

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
THE ATTORNEY GENERAL'S
SUPPLEMENTAL DATA REQUESTS

DATED MAY 21, 2026

FILED: MAY 29, 2026

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Christopher M. Garrett**, being duly sworn, deposes and says that he is Vice President of Financial Strategy and Chief Risk Officer for PPL Services Corporation and he provides services to Kentucky Utilities Company and Louisville Gas and Electric 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.

Christopher M. Garrett

Christopher M. Garrett

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

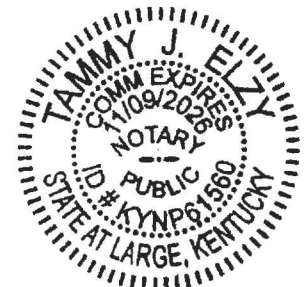
Tammy J. Ely

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



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

**Response to the Attorney General's Supplemental Data Requests
Dated May 21, 2026**

Case No. 2026-00077

Question No. 1

Responding Witness: Christopher M. Garrett / Daniel Johnson

- Q-1. Refer to AG 1-2(a), (b), and (c) in the instant docket, which requested a copy of all studies detailing the scope of the IT upgrades and the cost of the upgrades without the proposed merger and with the proposed merger. The Companies' responses, in pertinent part, were that, "No studies have been performed which detail the scope of the IT upgrades excluding the proposed merger," and directed the AG to the direct testimony of Daniel Johnson in Case Nos. 2025-00113 and 2025-00114 [hereinafter: the 2025 Rate Cases] for a description of the IT upgrades and the associated costs.
- a. Refer to the Direct Testimony of Daniel Johnson at 20 in the 2025 Rate Cases, in which he states: "We plan to fully implement the SAP platform for ERP operations by 2027 and for CIS operations by the end of 2028." Refer also to the same testimony at 21 wherein Mr. Johnson stated that although PPL and the Companies have not yet determined what systems they will use to implement the improvements, they are nearing final selection of some systems that will serve the functions described above, and are continuously monitoring industry implementation of technological improvements and – as with the ERP and CIS platforms – to determine the criteria for selecting the right systems.
 - i. Provide the Companies' IT upgrade plans for the ERP and CIS systems that address the scope of work and the costs in the event the merger is not approved and does not proceed. If there is no specific plan, then so state and explain why there is not.
 - ii. Provide the Companies' IT upgrade plans for the ERP and CIS systems that address the scope of work and the costs in the event the merger is approved and does proceed. If there is no specific plan, then so state and explain why there is not.
 - iii. Explain in detail, why there is a difference in the scope of work and/or cost whether the merger is not approved and does not proceed or is approved and proceeds. Explain in detail why the functionality

to proceed with a merger at a later date cannot or will not be embedded into the upgraded or replacement ERP and CIS systems. In addition, provide all studies performed by or on behalf of the Companies and all internal and external communications with advisors/consultants that address these issues.

- b. Confirm that Mr. Johnson's direct testimony in the 2025 Rate Cases does not address the IT upgrade plans and costs under a future merger between the Companies compared to the status quo where they remain separate legal entities.
- c. Confirm that Mr. Johnson's direct testimony in the 2025 Rate Cases does not address any IT upgrade plans for the Companies' PowerPlant fixed asset accounting system. If denied, then identify where he addresses these issues.
- d. Confirm that presently the Companies' PowerPlant data is maintained separately for each Company.
- e. Describe in detail the scope of work necessary to combine the PowerPlant data maintained separately for each Company and the timeline. Provide a copy of all documentation and internal and external communications that address the scope of this work and the timeline, as well as the cost. If none, then so state.
- f. Confirm that the scope of work and the cost to combine the PowerPlant data maintained separately for each Company was not included in the Companies' IT upgrade plans addressed in Mr. Johnson's direct testimony in the 2025 Rate Cases. If not confirmed, then provide all documentation that the scope of work and the costs were included in those IT upgrade plans.

A-1.

- a. See the response to PSC 3-17, 3-19, and 3-23 and Question No. 4. Additionally, see the attached documents which provide an overview of the ERP and CIS program scope. In the event the merger is not approved or delayed, the additional work required is primarily related to rebuilding allocations, configurations, data conversions, and other system integrations within the ERP and retesting in both SAP and the integrated systems. New charge numbers for accounting purposes would also need to be developed should the merger be delayed or not proceed as the new SAP ERP system has a different account structure. Given the CIS project timeline extends into 2028, reconfiguration changes would be less impactful than the ERP changes.

- b. Confirmed.
- c. Not confirmed. PowerPlan was included in the scope of the ERP project.
- d. Confirmed.
- e. As part of the overall ERP Project, PPL is consolidating and standardizing core ERP processes and systems across its operating segments, including moving LG&E and KU from a separate on-premise PowerPlan instance in KY to a single consolidated cloud-based PowerPlan environment across all entities. The project was already converting, translating, and standardizing the separate PowerPlan environments across PA, RI, and KY, including legacy LG&E and KU plant data, into the future-state OnePPL structure.

From a fixed asset conversion perspective, the overall conversion work effort is largely the same as what was already required for the PPL ERP implementation. The legal merger adds complexity to the mapping, translation, reconciliation, and validation process, but it does not create a wholly separate workstream or materially different scope of conversion work. In addition, the future-state Project Accounting and Fixed Asset processes will be simplified because transactions will no longer need to be split and allocated between separate LG&E and KU legal entities, reducing ongoing operational complexity and simplifying future procedures.

On the tax side, the 2026 tax return will be completed in the legacy environment during 2027, consistent with the data and systems of record in place for that tax year. Once the return is completed, the applicable tax information will be translated and loaded into the new PPL PowerPlan environment.

- f. See attached file for a listing of the features included in the Appendix to the Statement of Work to be performed by Regulated Capital Consultants (“RCC”). RCC is the systems implementation partner for the PowerPlan modules including: Charge Repository; Project Accounting; Asset Management; Book Depreciation; Tax Repairs; PowerTax – Tax Depreciation; PowerTax – Plant Deferred Taxes; Property Tax; Tax Provision; and Lease Accounting.

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Question No. 2

Responding Witness: Christopher M. Garrett

- Q-2. Refer to the response to AG 1-6. The response references the Companies' response to AG 1-4 and the response to PSC 2-40, neither of which address the full scope of AG 1-6. Provide a response to AG 1-6 that addresses the full scope of the question posed related to "quantitative analyses in the form of a forecast of merger costs to achieve, merger administrative savings, or merger synergy savings," or explain why the Companies cannot provide a response to the question posed.
- A-2. The Companies did not prepare an updated estimate of the merger savings and cost to achieve in the 2025 Legal Entity Merger Assessment filed in the rate case proceedings referenced in AG 1-6 because the Companies indicated in those proceedings that the primary benefit of the merger is not the associated cost savings. It is the regulatory and administrative efficiencies that are discussed in the Direct Testimonies of Mr. Garrett and Mr. Conroy. With that noted, the Companies provided references to AG 1-4 and PSC 2-40 in the response to AG 1-6 in an effort to provide a quantitative estimate of the currently projected merger savings and costs to achieve.

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Question No. 3

Responding Witness: Christopher M. Garrett / Daniel Johnson

Q-3. Refer to the response to AG 1-7.

- a. Provide all support relied on for the statement: "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."
- b. Confirm this statement refers only to the ERP and CIS systems. If not confirmed, then identify each other system that will need to be "reconfigured" and provide the IT upgrade plan to "reconfigure" each other system including the scope of work, timeline, and cost. In addition, indicate whether this scope of work and cost were included in the scope of work and costs addressed in Mr. Daniel Johnson's direct testimony in the 2025 Rate Cases. Further, provide all support relied on for your response regarding the Direct Testimony of Witness Johnson.

A-3.

- a. See the response to PSC 3-23. The ERP project comprises not only the general ledger systems and interfaces, it also includes procurement and HR systems. In SAP S4, the general ledger consolidation consists of configuration work for new accounts, new allocations, conversion of balances, and financials mappings. With this, any integrations that feed the legacy accounts from partner applications (notably work management systems including Maximo, Hexagon EAM and CGI OpenGrid) will need to be updated and retested for deployment should the merger not proceed. This will also require configuration and regression testing in S4 to verify end to end functionality. For procurement activities in S4 and Ariba, there will be new configurations, workflow updates, data conversion for open purchase orders and accounts payable, contracts and supplier relationships and system integrations. In SuccessFactors for HR, there will be employee record consolidation, data conversion activities, and system integrations.

- b. See the response to part (a). The ERP system contains several applications that would need to be updated. This includes, but not limited to, SAP S4, Ariba, SuccessFactors, EC Payroll, WorkForce Software, Vertex, Blackline, PowerPlan, and UI Solutions. In addition, every Kentucky system that feeds the General Ledger, support supply chain requisitioning processes, or maintains or ingests people data, would need to have their integrations validated for the future state design, potentially updated, and regression tested as a part of the future state consolidation. The applications discussed above along with the integration work with other systems is all within the scope of the overall ERP project discussed in Mr. Johnson's testimony.

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Question No. 4

Responding Witness: Christopher M. Garrett / John J. Spanos

- Q-4. Refer to the response to AG 1-9(b), (c), and (d).
- a. Part (b) of this question asked the Companies to explain why they did not file the new depreciation study with the Application in this proceeding [emphasis added]. The response fails to address the question. Explain fully why the Companies did not initiate and complete the depreciation study prior to filing the Application in this proceeding. Was this an oversight or was there some reason for the delay? If so, explain why it was delayed.
 - b. Regarding the response to parts (c) and (d) of AG 1-9, explain in detail why Gannett Fleming and the Companies could provide the proposed new depreciation rates in response to PSC 2-5, but could not provide the underlying workpapers and calculations. Address the fact that the development of the proposed new depreciation rates required those underlying workpapers and calculations.

A-4.

- a. The Companies filed notice on December 30, 2025 of their intent to pursue the merger in the rate case proceedings, Case Nos. 2025-00113 and 2025-00114. Following the Commission's February 16, 2026 Orders in the rate case proceedings which found the Companies complied with the directives related to the merger study, the Companies held discussions with Gannett Fleming to explore combining the depreciation rates in late February 2026. Subsequently, the Companies engaged Gannett Fleming in April 2026 to perform the combined depreciation rate study based on scheduling availability.

In an effort to secure the necessary regulatory approvals prior to the implementation of the new ERP system, the Companies initiated their filing in Kentucky on March 31, 2026, absent the completion of the depreciation study. The Companies have now submitted the completed depreciation study and workpapers for the parties to review.

- b. The request in parts (c) of AG 1-9 requested the Depreciation Study not the workpapers and calculations. The full components of the Depreciation Study are more than just the calculations; therefore, it took time to complete all of the components of the depreciation rates. The text of the Study needed to be completed and all of the documents from the Gannett Fleming depreciation modules needed to be organized and prepared in the Depreciation Study format. All of the documents have now been prepared and are to be filed by May 29, 2026.

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**Response to the Attorney General's Supplemental Data Requests
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Case No. 2026-00077

Question No. 5

Responding Witness: Christopher M. Garrett / John J. Spanos

- Q-5. Refer to the response to AG 1-10. Explain why it is relevant that LG&E does not have approved depreciation rates for the assets it assumes from KU when the Companies' position is that the assets transfer to LG&E by operation of law and, presumably, LG&E could apply the approved depreciation rates for the KU assets as the new owner. Provide a copy of all support for your response.
- A-5. The combined depreciation study of Kentucky Utilities Company (KU) and Louisville Gas and Electric Company (LG&E) filed in Case 2026-00077 reflects different annual depreciation accrual rates for the KU only assets than those that were proposed in the KU only depreciation study. The manner in which the combined depreciation study was performed included combining the historical service life and net salvage data from both KU and LG&E upon which service life and net salvage analyses were performed. These analyses produced interim life estimates (Iowa Survivor Curves) and interim net salvage estimates that were not the same as those produced by plant account for each of the individual studies. Employing the interim life and net salvage estimates resulting from the combined analyses produced annual depreciation accrual rates that are different than those calculated in the individual studies. This is why it is relevant that LG&E does not have approved depreciation rates for the assets it assumes from KU when the Companies' position is that the assets transfer to LG&E.

Additionally, see the response to PSC 3-19 which discusses the Companies' decision surrounding two-utility vs one-utility accounting.

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Case No. 2026-00077

Question No. 6

Responding Witness: Christopher M. Garrett

- Q-6. Refer to the attachment to the response to PSC 2-5(a) wherein the Companies provided a summary of the new proposed combined depreciation rates.
- a. Provide a schedule in an Excel workbook comparing the depreciation rates approved for each utility by plant account in the 2025 Rate Cases to the new proposed combined depreciation rates by plant account in this proceeding. For those depreciation rates by plant account that were not reflected in the final settlement documents in the 2025 Rate Cases, e.g., LG&E electric general plant depreciation rates, provide a copy of the source documents with the depreciation rates for those plant accounts relied on by the Companies for this purpose.
 - b. Provide a proof of the depreciation expense resulting from the approved depreciation rates for each legacy utility and the depreciation expense resulting from the new proposed combined depreciation rates by plant account in an Excel workbook in live format and with all formulas intact. Calculate the depreciation expense for each utility using the gross plant balances at June 30, 2024, the study date used for the approved depreciation rates and for the new proposed combined depreciation rates. Reconcile any differences between the sum of the depreciation expense for the two utilities using the approved depreciation rates to the depreciation expense for the combined utility plant accounts using the new proposed combined depreciation rates.
 - c. Provide the Companies' proposed depreciation rates for each new generating unit by plant account approved for each Company in the 2025 Rate Cases and the new proposed combined depreciation rates by plant account, and provide a proof of depreciation expense similar to that requested in part (b) of this question.

A-6.

- a. – c. See attachment provided in a separate file. There is no difference in *new* generating units depreciation rates for each plant account so no proof of depreciation has been provided in response to part (c).