-36. The merger is not expected to affect LG&E and KU's storm response protocols, as the Companies already manage storm response through centralized processes.