COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

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State Corporation Commission
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JOINT APPLICATION OF

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

CASE NO. PUR-2026-00052

For transfer of certificate, approval of merger, and
declaratory order

FINAL ORDER

On April 29, 2026, Kentucky Utilities Company ("KU"), operating in Virginia under the name Old Dominion Power Company ("KU/ODP"), and Louisville Gas and Electric Company ("LG&E") (KU and LG&E, collectively, "Applicants" or "Companies") completed the filing of a joint application ("Application")[1] with the State Corporation Commission ("Commission") for approval of the legal merger of KU and LG&E.[2] Specifically, the Applicants requested: (1) approval of the transfer of the certificate to furnish electric service pursuant to Chapter 10.1 of Title 56 of the Code;[3] (2) approval of the merger of the Companies pursuant to the Utility Transfers Act ("Merger"), or a determination that such approval is not required; and (3) a declaration pursuant to 5 VAC 5-20-100 C of the Commission's Rules of Practice and

[1] The Companies' initial filing was made on April 17, 2026. A supplemental filing was made on April 29, 2026, which rendered the Application complete for purposes of review under Chapter 5 of Title 56 of the Code of Virginia ("Code"), § 56-88 *et seq.* ("Utility Transfers Act").

[2] Application at 1.

[3] Code § 56-265.1 *et seq.* ("Utility Facilities Act").

Procedure[4] that KU/ODP's exemption from regulation under Chapter 23 of Title 56,[5] as provided by Code § 56-580 G, would continue to apply to the merged Companies.[6]

In the Application, the Applicants proposed merging KU with and into LG&E, with LG&E being the surviving entity.[7] The Applicants asserted that they have jointly planned and operated their legally separate utilities under one holding company for almost thirty years.[8] The Companies represented that the combined utility, LG&E, would continue to operate using the fictitious "doing business as" name of Old Dominion Power Company in Virginia for the immediate future,[9] and that LG&E would adopt KU/ODP's existing tariff and would serve KU/ODP customers under that tariff just as KU/ODP does today. Accordingly, the Applicants maintained that the Merger would be largely, if not entirely, invisible to customers from a material commercial, operational, and communications standpoint.[10]

The Applicants asserted that the approval the Companies are seeking from this Commission is expressly contingent upon the Kentucky Public Service Commission ("KPSC") and Federal Energy Regulatory Commission ("FERC") approving the Merger and upon the Companies determining to proceed with the Merger in light of any conditions the KPSC and FERC may impose.[11] Accordingly, the Companies represented that they would move forward

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[4] 5 VAC 5-20-10 *et seq.* ("Rules of Practice").

[5] Code § 56-576 *et seq.* ("Virginia Electric Utility Regulation Act").

[6] Application at 1, 8, 13.

[7] *Id.* at 3.

[8] *Id.*

[9] *Id.*

[10] *Id.* at 4.

[11] *Id.* at 5.

with the Merger only if the KPSC, FERC, and this Commission authorize the Merger and do not attach conditions that render the Merger impracticable, uneconomical, or otherwise unpalatable to the Companies.[12]

In support of the Application, the Companies represented that the request to transfer the certificates currently held by KU/ODP to LG&E under the Utility Facilities Act, to provide electric service to portions of Wise, Dickenson, Lee, Russell and Scott counties in Virginia, is in the public interest. The Companies asserted that the transfer would facilitate the savings to be achieved by the proposed Merger while the combined utility would have the same ability to provide reasonable service that KU/ODP provides today.[13]

Citing §§ 56-88.1 and 56-90 of the Utility Transfers Act, the Applicants asserted that through the proposed Merger, LG&E would possess the financial, technical, and managerial ability to provide reasonable utility service in Virginia, as the officers and employees of KU/ODP and service companies that support KU/ODP would not change after the Merger.[14] The Applicants further averred that the proposed Merger would not impair or jeopardize the provision of adequate service to the public at just and reasonable rates. If the Merger is approved, the Applicants represent that LG&E would be subject to the continuing jurisdiction of the Commission, without any reduction in the Commission's existing oversight or any diminishment in the authority of the Commission.[15]

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[12] *Id.*

[13] *Id.* at 6.

[14] *Id.* at 6-7.

[15] *Id.*

In the Application, the Applicants also requested a declaratory order from the Commission pursuant to 5 VAC 5-20-100 on whether the statutory exemption in Code § 56-580 G that currently applies to KU/ODP would apply to the surviving entity, LG&E, following the Merger.[16] In support of the assertion that the exemption should apply after the Merger, the Companies represented that since 1926, KU/ODP has served small portions of five counties in southwest Virginia with retail electric service; that KU/ODP currently serves approximately 28,000 retail customers through transmission lines from its Kentucky electrical system; and that KU's electric generation is located entirely in Kentucky.[17] The Companies asserted that, with four limited exceptions, Code § 56-580 G has exempted KU/ODP from the provisions of the Virginia Electric Utility Regulation Act.[18] The Companies asserted, in part, that LG&E would continue to meet the conditions in Code § 56-580 G as the Merger would not alter the reasons for the exemption or the unique nature of KU/ODP's Virginia service territory.[19] Accordingly, the Applicants requested that the Commission issue a declaratory order stating that KU/ODP's exemption in Code § 56-580 G will continue to apply to the merged Companies.[20]

On June 1, 2026, the Commission issued an Order for Notice and Comment ("Procedural Order"), which docketed this matter; directed the Applicants to provide public notice of the Application; provided interested persons an opportunity to participate as respondents in the

[16] *Id.* at 8.

[17] *Id.*

[18] *Id.* at 8-10.

[19] *Id.* at 11-12.

[20] *Id.* at 13.

proceeding, to file comments on the Application, and to request a hearing on the matter; and directed the Staff of the Commission ("Staff") to investigate the Application and file a report containing Staff's findings and recommendations ("Staff Report"). The Procedural Order also extended the statutory deadline for this proceeding by an additional 120 days, as permitted by Code § 56-88.1.

The Procedural Order also established a schedule for legal briefs on the request for declaratory order stating that KU/ODP's exemption under Code § 56-580 G would continue to apply to LG&E following the Merger. In accordance with the Procedural Order, Staff filed its brief ("Staff Legal Brief") on July 17, 2026. Staff concluded that the language of Code § 56-580 G supports the granting of the Companies' request because as proposed by the Applicants, it appears that the surviving entity of the Merger would still fit within the words of the statute in the same manner as KU/ODP does today.[21] Accordingly, Staff noted its support for a declaration by the Commission that KU/ODP's exemption from regulation under Chapter 23 of Title 56, found in Code § 56-580 G, would continue to apply if KU/ODP is merged with and into LG&E with LG&E as the surviving entity.[22] On July 24, 2026, the Companies filed a reply brief ("Reply Brief") in support of their request for a declaratory order. The Reply Brief noted in part that no party had offered a contrary interpretation of the statute or disputed the applicability of the exemption following the Merger.[23] The Applicants further reiterated that the Merger would not expand the utility's service territory, alter its customer base, or change its operational footprint in Virginia, and asserted that under these circumstances, there is no basis to conclude

[21] Staff Legal Brief at 3.

[22] *Id.* at 6.

[23] Reply Brief at 1.

that a change in corporate form alone would extinguish an exemption that continues to be satisfied.[24]

On September 14, 2026, Staff filed a Staff Report setting forth its findings and recommendations. Based on the Applicants' representations and Staff's investigation of the Application, Staff concluded that the proposed Merger would not impair or jeopardize the surviving entity's ability to provide service to the public at just and reasonable rates.[25] Subject to the listed requirements in Appendix A to the Staff Report, Staff recommended approval of the Merger.[26] Staff also recommended that the cancellation of KU/ODP's certificates of public convenience and necessity ("CPCNs") and the effective date for CPCNs to be issued to LG&E, be conditioned upon LG&E becoming dually incorporated in Kentucky and Virginia, and be effective as of the completion of the proposed Merger.[27] Noting that the Applicants plan to file incorporation documents for LG&E in Virginia approximately three (3) to five (5) business days before the Merger closing date, Staff recommended that LG&E be required to file updated service territory maps with the Commission in accordance with Code § 56-265.3 A and within thirty (30) days after becoming dually incorporated in Kentucky and Virginia.[28]

On September 23, 2026, the Applicants filed a response letter ("Response") in which they represented that they generally agree with the findings and conclusions in the Staff Report.[29]

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[24] *Id.* at 3.

[25] Staff Report at 3.

[26] *Id.*

[27] *Id.*

[28] *Id.* at 12-13.

[29] Response at 1.

The Applicants requested that the Commission issue a final order in this proceeding as soon as reasonably practicable, accepting Staff's recommendations with the following minor clarifications:

- Concerning a potential name change for the surviving merged entity, the Companies have determined that upon merger the surviving merged entity will seek to change its name to Kentucky Utilities Company. This will have no effect on the name under which it will operate in Virginia, which will continue to be Old Dominion Power Company.

- Concerning item 1 in Appendix A, the Companies are filing as attachments . . . clean and redlined versions of the most recent draft of the Agreement and Plan of Merger, and they respectfully ask that the Commission clarify that only substantive changes to the form of the Agreement and Plan of Merger require prior Commission approval.

- Concerning the recommendation that the merged Companies be required to seek Commission approval "prior to entering into any new financing or affiliate arrangements resulting from the Merger" (item 6 in Appendix A), the Companies respectfully ask the Commission to clarify that this requirement would not apply to financings and arrangements within the approvals and authority granted by the Commission in Case No. PUR-2026-00083.

- Relatedly, in a transaction separate from the proposed merger of the Companies, PPL Corporation [("PPL")] plans to merge LG&E and KU Services Company into PPL Services Corporation. This service company merger will not require changes to any of the Companies' existing affiliate agreements; rather, PPL Services Corporation will assume all of the rights and obligations currently assigned to LG&E and KU Services Company. Therefore, the Companies respectfully request that the Commission clarify in its final order that this merger will not constitute a "new financing or affiliate arrangement resulting from the Merger."

- Concerning item 7 in Appendix A, the Companies ask the Commission to clarify that the requirement to "track separately" various costs, savings, and booked amounts means to track merger-related amounts separately, not to attempt to track

separate amounts for KU and LG&E post-merger as though they were separate companies, which would be impracticable at best.

- Concerning item 8(b) in Appendix A, the Companies ask the Commission to clarify that the merged entity would not be barred from seeking recovery of a cost it would have incurred irrespective of a merger condition imposed by another regulator.

- Concerning item 10 in Appendix A, the Companies ask the Commission to clarify whether a "credit rating action" would include outlook changes or only actual changes to a credit rating.

- Concerning the recommendation that the Commission should approve the transfer of KU/ODP's CPCNs to LG&E (item 11 in Appendix A), the Companies respectfully ask the Commission to clarify that the transfer approach set out in the recommendation is consistent with the merged entity (LG&E) retaining KU/ODP's existing statutory exemption in Code § 56-580 G.[30]

No requests for hearing or notices of intent to participate as a respondent were filed in this case. A public comment on the Application was filed by one individual.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff through the Staff Report, and having considered the Applicants' Response thereto, is of the opinion and finds as follows.

I. Proposed Merger under the Utility Transfers Act

The Commission finds that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by the merger of KU/ODP with and into LG&E pursuant to the Utility Transfers Act; therefore, the proposed Merger should be approved, subject to certain requirements listed in the Appendix to this Final Order. The requirements for approval are based upon the recommended requirements set out in the Staff Report as modified in this Final Order.

[30] *Id.* at 1-3 (footnotes omitted).

In responding to the Staff Report, the Applicants requested that the Commission adopt the recommendations set forth in the Staff Report with certain clarifications, which the Commission addresses below.

Changes to the draft Agreement and Plan of Merger

In their Response to the Staff Report, the Applicants represented that they have changed aspects of the plan to merge KU/ODP with and into LG&E; among other things, the surviving entity, LG&E, will seek to change its name to Kentucky Utilities Company.[31] Further, the Applicants requested that the Commission clarify that Item No. 1 in Appendix A to the Staff Report, which prohibits changes to the Agreement and Plan of Merger without prior Commission approval, is limited to "substantiative changes" to the form of the agreement.[32] We agree, and note that a name change for the surviving entity following the Merger is not a substantive change that would require prior Commission approval.

Approvals for any new financing or affiliate arrangements resulting from the Merger

Regarding Item No. 6 in Appendix A to the Staff Report, the Applicants requested that the Commission clarify that the proposed requirement would not apply to financing and arrangements recently approved by the Commission in Case No. PUR-2026-00083.[33] We read the requirement as addressing specifically any "new" arrangements not yet reviewed and approved by the Commission, and accordingly, the requirement would not apply to the arrangements approved in Case No. PUR-2026-00083.

[31] *Id.* at 1.

[32] *Id.* at 1-2.

[33] *Id.* at 2.

Transactions separate from the proposed Merger

The Applicants represented that, separate from the proposed Merger, there is a plan for a service company merger which the Applicants assert will not require a change to any of the Companies' existing affiliate agreements. The Applicants requested that the Commission clarify that "this merger will not constitute a 'new financing or affiliate arrangement resulting from the Merger.'"[34] While the proposed Merger does not in and of itself constitute a new arrangement where each company was already party to an approved affiliate agreement, we note that the announced plan to merge service companies is not presently before the Commission. We find that the Applicants are responsible for ensuring ongoing compliance with affiliate arrangements approved by the Commission under Chapter 4 of Title 56 of the Code and direct the Applicants to work with Staff to determine whether the changes at the service company level warrant any filings for Commission review.

Tracking merger costs

Concerning Item No. 7 in Appendix A to the Staff Report, the Companies requested that the Commission clarify that the requirement to "track separately" various costs, savings, and booked amounts means to track Merger-related amounts separately, not to attempt to track separate amounts for KU and LG&E post-merger.[35] We view this requirement as a duty to maintain records to track costs separately by category, as opposed to cumulatively, for possible audit as needed by Staff, and not as a requirement for keeping separate KU accounts after KU is merged with and into LG&E.

[34] *Id.*

[35] *Id.*

Barring recovery of merger costs

Concerning Item 8(b) in Appendix A to the Staff Report, the Companies requested that the Commission clarify that the merged entity would not be barred from seeking recovery of a cost it would have incurred irrespective of a merger condition imposed by another regulator.[36] We note that Item No. 8 in Appendix A to the Staff Report describes information that the Applicants must file in a Report of Action within thirty (30) days after closing of the Merger. It works in conjunction with Item No. 4 in Appendix A to the Staff Report, which specifically states that the "Applicants should not be allowed to recover any costs of commitments to non-Virginia jurisdictions from Virginia customers."[37] It is axiomatic that a public service company must be allowed an opportunity to recover its prudently incurred costs. Accordingly, we see Item No. 8(b) as addressing costs outside of what would traditionally be considered a cost of providing electric service.

Notices of any credit rating action

Concerning Item No. 10 in Appendix A to the Staff Report, the Companies requested that the Commission clarify whether a "credit rating action" would include outlook changes or only actual changes to a credit rating.[38] We find that the Companies should notify the Director of the Division of Utility Accounting and Finance ("UAF") when actual changes to a credit rating are announced. Furthermore, consistent with prior Commission action on this requirement in Case

[36] *Id.*

[37] Staff Report at 27 (Appendix A).

[38] Response at 2.

No. PUR-2025-00229,[39] we find that this requirement should be in effect for a period of three (3) years following the consummation of the Merger.

Accordingly, we find that the recommendations set out in the Staff Report, as modified in the Appendix to this Final Order, should be required as a condition for approval of the proposed Merger under the Utility Transfers Act.

II. Certificate to furnish electric service pursuant to Chapter 10.1 of Title 56 of the Code

Regarding the Applicants' request for the transfer of the CPCNs for the electric service territory of KU/ODP, and for a declaratory order on the effect of the Merger on the application of Code § 56-580 G, the Commission finds as follows.

Transfer of certificates of public convenience and necessity

The Commission finds that the Applicants' request to transfer KU's CPCNs to provide electric service in Virginia should be approved as recommended by Staff in the Staff Report. The cancellation of KU/ODP's CPCNs and the effective date for CPCNs to be issued to LG&E as the surviving entity following the Merger, are conditioned upon LG&E becoming dually incorporated in Kentucky and Virginia, and shall become effective as of the completion of the proposed Merger. Accordingly, the merged Companies shall work with Staff in the Commission's Division of Public Utility Regulation to coordinate the cancellation and issuance of the applicable CPCNs. The merged Companies shall also work with Staff to update service territory maps required in accordance with Code § 56-265.3 A following the completion of the Merger and within thirty (30) days after becoming dually incorporated in Kentucky and Virginia.

[39] *See Joint Petition of American Water Works Company, Inc., Alpha Merger Sub, Inc., Essential Utilities., Inc., and Aqua Virginia, Inc., For approval of an acquisition of control of a public utility pursuant to Chapter 5 of Title 56 of the Code of Virginia,* Case No. PUR-2025-00229, Doc. Con. Cen. No. 260670032, Order Granting Approval (June 22, 2026).

III. Declaratory judgment pursuant to 5 VAC 5-20-100 C of the Commission's Rules of Practice and Procedure

Finally, the Applicants request a declaration pursuant to 5 VAC 5-20-100 C of the Commission's Rules of Practice that KU/ODP's exemption from regulation under the Virginia Electric Utility Regulation Act found in Code § 56-580 G would continue to apply to the merged Companies.[40] Based on the record in this case, including the Staff's Legal Brief and the Applicants' Reply Brief, we find that the Applicants' request should be granted. Accordingly, the exemption under Code § 56-580 G as currently applicable to KU/ODP shall continue to apply to the merged Companies post-merger.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code § 56-88.1, the proposed Merger is approved as described herein, subject to the requirements listed in the Appendix to this Final Order.

(2) Pursuant to Chapter 10.1 of Title 56 of the Code, the Companies' request for the transfer of CPCNs currently held by KU/ODP to the merged Companies is conditionally granted, contingent upon the surviving entity becoming dually incorporated in Kentucky and Virginia, and effective upon completion of the Merger. The merged Companies shall work with Staff in the Commission's Division of Public Utility Regulation to coordinate the cancellation and issuance of the applicable CPCNs and the updating of service territory maps following the completion of the Merger, and within thirty (30) days after becoming dually incorporated in Kentucky and Virginia.

(3) The Applicants' request for a declaration pursuant to 5 VAC 5-20-100 C of the Commission's Rules of Practice that KU/ODP's exemption from regulation under the Virginia

[40] Application at 1, 8, 13.

Electric Utility Regulation Act, as provided by Code § 56-580 G, would continue to apply to the merged Companies, is granted. The exemption under Code § 56-580 G as currently applicable to KU/ODP shall continue to apply to the merged Companies following the Merger.

(4) This matter is dismissed.

A COPY hereof shall be sent electronically by the Clerk of the Commission to all persons on the official Service List in this matter. The Service List is available from the Clerk of the Commission.

APPENDIX

1) The Commission's approval shall be contingent upon closing the merger pursuant to the terms and conditions of the Agreement and Plan of Merger. No substantive changes to such shall be made before or at closing without prior Commission approval.

2) The Commission's approval shall have no ratemaking implications. In particular, approval shall not guarantee the recovery of any costs directly or indirectly related to the Merger.

3) The Commission's approval granted in this case shall be conditioned upon the Applicants obtaining all necessary regulatory approvals.

4) The Applicants shall not recover any costs of commitments to non-Virginia jurisdictions from Virginia customers.

5) The Applicants shall maintain sufficient workforce, operational facilities and offices to continue to provide clean, safe, reliable, and affordable electric utility services to KU/ODP customers. Specifically, the Commission directs the Applicants to ensure that:

    a. The quality of service in the merged Companies' Virginia service territory does not deteriorate due to a lack of maintenance or capital investment.

    b. The quality of service in the merged Companies' Virginia service territory does not deteriorate due to a reduction in the number of employees providing service.

    c. The Applicants will maintain a high degree of cooperation with Staff and shall take all necessary action to ensure timely responses to Staff inquiries with regard to the provision of electric services in Virginia.

6) The merged Companies shall file and obtain Chapters 3 and/or 4 (Code § 56-55 *et seq.* and Code § 56-76 *et seq.*, respectively) approval(s) prior to entering into any new financing or affiliate arrangements resulting from the Merger.

7) The Applicants are required to maintain records to track separately all subsequent revisions to the initial Merger-related booked amounts as they are expensed, depreciated, amortized, written down, etc. The Applicants also shall maintain records to track separately all ongoing Merger-related costs. The merged Companies shall track all identifiable and quantifiable realized savings, net of the cost to achieve such savings.

8) Applicants shall file a Report of Action within thirty (30) days after closing of the Merger, which shall note the date the Merger occurred. The Report of Action shall also include the following:

a. The actual accounting entries recorded in the Applicants' books to reflect the Merger. The initial Merger-related accounting entries should include, but not be limited to:

i) all Merger cost accounting entries for the Applicants,

ii) all Merger-related tax accounting entries for the Applicants, and

iii) all Merger-related debt/equity financing accounting entries for the Applicants, by Applicant, date, account number, account title, and amount;

b. A list of all specific commitments made to other regulatory authorities as conditions for obtaining approval of the Merger and a certification from Applicants that the costs of all such commitments made to non-Virginia jurisdictions have not been, and shall not be, charged, allocated, or otherwise assigned in any way that shifts any such costs to Virginia customers, directly or indirectly; and

c. A detailed analysis identifying costs, savings, and any efficiencies achieved as a result of the Merger.

9) Should the Merger not be consummated, the Applicants shall forthwith file a Termination Notice with a brief explanation of the reasons for the termination of the Merger Agreement.

10) Applicants shall notify the UAF Director of any actual changes to credit ratings for PPL, LG&E, and KU within thirty (30) days of such rating action, as well as provide an explanation for the reason for such rating action, along with copies of any associated credit rating report. This requirement shall extend for a period of three (3) years after the consummation of the Merger.

11) The transfer of KU/ODP's CPCNs to LG&E shall be effective upon consummation of the Merger and conditioned upon LG&E becoming dually incorporated in both Kentucky and Virginia. Following completion of the Merger, the cancellation of KU/ODP's CPCNs, and the effective date for CPCNs to be issued to merged Companies, shall be effective as of the completion of the proposed Merger. Additionally, the surviving entity post-merger shall provide updated service territory maps with the Commission in accordance with Code § 56-265.3 A and within thirty (30) days after becoming dually incorporated in Kentucky and Virginia.