

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY)	
UTILITIES COMPANY FOR AN ADJUSTMENT OF)	CASE NO.
ITS ELECTRIC RATES AND APPROVAL OF)	2025-00113
CERTAIN REGULATORY AND ACCOUNTING)	
TREATMENTS)	

ORDER

On May 30, 2025, Kentucky Utilities Company (KU) tendered its application for a general adjustment of its electric rates based on a forecasted test period. As background, on April 4, 2025, KU provided notice of its intent to file the application and on April 7, 2025, KU filed a request,¹ among others for the Commission's approval to publish an abbreviated notice. The Commission denied the first motion to deviate as the proposed notice filed by KU did not contain information sufficient to grant the deviation for abbreviated notice.² On April 29, 2025, KU filed a renewed motion for a deviation to publish abbreviated notice. On May 5, 2025, the Commission granted the request as set forth in the Order and stated that

[T]his Order does not constitute approval of the notice, only approval of publication of the abbreviated newspaper notice, and the Commission reiterates that it will review the published notice to ensure it complies with all regulatory requirements at the time the application for a general rate adjustment is filed.³

¹ KU's Motion to Deviate (First Motion to Deviate) (filed Apr. 7, 2025).

² Order (Ky. PSC Apr. 21, 2025) at 8-9.

³ Order (Ky. PSC May 5, 2025) at 7.

LEGAL STANDARD

KRS 278.160(1) requires each utility to “file with the commission, within such time and in such form as the commission designates, schedules showing all rates and conditions for service established by it.” Commission regulations generally prescribe that a utility's schedule showing all rates and conditions for service be filed in the form of a tariff or in the form of a special contract establishing rates, charges, or conditions of service not contained in its tariff.⁴

Section 16 of 807 KAR 5:001 establishes filing requirements for an application for general adjustments to existing rates. Among other things, 807 KAR 5:001, Section 16, requires an application for a general rate adjustment to include any “new or revised tariff sheets” in a format that complies with 807 KAR 5:011, and in redline form or side-by-side form for easy comparison, and “[a] statement that notice has been given in compliance with Section 17 of this administrative regulation with a copy of the notice.”⁵

⁴ See 807 KAR 5:011 (generally setting forth the requirement that schedules containing rates be filed in the form of a tariff); 807 KAR 5:011, Section 13 (requiring that utilities file a copy of any “special contract” establishing rates, charges, or conditions of service not contained in its tariff); see also 807 KAR 5:001, Section 16 (requiring that tariffs be filed with any application for a general rate adjustment); KRS 278.010(12) (broadly defining “rate” as “any individual or joint fare, toll, charge, rental, or other compensation for service rendered or to be rendered by any utility, and any rule, regulation, practice, act, requirement, or privilege in any way relating to such fare, toll, charge, rental, or other compensation, and any schedule or tariff or part of a schedule or tariff thereof”).

⁵ 807 KAR 5:001, Section 16(1)(b)(1-5)reads:

(1) Each application requesting a general adjustment of existing rates shall:

[. . .]

(b) Include:

1. A statement of the reason the adjustment is required;
2. A certified copy of a certificate of assumed name as required by KRS 365.015 or a statement that a certificate is not necessary;
3. New or revised tariff sheets, if applicable in a format that complies with 807 KAR 5:011 with an effective date not less than thirty (30) days from the date the application is filed;
4. New or revised tariff sheets, if applicable, identified in compliance with 807 KAR 5:011, shown either by providing:

Section 17 of 807 KAR 5:001 establishes notice requirements that utilities must follow upon filing an application for a general rate adjustment. Section 17(4) sets forth the minimum content requirements for a notice to be sufficient.⁶ Section 17(1) requires a

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- a. The present and proposed tariffs in comparative form on the same sheet side by side or on facing sheets side by side; or
 - b. A copy of the present tariff indicating proposed additions by italicized inserts or underscoring and striking over proposed deletions; and
5. A statement that notice has been given in compliance with Section 17 of this administrative regulation with a copy of the notice.

⁶ 807 KAR 5:001 Section 17(4) requires the notice to contain the following information:

The proposed effective date and the date the proposed rates are expected to be filed with the commission;

(b) The present rates and proposed rates for each customer classification to which the proposed rates will apply;

(c) The amount of the change requested in both dollar amounts and percentage change for each customer classification to which the proposed rates will apply;

(d) The amount of the average usage and the effect upon the average bill for each customer classification to which the proposed rates will apply, except for local exchange companies, which shall include the effect upon the average bill for each customer classification for the proposed rate change in basic local service;

(e) A statement that a person may examine this application at the offices of (utility name) located at (utility address);

(f) A statement that a person may examine this application at the commission's offices located at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the commission's Web site at <http://psc.ky.gov>;

(g) A statement that comments regarding the application may be submitted to the Public Service Commission through its Web site or by mail to Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602;

(h) A statement that the rates contained in this notice are the rates proposed by (utility name) but that the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice;

(i) A statement that a person may submit a timely written request for intervention to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request including the status and interest of the party; and

(j) A statement that if the commission does not receive a written request for intervention within thirty (30) days of initial publication or mailing of the notice, the commission may take final action on the application.

utility to post at its place of business a copy of the notice no later than the date the application is submitted to the Commission, and requires a utility to post a copy of the notice on its website, if it maintains one, within five business days of the date the application is submitted to the Commission.⁷ Section 17(2)(b) requires that a utility with more than 20 customers provide notice to customers by:

- 1 Including notice with customer bills mailed no later than the date the application is submitted to the commission;
2. Mailing a written notice to each customer no later than the date the application is submitted to the commission;
3. Publishing notice once a week for three (3) consecutive weeks in a prominent manner in a newspaper of general circulation in the utility's service area, the first publication to be made no later than the date the application is submitted to the commission; or
4. Publishing notice in a trade publication or newsletter delivered to all customers no later than the date the application is submitted to the commission.⁸

Relevant to this Order, 807 KAR 5:001, Section 17(5) provides the Commission with the discretion to grant a written request for a utility to use an abbreviated form of the “published notice” if the abbreviated notice “includes a coupon that may be used to obtain all of the required information.”⁹ Commission regulation 807 KAR 5:001, Section 16(2)(b) similarly permits a utility to request approval from the Commission to use an abbreviated form of “newspaper notice” if the notice includes a coupon that may be used to obtain a copy from the applicant of the full schedule of increases or rate changes.¹⁰ The abbreviated notice is therefore a limited exception to the general rule.

⁷ 807 KAR 5:001, Section 17(1); *see also* 807 KAR 5:001, Section 8(1).

⁸ 807 KAR 5:001, Section 17(2)(b); *see also* 807 KAR 5:011 Section 8(2)(b).

⁹ *See also* 807 KAR 5:011, Section 15 (allowing deviations from provisions of 807 KAR 5:011).

¹⁰ 807 KAR 5:001 Section 16(2)(b).

After an application is submitted, pursuant to 807 KAR 5:001, Section 16(9), the Commission “shall notify the applicant of any deficiencies in the application within [30] days of the application’s submission. An application shall not be accepted for filing until the utility has cured all noted deficiencies.” Commission regulation 807 KAR 5:001, Section 22, and 807 KAR 5:011, Section 15, both allow the Commission to grant deviations from the regulations for good cause shown.

DISCUSSION AND FINDINGS

Upon review of KU’s application tendered pursuant to Title 5 of 807 KAR and KRS Chapter 278, the Commission finds that the application fails to meet the requirements of 807 KAR 5:001, as more fully discussed below.

As stated above, the Commission granted KU a deviation to provide an abbreviated notice subject to certain conditions.¹¹ However, upon review of the abbreviated notice and the full notice, as well as KU’s current tariff on file with the Commission, the Commission finds that portions of the abbreviated notice did not contain sufficient information to notify some customers of proposed material changes to their rates and services. Specifically, the Commission finds the table on page 3 the abbreviated notice excluded or combined a few customer classes, which undermined customers’ ability to recognize proposed rate increases that may impact their rate class. Moving forward, the notice should include the estimated amount of annual change and the average monthly bill for all monthly rate classes. The Commission finds that the abbreviated notice should be corrected to address these omissions.

¹¹ Order (Ky. PSC May 5, 2025).

While the May 5, 2025 Order allowed KU to publish an abbreviated notice and post an abbreviated notice at its place of business, KU was still required to post a copy of the full notice on its website and otherwise make a copy of the full notice available upon request. The Commission finds that the full notice contained a number of deficiencies. The deficiencies the Commission discusses below highlight material issues affecting the notice a customer has of changes to both services and rates. Specifically, the Commission finds the following items in KU's full notice deficient for failure to comply with 807 KAR 5:001 Section 17(4)(a) or (b):

1. The full notice failed to include its proposal to remove legacy status for certain customers from Rates General Service (GS) and Power Service (PS).

2. The full notice failed to include the changes to the availability language located in its Volunteer Fire Department (VFD) tariff. Notably the full notice does not address the proposed tariff change that deletes the following language: "Service under this rate schedule is at the option of Customer with Customer determining whether service will be provided under this schedule or any other schedule applicable to this load."

3. The proposed language in the full notice is inconsistent with the proposed language in the general time of day (GTOD) tariff.

4. Tariffs Small Capacity Cogeneration Qualifying Facilities (SQF), Large Capacity Cogeneration Qualifying Facilities (LQF), Electric Vehicle Charging (EVC) all have changes to the Terms and Conditions section titled "Liability" modifying the liability standard from "negligence" to "gross negligence" but none of these changes are reflected in the full notice.

5. Tariff Time-of-Day Service (TODS) changes the availability of the tariff materially (250 kVA minimum to 250 kVA maximum) but is not included in the full notice.

6. Tariff Solar Share Program (SSP) removes material language from the proposed tariff without any mention of changes in the full notice

7. Tariff SSP reduces the time allowed for a customer to assign subscribed capacity to another customer from 60 days to 30 days which is not mentioned in the full notice.

8. The full notice regarding Tariff Demand Side Management (DSM) omits language related to the proposed EHLF tariff changes.

9. The full notice omits the changed qualifying rate schedules proposed for Tariff DSM which removes Tariff Small GS and inserts Tariff GS.

10. The full notice omits the proposal to change how the environmental compliance recovery (ECR) is calculated by removing the cost of by-products from the formula.

11. The full notice omits the proposal to move Tariff Intermittent Load (IL) from its own section to the Terms and Conditions section and the proposal to delete the Tariff IL rate section entirely.

12. The current language for Tariff Lighting Service (LS) does not match the current tariffed language for the conversion fee; the terms of contract; and the terms and conditions.

13. Regarding Special Charges, the Advanced Metering Infrastructure (AMI) current and proposed tariff language does not match language in the notice.

14. Regarding Tariff Electric Vehicle Supply Equipment (EVSE-R), the current and proposed availability language do not match the language used in the notices.

15. Regarding Tariff Retired Asset Recovery Rider (RAR), Definitions 1 and 6 in the current tariffs do not match the representation of the current tariff language provided in the notice.

16. Regarding the rules for Transmission Level Retail Electric Service Studies, the title does not match the title listed in the notice. Additionally, the notice includes an errant sentence that is not present in the current tariff sheet.

Furthermore, the changes proposed for the Tariffs RAR and Outdoor Sports Lighting (OSL) are not presented side-by-side or in any other comparative form. The Commission finds that this is deficient pursuant to 807 KAR 5:001 Section 16(1)(b)(4)(a)).

The Commission recognizes that the published notice in this matter is costly; and that expense must be balanced against the public's interest in proper notice as required by the Commission regulations. As noted above, the Commission found that the abbreviated notice failed to include some material changes directly impacting both the rates and services of residential customers as well as rate changes to at least two other customer classes. However, given the expense of publication, the Commission does not find that the omissions constitute good cause to require republication of a corrected abbreviated notice in this instance. While deficient, the abbreviated notice does provide general notice of proposals to increase rates and change terms if service. The Commission encourages ratepayers of both KU to review the full notice for the impact to a specific service.

Pursuant to 807 KAR 5:001 Section 22 and 807 KAR 5:011 Section 15, for both the abbreviated notice and full notice, the Commission, on its own motion, grants KU a deviation from the applicable notice provisions set forth in Sections 16 and 17 of 807 KAR 5:001, including 807 KAR 5:001, Section 17(2)(b)(3); 807 KAR 5:001 Section 16(1)(b)(4)(a); and 807 KAR 5:001 Section 17(4). While the Commission finds that fixing the notices to reflect the above noted deficiencies is important for keeping ratepayers fully informed of the case, a deviation in this specific instance provides a financial benefit to both the ratepayers and KU by not delaying the filing of the application. Additionally, for similar reasons, the Commission does not find that requiring the expense of republication of a corrected abbreviated notice in this case to be reasonable. Accordingly, the Commission finds KU's application is deemed filed as of May 30, 2025.

However, as a result of the deficiencies identified in the full notice, the Commission finds that KU should revise the full notice to correct each of the deficiencies set forth in this Order, inclusive of both lists, within ten days of service of this Order.

Furthermore, KU stated that at the time of the filing of its application, it would include the full 807 KAR 5:001 Section 17(4) notice in the filing as a separate document, labeled "Customer Notice of Rate Adjustment," to enable customers accessing the Commission's website to easily locate the full notice.¹² However, the filing under this title in the record is an abbreviated notice.¹³ Therefore, the Commission further finds that KU should file a separate document entitled "Full Customer Notice of Rate Adjustment" that includes the corrected full notice in the case file for this proceeding.

¹² Renewed Motion for Deviation (filed Apr. 29, 2025) at 5.


¹³ Application, Customer Notice of Rate Adjustment.

Finally, the Commission finds, given the unique nature of KU's abbreviated notice and full notice, that this case may not be reliable precedent in any subsequent proceedings. The Commission recognizes that it continues to review application for deficiencies on a case-by-case basis and reminds parties that the checklists merely serve as a reference and that compliance with Commission regulations in full is expected.

IT IS THEREFORE ORDERED that:

1. KU's abbreviated notice and full notice are deficient.
2. KU's deficient abbreviated notice and full notice are granted a deviation from the applicable notice provisions set forth in Sections 16 and 17 of 807 KAR 5:001 including 807 KAR 5:001, Section 17(2)(b)(3); 807 KAR 5:001, Section 16(1)(b)(4)(a); 807 KAR 5:001, Section 17(4).
3. KU shall correct both the abbreviated and full notice within ten days of service of this Order.
4. KU shall file a separate document entitled "Full Customer Notice of Rate Adjustment" that includes the corrected full notice in the case file for this proceeding.
5. KU shall update its website with the corrected abbreviated and full notice.
6. KU shall update its place of business with the corrected abbreviated notice.
7. KU shall file the corrected notices, amended in a manner consistent with this Order, in the record within ten days of service of this Order.
8. The application is deemed filed as of May 30, 2025.

PUBLIC SERVICE COMMISSION


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ATTEST:


Executive Director



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