COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY UTILITIES COMPANY FOR AN ADJUSTMENT OF ITS ELECTRIC RATES AND APPROVAL OF CERTAIN REGULATORY AND ACCOUNTING TREATMENTS	)	CASE NO. 2025-00113
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	)	CASE NO. 2025-00114

O R D E R

On February 16, 2026, the Commission issued Orders that, among other things, approved an increase in base rates for Louisville Gas and Electric Company (LG&E) and Kentucky Utilities Company (KU) (jointly, LG&E/KU).[1] On March 6, 2026, LG&E/KU jointly filed a motion for corrections and clarification related to different issues identified by LG&E/KU.[2] On March 9, 2026, Kentuckians for the Commonwealth, Kentucky Solar Energy Society, Metropolitan Housing Coalition, and Mountain Association (collectively, Joint Intervenors) filed a motion for rehearing pursuant to KRS 278.400.[3] On March 9,

[1] As modified by *nunc pro tunc* Order (Ky. PSC Mar. 4, 2026).

[2] Joint Motion of LG&E/KU for Clarification and Corrections to February 16, 2026 Orders (LG&E/KU's Motion for Corrections) (filed Mar. 6, 2026).

[3] Motion for Rehearing of Joint Intervenors (filed Mar. 11, 2026).

2026, Kentucky Broadband and Cable Association (KBCA) filed a petition for rehearing.[4] On March 11, 2026, LG&E/KU filed a notice that they were withdrawing from the Stipulation and Recommendation (Stipulation).[5] On March 11, 2026, LG&E/KU also filed a joint petition for reconsideration.[6] On March 18, 2026, the Attorney General of the Commonwealth of Kentucky, by and through the Office of Rate Intervention (the Attorney General), Kentucky Industrial Utility Customers, Inc. (KIUC), Kentucky Solar Industries Association, Inc. (KYSEIA), and Joint Intervenors each filed responses to LG&E/KU's joint petition for rehearing.[7] The Commission, by Order issued March 27, 2026, granted, in part, LG&E/KU's motion for corrections, denied KBCA and Joint Intervenors' requests for rehearing, and granted LG&E/KU's request for rehearing.[8]

Related to LG&E/KU's request for rehearing, the Commission found that the rehearing should be granted in order to obtain additional information before rendering a decision on each issue.[9] The Commission noted that "the granting of the request for reconsideration for the purpose of gathering additional information should not be

[4] KBCA's Petition for Rehearing (filed March 11, 2026).

[5] LG&E/KU's Notice of Withdrawal from the Stipulation (LG&E/KU's Notice) (filed March 11, 2026).

[6] Joint Petition of LG&E/KU's for Reconsideration of the February 16, 2026 Orders (LG&E/KU's Petition for Reconsideration) (filed March 11, 2026).

[7] The Attorney General's Brief in Response to LG&E/KU's Motion for Rehearing (Attorney General's Response) (filed March 18, 2026); Response of KIUC to Joint Petition's for Reconsideration (KIUC's Response) (filed March 18, 2026); KYSEIA's Combined Response to Joint Petition of LG&E/KU's for Reconsideration of the February 16, 2026 Orders (KYSEIA's Response) (filed March 18, 2026); Joint Intervenors Response in Opposition to Joint Petition of LG&E/KU for Reconsideration of the February 16, 2026 Order (Joint Intervenors' Response) (filed March 18, 2026).

[8] Order (Ky. PSC March 27, 2026).

[9] March 27, 2026 Order at 31-32.

construed as making a finding on the merits of the rehearing motion as it merely allows for further proceedings to investigate the allegations."[10]

Also, in the March 27, 2026 Order, the Commission established a procedural schedule for timely processing of the case.[11] On April 24, 2026, and May 22, 2026, LG&E/KU filed responses to rehearing requests for information.[12] On May 26, 2026, LG&E/KU filed notice that it did not request a hearing but would like the opportunity to brief the issues.[13] On June 8, 2026, the Commission established a briefing timeline.[14]

On June 18, 2026, the Attorney General filed a rehearing brief.[15] On June 19, 2026, LG&E/KU[16], Joint Intervenors[17], Kroger[18], KYSEIA[19], and KIUC[20] filed their respective rehearing briefs. DOD/FEA, Walmart, and Sierra Club did not file briefs.

The rehearing petition now stands submitted for decision.

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[10] March 27, 2026 Order at 32.

[11] March 27, 2026 Order at 32.

[12] LG&E/KU's Response to Commission Staff's First Rehearing Request for Information (Staff's First Rehearing Request) (filed Apr. 24, 2026); LG&E/KU's Response to Sierra Club's First Rehearing Request for Information (Sierra Club's First Rehearing Request) (filed Apr. 24, 2026); LG&E/KU's Response to Joint Intervenors' First Rehearing Request for Information (Joint Intervenors' First Rehearing Request) (filed Apr. 24, 2026); LG&E/KU's Response to Commission Staff's Second Rehearing Request for Information (Staff's Second Rehearing Request) (filed May 22, 2026); LG&E/KU's Response to Joint Intervenors' Second Rehearing Request for Information (Joint Intervenors' Second Rehearing Request) (filed May 22, 2026).

[13] LG&E/KU's Statement Regarding Hearing and Motion for Briefing Deadline (filed May 26, 2026).

[14] Order (Ky. PSC June 8, 2026).

[15] Attorney General's Final Brief on Rehearing (Attorney General's Rehearing Brief) (filed June 18, 2026).

[16] Rehearing Brief of LG&E/KU (LG&E/KU's Rehearing Brief) (filed June 19, 2026).

[17] Rehearing Brief of Joint Intervenors (Joint Intervenors' Rehearing Brief) (filed June 19, 2026).

[18] Rehearing Brief of Kroger (Kroger's Rehearing Brief) (filed June 19, 2026).

[19] KYSEIA Combined Brief Upon Rehearing (KYSEIA's Rehearing Brief) (filed June 19, 2026).

[20] Rehearing Brief of KIUC (KIUC's Rehearing Brief) (filed June 19, 2026).

LEGAL STANDARD

KRS 278.400, which establishes the standard of review for motions for rehearing, limits rehearing to new evidence not readily discoverable at the time of the original hearings, to correct any material errors or omissions, or to correct findings that are unreasonable or unlawful. A Commission Order is deemed unreasonable only when "the evidence presented leaves no room for difference of opinion among reasonable minds."[21] An order can only be unlawful if it violates a state or federal statute or constitutional provision.[22]

By limiting rehearing to correct material errors or omissions, and findings that are unreasonable or unlawful, or to weigh new evidence not readily discoverable at the time of the original hearings, KRS 278.400 is intended to provide closure to Commission proceedings. Rehearing does not present parties with the opportunity to relitigate a matter fully addressed in the original Order.

LG&E requested approval for the establishment of a regulatory asset for its Mill Creek 2 Stay Open Costs. KRS 278.220 provides that the Commission may establish a uniform system of accounts (USoA) for utilities. The system of accounts should conform as nearly as practicable to the system adopted or approved by the Federal Energy Regulatory Commission (FERC). The FERC USoA provides for regulatory assets, or the capitalization of costs that would otherwise be expensed but for the actions of a rate regulator. The Financial Accounting Standards Board's Statement of Financial

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[21] *Energy Regulatory Comm'n v. Kentucky Power Co.*, 605 S.W.2d 46 (Ky. App. 1980).

[22] *Public Service Comm'n v. Conway*, 324 S.W.3d 373, 377 (Ky. 2010); *Public Service Comm'n v. Jackson County Rural Elec. Coop. Corp.*, 50 S.W.3d 764, 766 (Ky. App. 2000); *National Southwire Aluminum Co. v. Big Rivers Elec. Corp.*, 785 S.W.2d 503, 509 (Ky. App. 1990).

Accounting Standards No. 71, Accounting for the Effects of Certain Types of Regulation, which was codified as Accounting Standards Codification (ASC) 980, Regulated Operations, provides the criteria for recognition of a regulatory asset.[23] Pursuant to ASC 980, it must be probable that the utility will recover approximately equal revenue through the inclusion of these costs for ratemaking purposes, with the intent to recover the previously incurred cost not a similar future cost.

In prior matters, the Commission has identified, generally, parameters for expenses that may qualify for regulatory asset treatment and has approved regulatory assets when a utility has incurred (1) an extraordinary, nonrecurring expense which could not have reasonably been anticipated or included in the utility's planning; (2) an expense resulting from a statutory or administrative directive; (3) an expense in relation to an industry sponsored initiative; or (4) an extraordinary or nonrecurring expense that over time will result in a saving that fully offsets the cost.[24] Additionally, the Commission has established a requirement that utilities seek Commission approval before recording

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[23] ASC 980-340-25-1 provides, in full, as follows:

> 25-1 Rate actions of a regulator can provide reasonable assurance of the existence of an asset. An entity shall capitalize all or part of an incurred cost that would otherwise be charged to expense if both of the following criteria are met:
>
> a. It is probable (as defined in Topic 450) that future revenue in an amount at least equal to the capitalized cost will result from inclusion of that cost in allowable costs for rate-making purposes.
>
> b. Based on available evidence; the future revenue will be provided to permit recovery of the previously incurred cost rather than to provide for expected levels of similar future costs. If the revenue will be provided through an automatic rate-adjustment clause, this criterion requires that the regulator's intent clearly be to permit recovery of the previously incurred cost. A cost that does not meet these asset recognition criteria at the date the cost is incurred shall be recognized as a regulatory asset when it does meet those criteria at a later date.

[24] Case No. 2008-00436, *Application of East Kentucky Power Cooperative, Inc. for an Order Approving Accounting Practices to Establish a Regulatory Asset Related to Certain Replacement Power Costs Resulting from Generation Forced Outages* (Ky. PSC Dec. 23, 2008), Order at 3–4.

regulatory assets,[25] and requirements regarding the timing for applications seeking such approval.[26] In addition, outside of the prescribed categories of expenses that qualify for regulatory asset treatment, utilities have established regulatory assets for certain timing and accounting differences, such as over- or under-recoveries for riders.

DISCUSSION AND FINDINGS

Stipulation Reconsideration.

LG&E/KU asked the Commission to approve the Stipulation because "it would produce reasonable rates, provide base rate stability through August 2028, and enable continued investment in safe and reliable service."[27] LG&E/KU argued that the stipulation is reasonable, in its totality without modification, and that the Commission should reconsider the modifications.[28] LG&E/KU highlighted that the Stipulation was the product of multiple days of arm's length negotiations and that the Stipulation signatories represented a variety of parties, including the Attorney General.[29] LG&E/KU further highlighted that the difference in the revenue requirements calculated by the Commission varies less than 1 percent across LG&E/KU from those in the Stipulation, so there would be very little impact to customers, but that the stated impact to LG&E/KU is significant.[30] LG&E/KU stated that, when the Commission rewrites or rejects nearly every material term

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[25] Case No. 2016-00180, *Application of Kentucky Power Company for an Order Approving Accounting Practices to Establish Regulatory Assets and Liabilities Related to the Extraordinary Expenses Incurred by Kentucky Power Company in Connection with the Two 2015 Major Storm Events* (Ky. PSC Nov. 3, 2016), Order at 9.

[26] Case No. 2016-00180, Dec. 12, 2016 Order at 5.

[27] LG&E/KU's Rehearing Brief at 2.

[28] LG&E/KU's Petition for Reconsideration at 3.

[29] LG&E/KU's Petition for Reconsideration at 5.

[30] LG&E/KU's Petition for Reconsideration at 4–5.

of a negotiated stipulation, it eliminates any meaningful incentive for utilities and intervenors to pursue collaborative resolutions in future proceedings and that it jeopardizes the substantial, customer-focused benefits that are achievable only through compromise and negotiation.[31]

LG&E/KU argued that approval of the Stipulation also comports with the Commission's recognition that ratemaking generally involves a range of reasonable outcomes rather than a single objectively correct result.[32] LG&E/KU also highlighted the benefits of Sharing Mechanism Adjustment Clause (Adjustment Clause SM) and asserted that the clause was integral to the Stipulation.[33]

The Attorney General encouraged the Commission to approve the Stipulation in its entirety or, in the alternative, approve the Sharing Mechanism Adjustment Clause SM.[34] The Attorney General stated that the Stipulation supports low and stable energy prices.[35] The Attorney General argued that stipulations should be encouraged, as it is fundamental to the ratemaking progress.[36] The Attorney General reasoned that the Commission should continue to scrutinize and modify stipulation agreement terms when necessary in order to ensure fair, just and reasonable rates, but to extract additional savings by relying on a party's stipulation position as opposed to their litigation position tends to disincentivize stipulations, which in the long run can be harmful to the regulatory

[31] LG&E/KU's Petition for Reconsideration at 6.

[32] LG&E/KU's Rehearing Brief at 3.

[33] LG&E/KU's Rehearing Brief at 3-4.

[34] Attorney General's Rehearing Brief at 1.

[35] Attorney General's Response at 2.

[36] Attorney General's Rehearing Brief at 4.

environment.[37] The Attorney General stated that the Commission should not substantially alter a settlement by cherry-picking the terms it likes and expect the utility to honor its bargain.[38] The Attorney General also argued that credit agencies favor reasonable, well-balanced settlements, and take them into consideration when setting credit ratings and the cost of debt for Kentucky's utilities, which directly impacts rates.[39]

KIUC and Kroger continued to support their position that the Commission approve the Stipulation in its entirety.[40] KIUC argued that it is not clear that ratepayers are better off under the Orders compared to the Stipulation.[41] KIUC argued that the harm to the regulatory process is real, as the companies will have significantly reduced incentive in the future to settle if their agreements can be completely rewritten.[42] KIUC stated that the Commission never compared the Stipulation to the companies' pre-compromise litigation position.[43] KIUC highlighted that a stay out provision is an incentive for the companies to control costs.[44] KIUC also stated that the Commission should give settlements the benefit of the doubt.

[37] Attorney General's Rehearing Brief at 4.

[38] Attorney General's Response at 4.

[39] Attorney General's Rehearing Brief at 4.

[40] KIUC's Response at 32.

[41] KIUC's Response at 2.

[42] KIUC's Response at 2.

[43] KIUC's Response at 2.

[44] KIUC's Response at 2.

KYSEIA stated that LG&E/KU failed to meet their burden that the nonunanimous attempt to settle the case through the Stipulation is lawful and reasonable.[45] KYSEIA argued that the companies' request for unconditional acceptance of the nonunanimous stipulation and recommendation should be denied because it does not meet the standard applicable to rehearing relief.[46] KYSEIA argued that LG&E/KU want to relitigate matters fully addressed in the original Order and that the Stipulation contained elements at odds with lawful and reasonable ratemaking.[47] KYSEIA argued that the theory of deference based upon totality of reasonableness is inconsistent with the Commission's duty to make independent decisions.[48]

Joint Intervenors recommended that the Commission affirm its modifications of the settlement, and provide no relief on rehearing related to LG&E/KU's "overarching rehearing request."[49] Joint Intervenors also pointed out that the minor variance in revenue requirement just as readily affirms the reasonableness of the ordered rates.[50] Joint Intervenors argued that the overarching request is a plain attempt to relitigate the companies' position with respect to the Stipulation, with no new evidence that would justify relief on rehearing.[51] Joint Intervenors stated that

> [t]he Companies' emphasis on base rate increases misses that customers get hit with more than base rate hikes. Customers also pay a growing number of surcharges. Those

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[45] KYSEIA's Response at 3.

[46] KYSEIA's Rehearing Brief at 6.

[47] KYSEIA's Rehearing Brief at 6.

[48] KYSEIA's Rehearing Brief at 4.

[49] Joint Intervenors' Rehearing Brief at unnumbered 4.

[50] Joint intervenors' Response at 5.

[51] Joint Intervenors' Rehearing Brief at unnumbered 4.

> surcharges add up, and they can fluctuate monthly, injecting volatility into customer bills where there could have been traditional base rate recovery.[52]

Joint Intervenors also pointed out that it is questionable whether the Commission could approve the Stipulation at this point because the companies have withdrawn from the Stipulation.[53] Joint Intervenors highlighted that there is also great diversity of interest and perspectives among the parties that opposed the Stipulation.[54]

In its reply, LG&E/KU highlighted that, if the Commission grants the companies' request to approve the Stipulation as filed, they will comply with the Stipulation as filed, including its stay-out provisions.[55] LG&E/KU argued that there is no impediment to the Commission reconsidering some or all of its findings pursuant to KRS 278.400.[56]

Having considered the record and being otherwise sufficiently advised, the Commission finds that LG&E/KU's rehearing request to approve the Stipulation in its entirety is denied. The Commission agrees with the Joint Intervenors' that this is an attempt to relitigate the companies' positions and LG&E/KU provided no additional information for the Commission to consider. The Commission issued a well-reasoned Order for each of the cases explaining why the Commission was unable to accept the Stipulation in its entirety, and the Commission identified neither any alleged material errors or omissions nor any unreasonable or unlawful finding in need of correction.

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[52] Joint Intervenors' Rehearing Brief at unnumbered 5.

[53] Joint Intervenors' Response at 6.

[54] Joint Intervenors' Response at 7-8.

[55] LG&E/KU's Reply at 2.

[56] LG&E/KU's Reply at 3.

The stipulated revenue requirement was not the only number impacting rates for customers, as the proposed adjustment clauses also would have an impact on customer bills. Beyond that, the parties who did not join the Stipulation raised issues related to other rates impacted by the Stipulation, including pole attachment, net-metering, and qualifying facilities rates.

Throughout the proceeding, several of the Signing Parties made it clear that the Adjustment Clause SM and stay out provision were central to the Stipulation.[57] As the Commission denied this provision, the Commission considered the possibility that parties may withdraw from the Stipulation when crafting its Order. Furthermore, the Stipulation was not unanimous. The range of reasonableness applies to the Stipulation as a whole, not simply the stipulated revenue requirement. The final Order provided specific support for findings based on each individual issue to reach fair, just-and reasonable rates. Starting more clearly, the Stipulation, in its entirety, did not fall into a range of reasonableness without modification. The Commission appreciates the time and effort of the Signing Parties and seriously considered the Stipulation. The Commission equally considered the positions of those parties who were not parties to the Stipulation. The Commission sought balance between all parties and considered ratepayers' interests when coming to its decision. Therefore, LG&E/KU's request for rehearing related to the Stipulation approval should be denied as they neither identified material errors or omissions nor findings that were unreasonable or unlawful that would compel rehearing.

[57] See i.e. the Joint Stipulation Testimony of Robert Conroy and Christopher Garrett at 6.

Out of Record Information.

As part of the Commission's introduction to its discussion of the proposed Stipulation, but explicitly prior to its individual reasoning and findings on each proposed Stipulation item, the Commission commented briefly on the broader energy landscape. The Commission noted that it agreed with the Signing Parties that "ensuring sufficient revenue to maintain utility stability is essential in order to fulfill the agreed upon stay out provision."[58] The Commission stated that "[t]he current uncertainty regarding electricity demand and shifting customer requirements necessitates a cautious approach" that balanced the interests of LG&E/KU customers when considering the uncertain energy demand landscape.[59] In the footnote accompanying that discussion, the Commission identified several well-known examples of large and energy intensive projects which LG&E/KU had cited in prior cases (Case No. 2025-00045,[60] for example) such as the Oldham County data center project and the Blue Oval SK battery plant, which had experienced setbacks or other material changes. The Commission concluded footnote 81 by stating explicitly that the Commission was not attempting to prognosticate on the entire Kentucky economic landscape, but that it owed a duty to ratepayers to be aware of the broader economic context when considering requests from utilities to increase rates,

[58] Case No. 2025-00113, (Ky. PSC Feb. 16, 2026), Order at 18-19; Case No. 2025-00114, (Ky. PSC Feb. 16, 2026) Electric Order at 19; Case No. 2025-00114, (Ky. PSC Feb. 16, 2026), Gas Order at 16.

[59] Case No. 2025-00113, Feb. 16, 2026 Order at 18-19; Case No. 2025-00114, Feb. 16, 2026 Electric Order at 19; Case No. 2025-00114, Feb. 16, 2026 Gas Order at 16.

[60] 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.*

among other cases.[61] Finally, the Commission ended its introduction with a clear admonishment that its findings would be "explained in detail[.]" Each Order contained exhaustive discussions and findings on individual components of the proposed Stipulation followed that admonishment for each final Order.

In LG&E/KU's Joint Petition for Reconsideration, and citing the Commission's brief discussion above, the utilities argued that the Commission relied on out-of-record evidence "to materially restructure the Stipulation."[62] LG&E/KU went further, arguing that the Commission violated their due process rights because they had no opportunity to subject the items identified in footnote 81 to "close scrutiny and explain the impact of that information on the Stipulation the parties submitted."[63] Notably, LG&E/KU did not cite to any specific finding made by the Commission that relied on footnote 81 as its only, or primary source. Indeed, no finding referenced footnote 81 or the Commission's introductory discussion.

Instead, LG&E/KU appeared to argue that a single footnote, which cited projects that LG&E/KU were intimately familiar with because those projects were located in their service territory, amounted to the Commission having "considered out-of-record evidence to materially restructure the Stipulation."[64] That argument is without merit. The Commission's Order was clearly founded on substantial evidence and, thus, satisfied the Commission's legal standard. Therefore, LG&E/KU's request for rehearing related to out

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[61] Case No. 2025-00113, Feb. 16, 2026 Order at 18-19, footnote 81; Case No. 2025-00114, Feb. 16, 2026 Electric Order at 19, footnote 83; Case No. 2025-00114, Feb. 16, 2026 Gas Order at 16, footnote 74.

[62] LG&E/KU's Petition for Reconsideration at 8-9.

[63] LG&E/KU's Petition for Reconsideration at 9.

[64] LG&E/KU's Petition for Reconsideration at 9.

of the record information should be denied as they neither identified material errors or omissions nor findings that were unreasonable or unlawful that would compel rehearing.

Sharing Mechanism Adjustment Clause.

LG&E/KU requested that the Commission reconsider its rejection of the Adjustment Clause SM.[65] LG&E/KU disagreed that Adjustment Clause SM review is akin to a full rate case; the latter requires considerably more time and expense by all interested parties.[66] LG&E/KU argued that approving the Stipulation would not diminish regulatory oversight; rather, it would preserve and enhance that oversight while allowing the companies and their customers to realize the Stipulation's negotiated benefits.[67] LG&E/KU stated that any potential bill impact would occur only if the companies' financial performance deteriorated to a level materially below the returns the Commission has consistently found reasonable in these and all other recent proceedings.[68] LG&E/KU highlighted that Adjustment Clause SM would

> - Moderate rate impacts by spreading the effect of non-generation investments over time;
> - Maintain base rate stability during the two-and-a-half-year stay-out period (i.e., through August 2028) while still allowing the Companies to continue to make significant investments in assets that support and provide reliable service
> - Preserve the Commission's ability to regulate the Companies during a dynamic period for the industry while providing a defined opportunity to return to a more traditional regulatory construct; and
> - Provide meaningful customer value through a return on equity ("ROE") deadband with a 9.40% lower bound, which is

[65] LG&E/KU's Petition for Reconsideration at 11.

[66] LG&E/KU's Petition for Reconsideration at 11.

[67] LG&E/KU's Rehearing Brief at 3-4.

[68] LG&E/KU's Petition for Reconsideration at 11.

> below the ROEs likely to be in effect during the stay-out period and is expected to produce substantial customer savings.[69]

LG&E/KU highlighted that the Adjustment Clause SM is integral to the Stipulation and the negotiated stay-out framework it contemplates.[70]

In response to discovery, LG&E/KU provided a sample billing calculation. Residential customers would see an average monthly bill increase of 4.45 percent for KU, 3.66 percent for LG&E Electric, and a 3.78 percent increase of LG&E Gas during the adjustment period, assuming an earned ROE of 7.4 percent for KU and a 7.7 percent for LG&E.[71] This example only looks at the forecast change in ROE as a result from capital investment, it assumes no changes in operating and maintenance (O&M), taxes, or revenues from what was forecasted or approved in the rate case.[72]

The Attorney General highlighted the importance of Adjustment Clause SM to the Stipulation, specifically the stay-out provision.[73] The Attorney General stated that, as a result of the Commission's denial of Adjustment Clause SM, a new base rate case will be filed sometime this year, and likely another one within the next three years.[74] The Attorney General stated that the costs of rate cases will be avoided with approval of Adjustment Clause SM.[75] The Attorney General argued that approval of Adjustment

[69] LG&E/KU's Rehearing Brief at 3-4.

[70] LG&E/KU's Rehearing Brief at 4.

[71] LG&E/KU's Response to Staff's First Rehearing Request, Item 15, Attachment.

[72] LG&E/KU's Response to Staff's First Rehearing Request, Item 15, Attachment; LG&E/KU's Response to Joint Intervenors' First Rehearing Request, Item 4.

[73] Attorney General's Response at 3-4.

[74] Attorney General's Response at 4.

[75] Attorney General's Response at 3.

Clause SM could lead to savings of as much as $27.8 million, which the Commission could not obtain without approving the Adjustment Clause SM.[76] The Attorney General pointed to the modifications to the extremely high load factor (EHLF) tariff stating that modifications should further assuage the Commission's concern about high costs being included in Adjustment Clause SM and that authorizing the full Stipulation would ensure that the new data center load projected to be in-service toward the end of the Adjustment Clause SM's recovery period will begin contributing toward the companies' capital spending expense while the Adjustment Clause SM was still in effect.[77]

KIUC highlighted that, without the Adjustment Clause SM, a new base rate case will be filed soon.[78] KIUC also highlighted that delayed recovery from customers over the period November 2028 through November 2029 would benefit customers, and that new data center load would pay part of any Adjustment Clause SM cost.[79] KIUC and Kroger both highlighted that the Adjustment Clause SM approval should be conditioned on reinstatement of the parties' agreement that no new base rates become effective before August 1, 2028, as they were negotiated as complementary components of a single compromise.[80]

KYSEIA argued that there is no merit to LG&E/KU's request pertaining to the Adjustment Clause SM, and that LG&E/KU failed to carry their burden to demonstrate the

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[76] Attorney General's Rehearing Brief at 2.

[77] Attorney General's Rehearing Brief at 3.

[78] KIUC's Response at 3.

[79] KIUC's Response at 6.

[80] Kroger's Rehearing Brief at 1; KIUC's Rehearing Brief at 1-2.

proposal as a reliable approach or an approach that adds value.[81] KYSEIA argued that it is a request to relitigate the matter fully addressed in the original Orders.[82]

Joint Intervenors highlighted that LG&E/KU did not acknowledge that the Adjustment Clause SM has a potential for cost-shifting, as mentioned in the Commission's February 16, 2026 Orders or the finding about large bill increases without notice.[83] Joint Intervenors argued that LG&E/KU failed to identify any ways in which the Commission's decision reflects material errors or omissions or is unreasonable or unlawful.[84] Joint Intervenors also argued that the only potential ratepayer impact of the companies underearning a 9.4 percent ROE would be created by the Adjustment Clause SM, not delayed by it.[85] Joint Intervenors also argued that new evidence gathered since the Commission's original decision only reinforces the appropriateness of denying the mechanism.[86] Joint Intervenors also argued, pointing to LG&E/KU's example of how the Adjustment Clause SM would work, that the mechanism would preclude this $170 million imposition on customers from ever being evaluated in a rate case, which is a result that the Commission should not find acceptable.[87] Joint Intervenors asserted that claiming that the difference between the 9.40 percent low end of the deadband and the

[81] KYSEIA's Response at 5.

[82] KYSEIA's Response at 5.

[83] Joint Intervenors' Response at 18.

[84] Joint Intervenors' Response at 19.

[85] Joint Intervenors' Response at 21.

[86] Joint Intervenors' Rehearing Brief at unnumbered 11.

[87] Joint Intervenors' Rehearing Brief at unnumbered 12.

9.775 percent ROE approved by the Commission somehow constitutes a financial benefit to customers is disingenuous, at best.[88]

Having considered the record and being otherwise sufficiently advised, the Commission finds that LG&E/KU's rehearing request related to Adjustment Clause SM should be denied. In its Order, the Commission explained several reasons for its denial of Adjustment Clause SM. First, the Commission noted that there was not sufficient information to establish a known and reasonable amount of revenue likely to be recovered from customers during the sharing mechanism period.[89] The Commission appreciates that LG&E/KU provided an additional analysis regarding potential bill impacts based on the mechanism, however this information did not "incorporate any potential offsetting changes in load, operating expenses or deferred income taxes."[90] Furthermore, the Commission shares LG&E/KU's concerns about upward pressure on costs for its upcoming generation projects, which could further impact customer bills. However, LG&E/KU does not appear to acknowledge the Commission's concern about bill increases without appropriate customer notice, especially in light of the likely bill increases from the Adjustment Clause PGR during the same period. Similarly, LG&E/KU did not address the Commission's continued concerns for cost-shifting.

The Commission reiterates its point that, while some may consider them inconvenient, full rate cases allow for customers to receive notice on the proposed increases, interested parties to intervene, and, at a minimum, customers to provide public

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[88] Joint Intervenors' Rehearing Brief at unnumbered 13.

[89] Case No. 2025-00113, Feb. 16, 2026 Order at 153; Case No. 2025-00114, Feb. 16, 2026 Electric Order at 162; Case No. 2025-00114, Feb. 16, 2026 Gas Order at 110.

[90] LG&E/KU's Response to Joint Intervenors' Rehearing Request, Item 4.

comment. A rate case also will allow the Commission to fully review LG&E/KU's revenue requirement.

Finally, the Commission does not find the potential savings cited by LG&E/KU and the Attorney General to be compelling. These "savings" appear to be based upon what could be considered a best-case scenario for LG&E/KU during the time period that the Adjustment Clause SM would be implemented. The calculation assumes that LG&E/KU would earn a ROE on base rate capital less than the 9.775 percent authorized or the 9.4 percent at the bottom of the deadband for the Adjustment Clause SM and illustrates the highest possible amount of alleged savings[91]. These arguments did not assuage the Commission's concerns about the uncertainty surrounding this mechanism and the possibility that it will increase customer rates.

Therefore, LG&E/KU's request for rehearing related to Adjustment Clause SM should be denied as they neither identified material errors or omissions nor findings that were unreasonable or unlawful that would compel rehearing.

<u>Adjustment Clause PGR.</u>

In its final Orders, the Commission granted the Pilot Generation Recovery Adjustment Clause (Adjustment Clause PGR) on a pilot basis. The Commission found that it was reasonably possible to expect customer benefits, in the form of lower administrative costs and postponed inflation of operating expenses, if the mechanism operates as presented by LG&E/KU in this case.[92] To limit the potential rate impacts and to encourage the companies to control construction costs, the Commission capped

[91] The "savings" appears to be speculative as noted; it includes data centers and cost shifting.

[92] Case No. 2025-00113, Feb. 16, 2026 Order at 153; Case No. 2025-00114, Feb. 16, 2026 Electric Order at 157.

construction costs for the pilot period and ordered that these costs should be limited to the estimations provided in Case Nos. 2022-00402[93] and 2025-00045.[94]

LG&E/KU argued that, given that the Commission will review costs that are proposed to be recovered through the Adjustment Clause PGR, in addition to the monitoring requirements imposed in those CPCN cases, limiting the costs to estimations from prior cases (including estimates that are four years old) is unreasonable, unnecessary, and deprives the companies of the opportunity to recover their costs to serve customers.[95] LG&E/KU argued that the cap is unnecessary because the Commission can review costs to be recovered through the Adjustment Clause PGR through monthly filings from LG&E/KU and annual Adjustment Clause PGR review cases, in addition to the monitoring requirements imposed in the CPCN cases.[96] LG&E/KU argued limiting the costs is inappropriate because "[e]ven if the costs are later included in rate base, the carrying costs—which are substantial for generation projects—will never be recovered."[97]

In discovery, LG&E/KU provided costs related to its upcoming construction projects. For Mill Creek Unit 5, LG&E/KU stated that costs for the project have increased

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[93] Case No. 2022-00402, *Electronic Joint 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.*

[94] Case No. 2025-00113, Feb. 16, 2026 Order at 149-150; Case No. 2025-00114, Feb. 16, 2026 Electric Order at 158.

[95] LG&E/KU's Petition for Reconsideration at 12.

[96] LG&E/KU's Rehearing Brief at 17.

[97] LG&E/KU's Reply at 6.

and are currently trending slightly under the 5 percent contingency costs.[98] The current estimates for Mill Creek 5 are $947,207,000.[99] For the Marion Solar facility, costs for the Build Transfer Agreement have increased when compared to the costs provided in Case No. 2022-00402.[100] For Marion Solar, the current estimated cost is $279,726,000.[101] Costs for the Mercer Solar facility and E.W. Brown Battery Energy Storage Solution (BESS) have not changed.[102] While not included in Adjustment Clause PGR, LG&E/KU stated that costs for E.W. Brown Unit 12 and Mill Creek Unit 6 projects are currently within the 5 percent contingency costs, but “upward price pressures persist”.[103]

Joint Intervenors argued that LG&E/KU have failed to meet the rehearing standard regarding the Commission’s limitation of the costs that can be included in Adjustment Clause PGR.[104] Joint Intervenors argued that it would not be reasonable to expect Staff or the Commission to be able to assess the prudency of the Adjustment Clause PGR costs in the 10 days between the filing of monthly reports and the collection of costs, leaving prudency review to occur after costs have been recovered, rather than occurring before cost recovery as in a base rate case.[105] Joint Intervenors also pointed out that the Commission only limited the costs immediately recoverable through the pilot mechanism,

[98] LG&E/KU’s Response to Staff’s Second Request, Item 1.

[99] LG&E/KU’s Response to Staff’s Second Request, Item 1.

[100] LG&E/KU’s Response to Staff’s Second Request, Item 1.

[101] LG&E/KU’s Response to Staff’s Second Request, Item 1.

[102] LG&E/KU’s Response to Staff’s Second Request, Item 1.

[103] LG&E/KU’s Response to Staff’s Second Request, Item 1.

[104] Joint Intervenors’ Response at 23.

[105] Joint Intervenors’ Rehearing Brief at unnumbered 15.

but the companies would still be able to seek full recovery of costs when the project costs are added to the rate base.[106] Joint Intervenors argued that nothing in the record shows that a significant erosion of the companies' financial position would result through limiting the Adjustment Clause PGR surcharge to the cost estimates approved in estimations provided in Case No. 2022-00402 and 2025-00045.[107]

Having considered the record and being otherwise sufficiently advised, the Commission finds that LG&E/KU's rehearing request as it related to Adjustment Clause PGR should be granted, in part, and denied, in part. The Commission finds that the rehearing request is granted to the extent that the Commission agrees that using the price figures reflected in Case No. 2022-00402[108] may not be reflective of the current costs of LG&E/KU's upcoming generation projects. As noted above, LG&E/KU provided updated pricing figures for all projects approved to be included in Adjustment Clause PGR. The Commission finds that the cap set by the Commission should be updated to reflect the current estimated costs for Mill Creek 5 and the Marion Solar facility.[109] However, the Commission finds that the caps should remain in place to encourage LG&E/KU to control its construction costs and to mitigate any unknown increases to customer bills. LG&E/KU will still be able to seek recovery of costs when the project costs are added to the rate base, which is the normal method of recovery for generation projects. Although LG&E/KU

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[106] Joint Intervenors' Response at 24.

[107] Joint Intervenors' Response at 25.

[108] Case No. 2022-00402, *Electronic Joint 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.*

[109] LG&E/KU's Response to Staff's Second Request, Item 1

will not be able to recover carrying costs on the amounts above the estimates, this balances the benefits to LG&E/KU and customers: LG&E/KU receive accelerated recovery of these capital investments, and customers are protected from cost overruns between rate cases. Therefore, LG&E/KU's request for rehearing related to the removal of the cap from Adjustment Clause PGR should be denied as they neither identified material errors or omissions nor findings that were unreasonable or unlawful that would compel rehearing, but the request is granted the cap set by the Commission should be updated to reflect the current estimated costs for Mill Creek 5 and the Marion Solar facility.[110]

Cash Working Capital.

LG&E/KU argued that the cash working capital adjustments result in the disallowance of $113 million in invested capital.[111] LG&E/KU argued that the Commission did not state any portion of the removed cash working capital was imprudent, and there is no record evidence supporting such a result.[112] LG&E/KU argued that the Commission's approach to implementing rate base is a materially adverse change that denies prudent cost recovery and is expected to prevent LG&E/KU from achieving either the stipulated ROE or the lower ROE prescribed in the final Orders.[113]

No intervenor commented on this issue throughout the rehearing process.

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[110] LG&E/KU's Response to Staff's Second Request, Item 1

[111] LG&E/KU's Petition for Reconsideration at 13.

[112] LG&E/KU's Rehearing Brief at 9.

[113] LG&E/KU's Petition for Reconsideration at 14.

The Commission finds that LG&E/KU's petition for reconsideration regarding the disallowance of non-cash items from the cash working capital component of rate base should be denied. The Commission is not convinced by LG&E/KU's sparse arguments regarding cash working capital. It has been the Commission's precedent to exclude non-cash items from cash working capital[114] and LG&E/KU did not provide sufficient evidence to warrant an adjustment to the final Order.

Capitalization and Rate Base.

In its final Orders, the Commission required LG&E/KU to utilize a rate base methodology as opposed to a capitalization methodology to calculate their respective revenue requirements on the basis that LG&E/KU were financing non-rate base items and including them in the return on component of the revenue requirement, to which LG&E/KU are not entitled.[115]

In their Petition for Rehearing, LG&E/KU argued that moving from capitalization to rate base without adequate notice deprives them of cost recovery and the opportunity to earn their authorized ROEs.[116] LG&E/KU argued that, as implemented by the Commission, this change results in the disallowance of $131 million in invested capital.[117] LG&E/KU argued that the Commission's approach to implementing rate base is a

[114] *See* Case No. 2025-00122, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates* (Ky. PSC Dec. 16, 2025), Order at 47; Case No. 2024-00276, *Electronic Application of Atmos Energy Corporation for an Adjustment of Rates; Approval of Tariff Revisions; and Other General Relief* (Ky. PSC Aug. 11, 2025), Order at 19; and Case No. 2021-00214, *Electronic Application of Atmos Energy Corporation for an Adjustment of Rates* (Ky. PSC May 19, 2022), Order at 20.

[115] Case No. 2025-00113, Feb. 16, 2026 Order at 82; Case No. 2025-00114, Feb. 16, 2026 Electric Order at 85–86; Case No. 2025-00114, Feb. 16, 2026 Gas Order at 61.

[116] LG&E/KU's Petition for Reconsideration at 13.

[117] LG&E/KU's Petition for Reconsideration at 13.

materially adverse change that denies prudent cost recovery and is expected to prevent LG&E/KU from achieving either the stipulated ROE or the lower ROE prescribed in the final Orders.[118] LG&E/KU argued that the Commission has approved the capitalization method for more than forty years and no party presented a novel argument in these cases that capitalization is inappropriate.[119] LG&E/KU argued that allowing LG&E/KU a reasonable period to prepare for and implement a fundamental shift away from that longstanding framework is not only practical—it is necessary.[120]

LG&E/KU argued that the problem is compounded by excluding Commission-approved regulatory assets and liabilities from rate base, while at the same time, including the associated accumulated deferred income taxes (ADIT).[121] LG&E/KU explained that this creates an unreasonable inconsistency; LG&E/KU are being denied a return while customers are receiving a return (on the associated ADIT).[122] LG&E/KU explained that, unless the Commission reconsiders its Orders, the companies will be denied an annual return of $11.0 million while customers will receive a reduction in the return of $2.7 million.[123] LG&E/KU stated that permitting regulatory assets and liabilities to be included in rate base would result in an increase of $11.0 million to the revenue requirement.[124] LG&E/KU stated that if regulatory assets and liabilities are not permitted

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[118] LG&E/KU's Petition for Reconsideration at 14.

[119] LG&E/KU's Petition for Reconsideration at 14.

[120] LG&E/KU's Petition for Reconsideration at 14.

[121] LG&E/KU's Petition for Reconsideration at 15.

[122] LG&E/KU's Petition for Reconsideration at 15.

[123] LG&E/KU's Petition for Reconsideration at 15, footnote 32.

[124] LG&E/KU's Petition for Reconsideration at 15, footnote 32.

for inclusion in rate base associated ADIT needs to be removed, which would result in an increase of $2.7 million to the revenue requirement .[125] LG&E/KU also argued that the exclusion is inconsistent with the Commission's prior treatment of the issue.[126]

In their post-hearing brief, LG&E/KU argued for the first time that they were deprived of due process because the Commission did not notify the companies that the change from capitalization to rate base was at issue in this proceeding.[127] LG&E/KU reiterated that the change from capitalization to rate base resulted in a disallowance of $131 million of prudently incurred capital and that an adjustment should be made to either include regulatory assets and liabilities in rate base or remove associated ADIT.[128] LG&E/KU essentially asked the Commission to make rate base and capitalization equal.[129]

No intervening party provided comment pertaining to the methodology of capitalization versus rate base throughout the rehearing period.

Having reviewed the record and being sufficiently advised, the Commission finds that LG&E/KU's petition for reconsideration should be granted in part and denied in part. Regarding LG&E/KU's position that they were deprived of due process, the Commission finds that this argument is without merit. The Attorney General proposed adjustments

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[125] LG&E/KU's Petition for Reconsideration at 15, footnote 32.

[126] LG&E/KU's Petition for Reconsideration at 16.

[127] LG&E/KU's Rehearing Brief at 8–9.

[128] LG&E/KU's Rehearing Brief at 9–10.

[129] LG&E/KU's Response to Staff's First Rehearing Request, Item 17.

utilizing rate base,[130] and LG&E/KU responded to those arguments.[131] Here, LG&E/KU was not deprived of due process as they had opportunity to be heard at a meaningful time and manner, which was followed by a final Order that considered the evidence and was based upon substantial evidence.[132]

On page 86 of the February 16, 2026 LG&E Electric Order, the Order inadvertently states that "The Commission approves the use of the capitalization methodology for the calculation of LG&E's revenue requirement." The Commission finds that *nunc pro tunc* this sentence should state as follows, "The Commission approves the use of the rate base methodology for the calculation of LG&E's revenue requirement." The Commission did utilize rate base methodology in the calculation of the approved rates in Appendix D of the final Order.[133]

LG&E/KU explained that they did not include regulatory assets and liabilities in rate base because they did not expect to use rate base in the calculation of their rates.[134] The Commission finds that allowing regulatory assets and liabilities in rate base for LG&E/KU is reasonable because LG&E/KU used amortization periods that are longer than one year and the regulatory assets do not include an internal rate of return. However, the Commission finds that regulatory assets associated with rate case expenses should be excluded from rate base, because these carrying costs should be allocated to

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[130] Direct Testimony of Lane Kollen at 11–16.

[131] Rebuttal Testimony of Christopher Garrett at 1–9.

[132] *Hilltop Basic Res., Inc. v. Cnty. of Boone*, 180 S.W.3d 464, 469 (Ky. 2005).

[133] 2025-00114 Feb. 16, 2026 Electric Order, Appendix D.

[134] LG&E/KU's Response to Staff's First Rehearing Request, Item 1 and LG&E/KU's Response to Staff's Second Rehearing Request, Item 17.

shareholders to equitably split the recovery of rate case expenses;[135] as both shareholders and ratepayers benefit from rate case filings. Because LG&E/KU do not finance individual projects separately, the Commission finds that regulatory assets and liabilities should receive a return at the full weighted average cost of capital (WACC).

In reviewing the revenue requirement calculations based on the rehearing discovery responses, the Commission discovered that LG&E Electric's return component in its final Order was erroneous. The Commission adjusted utilizing capitalization instead of rate base which resulted in $3,700,368,092[136] being used for the return component instead of the correct figure of $3,705,771,561, as shown below. The Commission finds this error should be corrected through the adjustment to the return component on rehearing.

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[135] Case No. 2021-00214, *Electronic Application of Atmos Energy Corporation for an Adjustment of Rates* (Ky. PSC May 19, 2022), Order at 18.

[136] Case No. 2025-00114, Feb. 16, 2026 Electric Order, Appendix C.

Description	13 Month Average Forecasted Test Period Update	Adjustments	Commission 13 Month Average Forecasted Test Period
Utility Plant in Service	$ 6,874,848,985		$ 6,874,848,985
Property Held for Future Use	2,903,134		2,903,134
Accumulated Depreciation and Amortization	(2,689,256,644)	3,655,647	$ (2,685,600,997)
Net Utility Plant in Service	$ 4,188,495,475		$ 4,192,151,122
Construction Work in Progress	211,009,523		$ 211,009,523
Net Plant (Lines 4+5)	$ 4,399,504,997		$ 4,403,160,645
Cash Working Capital Allowance	126,863,335	(41,315,986)	85,547,349
Other Working Capital Allowance	117,294,744		117,294,744
Customer Advances for Construction	(4,629,354)		(4,629,354)
Deferred Income Taxes	(894,689,738)	(912,084)	(895,601,822)
Investment Tax Credits	-		-
Jurisdictional Rate Base	$ 3,744,343,984		$ 3,705,771,562

The final rate base and capitalization numbers are shown in the following chart:

KU	
Rate Base	$ 6,110,453,112
Capitalization	$ 6,186,150,159
LG&E Electric	
Rate Base	$ 3,743,485,984
Capitalization	$ 3,738,940,515
LG&E Gas	
Rate Base	$ 1,374,408,178
Capitalization	$ 1,414,828,027

KU and LG&E Gas have rate bases that are lower than capitalization and the Commission finds that rate base should be used as the basis for the return component of their base rates. When rate base is lower than capitalization, it indicates that the utility has financed items that are not included in rate base, such as operating expenses. KU and LG&E Gas are not entitled to a return on these items outside of the cash working capital that they included in rate base. LG&E Electric's capitalization is lower than rate base including regulatory assets. When capitalization is lower than rate base, it indicates that ratepayers have already financed some components of rate base through operating capital, or other cost-free sources of funds, such as deferred income taxes, have been used to finance rate base. LG&E Electric is not entitled to a return on these cost-free capital sources and therefore, the Commission finds that capitalization should be the basis for LG&E Electric's return component.

The revenue requirement impact is a revenue requirement increase of approximately $6.48 million for KU, $3.5 million for LG&E Electric, and $774,906 for LG&E Gas. The ADIT associated with the regulatory assets and liabilities was included in LG&E/KU's rate base, so it is properly accounted for.

Mill Creek 2 Stay-Open Costs.

LG&E/KU argued that the Commission's disallowance of Mill Creek 2 stay-open costs incurred prior to its February 16, 2026 LG&E Electric Order is unreasonable and arbitrary, and that the Commission has twice determined that continued operation of Mill Creek 2 benefits customers.[137] LG&E/KU argued that limiting recovery solely on the date of the Commission's Orders lacks any rational basis and unnecessarily penalizes LG&E from making timely investments required to preserve the reliability of Mill Creek 2.[138] LG&E/KU argued that the Commission's disallowance of the stay-open costs is similar to

[137] LG&E/KU's Petition for Reconsideration at 18.

[138] LG&E/KU's Petition for Reconsideration at 18.

its disallowance of Kentucky Power Company's transmission expense, which was held unlawful and unreasonable by the Franklin Circuit Court.[139] LG&E/KU argued that the Commission retains full oversight and authority with respect to all Mill Creek 2 stay-open costs, regardless of whether those costs were incurred before or after the date of the final Order.[140]

LG&E/KU asked the Commission to authorize deferral accounting for Mill Creek 2 stay-open costs LG&E incurred prior to the February 16, 2026 Orders because keeping Mill Creek 2 open benefits customers and because such authorization would be consistent with the Commission's deferral accounting standards and would not constitute retroactive ratemaking.[141] LG&E/KU pointed out that it made the request in its Joint Supplemental Testimony of Robert M. Conroy and Christopher M. Garrett filed on October 31, 2025, at page 15, lines 12-15 and footnote 17.[142] LG&E/KU argued that it is not retroactive ratemaking to establish a regulatory asset for costs already incurred; rather, capitalizing incurred expenses for later recovery is the very definition of a regulatory asset, as the Commission itself has acknowledged.[143] They also argued that there is no principled basis to treat Mill Creek 2 stay-open costs prudently incurred on and after February 16, 2026, as Adjustment Clause PGR-recoverable while also treating previously

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[139] LG&E/KU's Petition for Reconsideration at 18.

[140] LG&E/KU's Petition for Reconsideration at 19.

[141] LG&E/KU's Rehearing Brief at 12.

[142] LG&E/KU's Response to Staff's First Rehearing Request, Item 7.

[143] LG&E/KU's Rehearing Brief at 12.

incurred costs necessary to obtain the exact same benefit as wholly unrecoverable regardless of their prudence.[144]

Joint Intervenors argued that the retroactive amounts should be denied because it is in fact retroactive ratemaking, and the companies earned a 10.32 percent ROE for the 12-month period ending October 2025.[145] Joint Intervenors also argued that these expenses were not "extraordinary, non-recurring expenses that could not have been included in the utilities' planning, so they do not qualify for regulatory asset treatment".[146] Joint Intervenors argued that all that the Commission has done with respect to 2025 Mill Creek 2 expenses is reasonably apply the filed rate doctrine.[147] Joint Intervenors also stated that if the Commission grants rehearing, LG&E/KU should supply evidentiary support for the $7.5 million in costs at issue.[148]

In its reply, LG&E/KU highlighted that it is undisputed that: (1) Commission has twice determined that continued operation of Mill Creek 2 benefits customers; and (2) there are no incremental costs to extend the life of Mill Creek 2 in base rates.[149] LG&E/KU argued that the companies expressly requested regulatory asset approval for these costs in Case No. 2025-00045, but the Commission's Order did not address the request for deferral accounting, which required the companies to make the request a second time in

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[144] LG&E/KU's Rehearing Brief at 13.

[145] Joint Intervenors' Rehearing Brief at unnumbered 18.

[146] Joint Intervenors' Rehearing Brief at unnumbered 18–19.

[147] Joint Intervenors' Response at 32.

[148] Joint Intervenors' Response at 32.

[149] LG&E/KU's Reply at 7.

the rate cases.[150] LG&E/KU argued that the Joint Intervenors misapplied the filed rate doctrine, and that this was not at issue in this case.[151] LG&E/KU argued that, just like storm costs, the incremental Mill Creek 2 costs are an extraordinary, nonrecurring expense, which could not have reasonably been anticipated or included in the utility's planning because LG&E was planning to retire Mill Creek 2.[152]

These costs are specific to LG&E, as the sole owner of Mill Creek 2. As part of discovery, LG&E/KU provided a breakdown of the $7.5 million in stay-open costs incurred before the final Orders.[153] The O&M costs are the variable costs to operate the unit including allocations of common generation costs, variable costs of generation, and environmental controls.[154] LG&E/KU then compared those expenses to the amount in the then-current base rates to calculate the incremental stay-open costs. These kinds of O&M expenses were recovered in base rates but not at the level of the actual expenses.[155]

Having considered the record and being otherwise sufficiently advised, the Commission finds that LG&E/KU's request for rehearing related to the Mill Creek 2 stay - open costs should be granted. The Commission stated in the final Order, "[t]he Commission finds that recovery of those stay open costs already incurred should be denied as the rider was not established and this request would result in retroactive

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[150] LG&E/KU's Reply at 7.

[151] LG&E/KU's Reply at 7.

[152] LG&E/KU's Reply at 8.

[153] LG&E/KU's Response to Staff's First Rehearing Request, Item 6.

[154] LG&E/KU's Response to Staff's First Rehearing Request, Item 6, Attachment.

[155] LG&E/KU's Response to Staff's First Rehearing Request, Item 6, Attachment.

ratemaking."[156] LG&E would need deferral authority to recover these costs because they have already been incurred. The Commission notes that LG&E/KU did not explicitly request a regulatory asset for these expenses and only mentioned the request in a footnote to supplemental testimony filed in support of the Stipulation, which did not reference the request. However, the Commission finds that the request for deferral accounting treatment should be granted as the expenses were incurred in good faith, and the procedural issues are not sufficient reason to deny the deferral. The Commission further finds that these expenses were an extraordinary, nonrecurring expense which could not have reasonably been anticipated or included in the utility's planning. As LG&E/KU acknowledged "prior to the Stipulation in the 2025 CPCN Case, the companies did not anticipate continuing to operate Mill Creek 2 beyond the in-service date of Mill Creek 5, consistent with the Commission's Order authorizing retiring Mill Creek 2 at that time."[157] LG&E/KU's proposal to recover the Mill Creek 2 stay-open costs through the Adjustment Clause PGR is denied. The Commission finds that this regulatory asset should be reviewed in LG&E/KU's next base rate cases and that LG&E/KU should file support for the reasonableness of the incurred costs in those cases.

Return on Equity.

In their Petition for Reconsideration, LG&E/KU asserted that the Commission's determination of their ROE was an arbitrary decision, and requested that the Commission approve a 9.90 percent ROE for base rates and capital riders.[158] LG&E/KU argued that

[156] Case No. 2025-00114, Feb. 16, 2026 Electric Order at 52.

[157] LG&E/KU's Rehearing Brief at 17.

[158] LG&E/KU's Petition for Reconsideration at 28.

the ordered 9.775 percent ROE is lower than ROEs recently awarded or approved by the Commission, and that it is unclear why the Commission rejected LG&E/KU's stipulated ROE while accepting Duke Kentucky's stipulated ROE in Case No. 2025-00125,[159] which they argued was likewise "above" what the Commission would have otherwise ordered.[160] LG&E/KU also argued that the Commission's conclusion that "any increased risk LG&E/KU is assuming for the volatility in the remaining costs it expects to incur over the next two and a half years does not warrant such an increase in its allowed return," specifically the meaning of "such an increase" is not evident from the record and requires context.[161] Finally, LG&E/KU argued that the evidence in the record does not support the Commission's finding that the mechanisms reduce LG&E/KU's risk, referring to their witness's analysis and testimony that the Commission's position is an outlier that is inconsistent with the substantial empirical evidence supporting a consistent ROE for base rates and mechanisms.[162] In their Rehearing Brief, LG&E/KU additionally noted that all Parties that submitted ROE evidence in this proceeding signed the Stipulation that recommended the 9.90 percent ROE.[163] LG&E/KU argued that the lower ROEs awarded in the February 16, 2016 Order are inconsistent with the increased risk associated with LG&E/KU's ongoing significant capital investments in assets to serve customers, and noted that the evidence in the record shows that LG&E/KU are unlikely to earn the

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[159] Case No. 2025-00125, *Electronic Application of Duke Energy Kentucky, Inc. or 1) An Adjustment of the Natural Gas Rates; 2) Approval of New Tariffs; and 3) All Other Required Approvals, Waivers, and Relief* (Ky. PSC Dec. 23, 2025), Order.

[160] LG&E/KU's Petition for Reconsideration at 20.

[161] LG&E/KU's Petition for Reconsideration at 19-20.

[162] LG&E/KU's Petition for Reconsideration at 20-21.

[163] LG&E/KU's Rehearing Brief at 18.

stipulated 9.90 percent ROE at any point during the stay-out period which they argued further supports the reasonableness of the stipulated ROE applied to base rates and all mechanisms.[164]

Joint Intervenors argued that the Commission's modifications to LG&E/KU's authorized ROE are well supported by the record.[165] Joint Intervenors argued that pointing to a modestly different result in another case falls short of the rehearing standard that a party has to demonstrate that the Commission's Order in this proceeding is based on "material errors or omissions" or "findings that are unreasonable or unlawful."[166] Additionally, the Joint Intervenors argued that the Commission's authorized 10 basis point reduction in ROE for capital riders is reasonable given that the guaranteed and immediate recovery of capital costs provided by such riders reduces the utility's risk profile.[167]

The Commission has the responsibility of awarding a fair, just and reasonable ROE as well as a statutory duty to investigate whether the provisions of a settlement or stipulation agreement are fair, just and reasonable. The Commission, however, has no obligation to approve the same ROE that was awarded in a separate proceeding on the sole basis that both utilities participated in stipulation agreements.[168] Based upon a review of the February 16, 2026 Order and the subsequent evidence presented by the

[164] LG&E/KU's Rehearing Brief at 18.

[165] Joint Intervenors' Rehearing Brief at unnumbered page 6.

[166] Joint Intervenors' Rehearing Brief at unnumbered page 7.

[167] Joint Intervenors' Response at 15-16.

[168] See Case No. 2025-00125, Dec. 23, 2025 Order at 8-9 which states that the Commission's decision to accept the terms of the Joint Stipulation in that proceeding does not constitute approval of any individual item and is not intended to create precedent for similar items in future rate cases, whether the applicant be Duke Kentucky or a different utility.

Parties, the Commission finds that LG&E/KU failed to provide sufficient evidence that the February 16, 2026 Order was unreasonable or unlawful nor did they provide new evidence that was unavailable at the time of the Order. Instead, LG&E/KU seeks to relitigate the Commission's determination of the ROE. Therefore, the Commission finds that LG&E/KU's request for reconsideration should be denied on this issue.

In this proceeding, four parties, in addition to LG&E/KU, provided expert witness testimony and analysis supporting ROE recommendations ranging from 9.425 percent[169] to 10.95 percent.[170] As the Commission's decision in the February 16, 2026 Order of an ROE of 9.775 percent for LG&E/KU's base rates is contained within this range. The Commission's determination regarding the ROE was fully litigated by the parties and was based on evidence in the record. In the February 16, 2026 Order, the Commission set forth, in detail, the reasons underlying the Commission's findings. In the final Orders, the Commission also explained that it "continues to view capital riders as providing lower risk to the utility,"[171] and made its determination, accordingly, supported by past precedent as well as recommendations from other Parties.[172] For contextual purposes, the Commission's use of the phrase "such an increase" may be interpreted as "such an increase in its allowed return from LG&E/KU's previously approved ROE of 9.425

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[169] See the Direct Testimony of Lisa V. Perry (filed Aug. 29, 2025) at 4 which states its recommendation that, unless the Commission determines that a higher ROE is warranted due to changes in circumstances since the LG&E/KU's last rate case, the Commission should approve an ROE no higher than the LG&E/KU's currently authorized ROE of 9.425 percent.

[170] Case No. 2025-00114, Feb. 16, 2026 Electric Order at 135; Case No. 2025-00114, Feb. 16, 2026 Gas Order at 100; Case No. 2025-00113, Feb. 16, 2026 Order at 132.

[171] Case No. 2025-00114, Feb. 16, 2026 Electric Order at 138; Case No. 2025-00114, Feb. 16, 2026 Gas Order at 102; Case No. 2025-00113, Feb. 16, 2026 Order at 135.

[172] Direct Testimony of Richard Baudino at 40.

percent." The Commission agrees with LG&E/KU's argument that significant changes in the financial markets require a higher ROE than was reasonable in 2020.[173] However, nothing contained in LG&E/KU's Petition for Reconsideration persuades the Commission that LG&E/KU's ROE should be further increased from the ROE of 9.775 percent approved in the February 16, 2026 Order to the stipulated ROE of 9.90 percent. Therefore, for the reasons discussed above, the Commission finds that LG&E/KU failed to provide sufficient evidence that the Commission's finding regarding a fair, just and reasonable ROE was unreasonable or unlawful, and their request that the Commission approve a 9.90 percent ROE for base rates and capital riders is denied.

Paperless Billing.

In its final Orders, the Commission found that LG&E/KU's proposal to make paperless billing the default option for customers with emails on file was not reasonable on the basis that LG&E/KU's current customers who aren't utilizing paperless billing have, more than likely, had numerous opportunities to opt-in to paperless billing in the past and have not done so.[174] In its Petition for Rehearing, LG&E/KU argued that by rejecting the proposal to move all existing customers with an email on file to paperless billing, LG&E/KU's billing costs will be approximately $761,526 greater than projected in the test year.[175] LG&E/KU stated that it does not appear that the Commission included this increase in the revenue requirements it calculated.[176] LG&E/KU argued that failing to do

[173] LG&E/KU's Petition for Reconsideration at 20.

[174] Case No. 2025-00113, Feb. 16, 2026 Order at 257; Case No. 2025-00114, Feb. 16, 2026 Electric Order at 265; Case No. 2025-00114, Feb. 16, 2026 Gas Order at 140.

[175] LG&E/KU's Petition for Reconsideration at 20.

[176] LG&E/KU's Petition for Reconsideration at 20.

so is unreasonable because they should be permitted to recover the mailing costs associated with customer bills.[177] No intervening party provided testimony in support or against LG&E/KU's claims that its billing costs would be increased. No intervenors mentioned this request in their briefs.

Having considered the record and being otherwise sufficiently advised, the Commission finds that LG&E/KU's request for rehearing related to paperless billing should be granted. The Commission finds that this increase to the revenue requirement should be accepted because the mailing costs will increase for those customers not defaulted to paperless billing. LG&E/KU provided a breakdown of the $761,526 billing costs. The revenue requirement impact will be an increase of $420,612, $196,158, and $148,312, respectively.[178]

Restricted Stock Units.

LG&E/KU offered three incentive compensation programs: the Short-Term Incentive Plan (STI), the Customer Services Operations and Support Contact Center Incentive Plan, and the Long-Term Incentive Plan (LTI).[179] LG&E/KU stated that PPL Corporation (PPL)'s LTI is an at-risk form of compensation designed to reward employees for contributing to the company's long-term success and is provided in the form of restricted stock units (RSUs) that vest over a multi-year period.[180] LG&E/KU argued that RSUs are forfeited if an employee separates from the organization before the vesting

[177] LG&E/KU's Petition for Reconsideration at 20.

[178] LG&E/KU's Response to Staff's First Rehearing Request, Item 9, Attachment.

[179] Case No. 2025-00113, Feb. 16, 2026 Order at 41; Case No. 2025-00114, Feb. 16, 2026 Electric Order at 43; Case No. 2025-00114, Feb. 16, 2026 Gas Order at 36.

[180] Case No. 2025-00113, Feb. 16, 2026 Order at 42; Case No. 2025-00114, Feb. 16, 2026 Electric Order at 44; Case No. 2025-00114, Feb. 16, 2026 Gas Order at 37.

date outside of a qualified retirement, death, or disability, which supports talent retention initiatives.[181]

The Commission found that the Stipulation should be modified to make an adjustment related to the incentive compensation. The Commission rejected the position that incentive compensation paid in RSUs is solely a time-based measure, noting that receiving PPL stock incentives employees to perform for the benefit of PPL shareholders rather than KU's or LG&E's customers. Consequently, the Commission ordered that the entirety of the LTI plan expense for the forecasted test year be removed and noted that decision was consistent with Commission precedent.[182]

According to the Petition for Reconsideration, LG&E/KU requested that the Commission reconsider its previous rejection of RSUs.[183] LG&E/KU requested that the Commission include the expense associated with RSUs in the revenue requirement.[184] This expense consists of approximately $1.9 million for KU, $1.3 million for LG&E Electric, and $0.5 million for LG&E Gas.[185] LG&E/KU argued that the Commission's previous rejection of these expenses was based on conjecture about employee motivation rather than evidence in the record.[186] They maintain that RSUs are an employee retention tool with a three-year vesting period, making them a tenure-based measure rather than a

[181] Case No. 2025-00113, Feb. 16, 2026 Order at 42; Case No. 2025-00114, Feb. 16, 2026 Electric Order at 44; Case No. 2025-00114, Feb. 16, 2026 Gas Order at 37.

[182] Case No. 2025-00113, Feb. 16, 2026 Order at 44; Case No. 2025-00114, Feb. 16, 2026 Electric Order at 46; Case No. 2025-00114, Feb. 16, 2026 Gas Order at 39.

[183] LG&E/KU's Petition for Reconsideration at 22.

[184] LG&E/KU's Petition for Reconsideration at 28.

[185] LG&E/KU's Petition for Reconsideration at 28.

[186] LG&E/KU's Petition for Reconsideration at 22.

financial performance measure, which supports operational reliability and institutional knowledge.[187]

LG&E/KU cited a recent rate case for Delta Natural Gas Company, Inc. (Delta), Case No. 2024-00346,[188], where the Commission approved a settlement that included long-term incentive compensation expenses for RSUs.[189] The Commission, in Delta's Order, did not have any findings regarding the RSUs and stated that;

> "[t]he Commission's decision to accept the terms of the Joint Stipulation does not constitute approval of any individual item and is not intended to create precedent for similar items in future rate cases, whether the applicant be Delta or a different utility."[190]

In their Rehearing Briefs, the Attorney General, Kroger, and KIUC provided no specific comments regarding RSUs.

KYSEIA noted that, because RSUs vest over a multi-year period[191], the Commission found that they function as incentive compensation tied to the financial performance of the parent company (PPL), rather than being solely a time-based measure[192] and the Commission modified the Stipulation and Recommendation regarding RSUs because their inclusion is inconsistent with Commission precedent.[193] . KYSEIA emphasized that for the Commission to have unconditionally accepted the

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187 LG&E/KU's Petition for Reconsideration at 22.

188 Case No. 2024-00346, *Electronic Application of Delta Natural Gas Company, Inc. for an Adjustment of Gas Rates* (Ky. PSC Jul. 1, 2025), Order.

189 LG&E/KU Response to Staff's First Rehearing Request, Item 10.

190 Case No. 2024-00346, July 1, 2025 Order at 9.

191 KYSEIA's Rehearing Brief at 3-4.

192 KYSEIA's Rehearing Brief at 4.

193 KYSEIA's Rehearing Brief at 7.

Stipulation and Recommendation would have been the acceptance and ratification of a ratemaking treatment clearly at odds with Commission precedent.[194] and the "reasonable in totality" standard is an unlawful standard. KYSEIA stated that LG&E/KU argued based upon a standard that does not exist and on behalf of a result that is unlawful and unreasonable.[195] KYSEIA argued that Commission's modifications to the Stipulation and Recommendation were correct.[196]

Joint Intervenors stated that the Commission's removal of certain LTI compensation provided in the form of RSU is lawful, reasonable, well-supported, and should not be disturbed on rehearing.[197] Joint Intervenors argued that this is another improper attempt by LG&E/KU to relitigate an issue on rehearing because they disagree with the Commission's ordered result.[198] Joint Intervenors averred that there is nothing unlawful or unreasonable about the Commission's rejection of incentive compensation tied to the Companies' financial performance, including stock value.[199] Joint Intervenors commented that unlike cash, payment in RSUs conveys a value that is directly contingent on the Companies' financial performance over certain time periods.[200] Joint Intervenors argued that LG&E/KU could instead seek approval to pay a time-based incentive with a

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[194] KYSEIA's Rehearing Brief at 3-5.

[195] KYSEIA's Rehearing Brief at 5.

[196] KYSEIA's Rehearing Brief at 5.

[197] Joint Intervenors' Rehearing Brief unnumbered pages 3.

[198] Joint Intervenors' Rehearing Brief unnumbered pages 23.

[199] Joint Intervenors' Rehearing Brief unnumbered pages 23.

[200] Joint Intervenors' Rehearing Brief unnumbered pages 24.

fixed cash value, a solution they're confident would be approved.[201] Joint Intervenors stated that if LG&E/KU are right that the RSU-financial performance nexus does not exist, a fixed cash amount payable after a certain period of time should be every bit as valuable and effective as RSUs.[202]

Having reviewed the record and being otherwise sufficiently advised, the Commission finds that while the RSUs are, in part, awarded based on length of employment, the Commission is not moved by LG&E/KU's position that incentive compensation paid out in the form of RSUs is solely a time-based measure. PPL's RSU grant is designed to reward employee contributions to PPL's success and promote retention, with compensation ultimately provided in PPL stock. The record does not demonstrate a direct customer benefit from these awards.[203] In addition, LG&E/KU did not provide evidence, as noted by the Joint Intervenors, that the finding in the final Order should be altered, instead citing to a case that specifically contained language that the acceptance of the Stipulation in that case was not to be used as the basis for any future findings. For these reasons, LG&E/KU's request to include the expense associated with RSUs in the revenue requirement should be denied.

Information Technology (IT) Implementation Costs.

LG&E/KU stated that, despite noting the clear benefits of utilizing deferral accounting for the software implementation costs, the Commission—without explanation—approved deferral accounting "only for the amounts through December 31,

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[201] Joint Intervenors' Rehearing Brief unnumbered pages 24-25

[202] Joint Intervenors' Rehearing Brief unnumbered pages 24-25.

[203] Poplaski's Rebuttal Testimony, Exhibit VP-1.

2026."[204] LG&E/KU explained that these costs will be incurred through 2029, and the customer benefits of amortizing these expenses applies equally to costs incurred in 2026 as those incurred in 2027 and beyond, and asked the Commission to reconsider its position for all IT implementation costs incurred through 2029.[205]

Through discovery, LG&E/KU stated that they are not sure whether they are "permitted to seek deferral treatment for future IT costs (beyond December 31, 2026) given the language of the Commission's Order ('only for the amounts through December 31, 2026' as stated in the KU Order, page 104)."[206] LG&E/KU stated that, despite that language, if the Commission will approve deferral accounting for future costs, the companies would like to understand how best to proceed with future deferral accounting requests as they will need to be made in 2027 and subsequent years.[207]

No intervenor commented on this issue in their replies or briefs.

Having considered LG&E/KU's arguments, the Commission finds that LG&E/KU's request for clarification on the findings and accompanying language should be granted to the extent discussed herein. First, the Commission notes the reason for the 2026 language in the final Order related to the end of LG&E/KU's forecasted test year. Without amortization in rates, there is no regulatory asset so LG&E/KU cannot amortize these costs before their next rate cases. The Commission did not intend for LG&E/KU to have a blanket approval of an IT regulatory asset. The Commission clarifies that LG&E/KU are

[204] LG&E/KU's Petition for Reconsideration at 23.

[205] LG&E/KU's Petition for Reconsideration at 23.

[206] LG&E/KU's Response to Staff's First Rehearing Request, Item 11.

[207] LG&E/KU's Response to Staff's First Rehearing Request, Item 11.

permitted to request deferral accounting for the IT Implementation costs on an annual basis for their future IT implementation costs. Requiring LG&E/KU to file requests for deferral accounting treatment annually will provide more granular data about the costs to be deferred and be more consistent with current deferral accounting requests.

Qualifying Facility Rates.

LG&E/KU requested that the Commission approve the stipulated avoided cost rates for qualifying facilities (QF), which were based on a zero avoided value.[208] LG&E/KU argued that the calculation of QF avoided capacity costs erroneously assumes baseload capacity will be avoided.[209] LG&E/KU argued that they do not have seasonal or peak avoided capacity costs, do not participate in RTOs' seasonal capacity auctions, and costs associated with capacity are the same in all hours.[210] LG&E/KU argued that it is arbitrary and unreasonable to deem the companies' load growth projections unreliable for purposes of rejecting the overall Stipulation, while simultaneously treating those same projections as credible when rejecting LG&E/KU's avoided cost calculations.[211]

In its brief, LG&E/KU argued that because customers, not companies, ultimately pay the cost of purchases from QFs, the companies asked the Commission to approve the stipulated avoided capacity cost rates for QFs.[212]

KYSEIA argued that LG&E/KU's argument concerning QFs is without merit and stated that KYSEIA fully addressed and explained LG&E/KU's current capacity need in

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[208] LG&E/KU's Petition for Reconsideration at 24.

[209] LG&E/KU's Petition for Reconsideration at 23.

[210] LG&E/KU's Petition for Reconsideration at 24.

[211] LG&E/KU's Petition for Reconsideration at 24.

[212] LG&E/KU's Rehearing Brief at 24.

its Combined Post-Hearing Brief, and it again asserted these arguments and incorporated them into its pleading by reference.[213] KYSEIA argued that the companies, through their own evidence, demonstrated time and again that they have unmet capacity needs.[214]

Joint Intervenors argued that the Commission properly recognized that at least so long as LG&E/KU have a capacity need, they must compensate QFs for avoided capacity value.[215] Joint Intervenors argued that this is simply another attempt by the companies to relitigate an issue already settled by the Commission not only in its Order here, but in previous precedent.[216] Joint Intervenors highlighted that the fact that LG&E/KU do not have seasonal or peak avoided capacity costs, and do not participate in an RTO, does not mean they do not have avoided capacity costs.[217] Joint Intervenors also highlighted that LG&E/KU have acknowledged that that they didn't follow Commission precedent.[218]

In its reply, LG&E/KU argued that solar or wind QF capacity will have zero effect on their required capacity and the resulting capacity costs.[219]

Having considered the record and being otherwise sufficiently advised, the Commission finds that LG&E/KU's request for rehearing related to the QF rates should be denied. The Commission agrees with Joint Intervenors that this is an attempt to relitigate an issue that has already been decided by the Commission. In addition,

[213] KYSEIA's Rehearing Brief at 8-9.

[214] KYSEIA's Rehearing Brief at 8.

[215] Joint Intervenors' Response at 34.

[216] Joint Intervenors' Rehearing Brief at unnumbered 21.

[217] Joint Intervenors Response at 34.

[218] Joint Intervenors' Response at 36.

[219] LG&E/KU's Reply at 10.

LG&E/KU did not present sufficient evidence to warrant a change in the Commission's position. The Commission provided several reasons why LG&E/KU have not demonstrated a zero-capacity value for QF rates. In fact, the Commission found that LG&E/KU have shown that there is a clear and immediate capacity need starting in 2026.[220] There is a difference between the uncertainty surrounding the level of load growth coming to LG&E/KU's service territories and whether there is any load growth at all. The Commission has never found that LG&E/KU will not be experiencing load growth in the immediate future. Furthermore, it is LG&E/KU's burden to demonstrate that there is a zero-capacity need, and they have not done so. Therefore, LG&E/KU's request for rehearing related to the QF rates should be denied as they neither identified material errors or omissions nor findings that were unreasonable or unlawful that would compel rehearing.

Job Benefits.

LG&E/KU argued that the Commission should reconsider this portion of its final Orders and issue Orders on reconsideration that correctly state its lack of jurisdiction over jobs benefits and rescind any obligation for LG&E/KU to consider such matters in future NMS-2 related cases.[221] LG&E/KU stated that, as Kentucky's highest court has stated, the Commission is a creature of statute and therefore has limited jurisdiction.[222] LG&E/KU also stated that whatever jobs benefits distributed generation may provide, if

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[220] Case No. 2025-00114, Feb 16, 2026 Electric Order at 210; Case No. 2025-00113, Feb 16, 2026 Order at 202.

[221] LG&E/KU's Petition for Reconsideration at 26.

[222] LG&E/KU's Petition for Reconsideration at 26.

any, they have no effect on the companies' rates or service and are therefore outside the Commission's jurisdiction, including regarding Rider NMS-2 rates.[223]

Joint Intervenors argued that the Commission's Orders to consider job benefits are lawful and already settled.[224] Joint Intervenors argued that, as stated by the Kentucky Supreme Court, and reemphasized by the Commission: "the General Assembly granted the Commission general powers and plenary authority arising from the Commission's exclusive jurisdiction to regulate utility rates and service under KRS 278.030 and KRS 278.040."[225] Joint Intervenors argued it is that authority that the Commission relied on in ordering the companies to study the jobs benefits of distributed generation under the Net Metering Statute.[226] Joint Intervenors also argued that LG&E/KU is relitigating an issue already settled.[227]

KYSEIA highlighted its position from its post-hearing brief that "no change in net metering rates was demonstrated by the companies as appropriate - that the Companies failed to meet their burden of proof."[228] KYSEIA noted that, if anything has been proven in these proceedings, it is that net metering rates are too low.[229]

No other party offered comment on this matter.

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[223] LG&E/KU's Petition for Reconsideration at 26.

[224] Joint Intervenors' Response at 37.

[225] Joint Intervenors' Rehearing Brief at unnumbered 22.

[226] Joint Intervenors' Rehearing Brief at unnumbered 22.

[227] Joint Intervenors' Rehearing Brief at unnumbered 22.

[228] KYSEIA's Response at 8.

[229] KYSEIA's Response at 8.

Having considered the record and being otherwise sufficiently advised, the Commission finds that LG&E/KU's rehearing request as it relates to job benefits should be denied. LG&E/KU is simply relitigating an issue that has already been considered in the final Orders of these cases. LG&E/KU presented no new evidence as to why the commission should reconsider its position. Furthermore, directing LG&E/KU to evaluate job benefits and economic development as an export rate component for LG&E/KU's next rate case filing is squarely within the Commission's plenary authority over rates and service. While LG&E/KU argued that job benefits have no effect on the companies' rates and service, without the ordered report, LG&E/KU has not provided evidence to support their own claim. Therefore, LG&E/KU's request for rehearing related to job benefits should be denied as they neither identified material errors or omissions nor findings that were unreasonable or unlawful that would compel rehearing.

Terminal Net Salvage.

In the Stipulation, the Signing Parties agreed to reduce KU's depreciation expense to reflect the removal of terminal net salvage from its depreciation rates in the amount of $15,992,445 to account for all of KU's thermal generating units, including E.W. Brown Unit 3 (Brown Unit 3).[230] In the February 16, 2026 final Order, the Commission reduced KU's depreciation expense by $14,393,326 and its base revenue requirement by $13,910,841 to reflect the removal of terminal net salvage from KU's thermal generating units.[231]

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[230] 21-2025_KU_LGE_Rate_Case_Stipulation_Testimony_Exhibit_3_-_KU_Revised_Depreciation_Rates (Stipulation Depreciation Workpapers), Summary Tab at Line 57.

[231] Case No. 2025-00113, Feb. 16, 2026 Order at 59-60.

In its petition for rehearing, KU argued that it appeared that the Commission may not have removed terminal net salvage amounts for KU's Brown Unit 3 even though LG&E/KU agreed to that removal as part of the Stipulation.[232]

Having reviewed the relevant record, the rehearing pleadings, and being otherwise sufficiently advised, the Commission finds that LG&E/KU's request for reconsideration as it relates to terminal net salvage is granted. Although the February 16, 2026, Order made a reduction to KU's revenue requirement to reflect the removal of terminal net salvage from KU's thermal generating units, KU's Brown Unit 3's terminal net salvage value was left in the revenue requirement. The Commission finds that removal of terminal net salvage from KU's Brown Unit 3 is reasonable and is consistent with the construction of KRS 278.264[233] at the time the final Order was written and should be approved. During the pendency of rehearing in this proceeding, KRS 278.264 was amended, effective July 15, 2026, which gives the Commission the authority to approve or deny the costs to decommission coal-fired generating units prior to the approval of its retirement. However, even though KRS 278.264 was amended, LG&E/KU did not amend its request to reconsider the removal of decommissioning costs from its coal-fired generating units. The Commission notes that Brown Unit 3 is a coal-fired generating unit that has not yet received Commission approval to retire, and thus, without reconsideration of the removal of decommissioning costs from LG&E/KU's coal-fired generating units should not be

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[232] Petition for Rehearing at 26.

[233] Note that KRS 278.264 was amended on April 12, 2026 to include subsection (6)(a), which states "Notwithstanding any provision of law to the contrary, this section shall not be construed as limiting the commission's authority to approve a utility's right to record and seek, prior to retirement authorization, the recovery of any electric generating unit's decommissioning, removal and salvage costs, and depreciation expenses through rates over the electric generating unit's estimated depreciable life." This provision was not in effect at the time of the Commission's February 16, 2026 Order.

included in terminal net salvage recovery. The removal of terminal net salvage, specifically for Brown Unit 3, reduces KU's base revenue requirement by $2,088,938.

Miscellaneous Revenues.

In its Application, LG&E/KU proposed to increase its special charges, inclusive of its Disconnect/Reconnect Charge, Returned Check Fee, Meter-Test Charge, Meter Pulse Relaying Charge, Unauthorized Connection, Inspection, and Additional Trip Charges, with an inflation adjustment ranging from approximately one to three percent.[234] The inflation factor utilized for LG&E/KU's special charges increased the amounts that LG&E/KU included in the forecasted test year for those Special Charges, essentially lowering LG&E/KU's miscellaneous revenues while increasing its forecasted revenue requirement. LG&E/KU stated that the inflation factor utilized was derived from the wage index assumption as part of the Application,[235] and that these inflation factors were previously approved for LG&E/KU's special charges in its prior two base rate case filings.[236] Throughout the pendency of the case, no intervening party provided testimony pertaining to LG&E/KU's forecasted amounts of its special charges.

The Stipulation did not explicitly address the special charges, but that portion of the Application was approved in the catch-all provision from the Amended Stipulation.[237] Upon review of the issue, the Commission found that special charges should only reflect the actual costs and removed the inflation factor from the special charge calculations.[238]

[234] Direct Testimony of Timothy Lyons (Lyons Direct Testimony) at 29.

[235] LG&E/KU's Response to Staff's First Post-Hearing Request, Item 51(a).

[236] LG&E/KU's Response to Staff's First Post-Hearing Request, Item 51(b).

[237] Amended Stipulation and Recommendation, Section 11.1.

[238] Case No. 2025-00113, Feb. 16, 2026 Order at 179.

Removing the inflation factor from LG&E/KU's special charges would have lowered the amounts of special charge expenses that LG&E/KU included in the forecasted test year revenue requirement, and, in turn, would have increased LG&E/KU's miscellaneous revenues in the forecasted test year revenue requirement.

In its Petition for Rehearing, LG&E/KU stated that it appeared that the Commission may not have considered the changes in miscellaneous revenues, including those resulting from changes in special charges ordered by the Commission.[239] LG&E/KU requested the Commission update miscellaneous revenues for Commission-approved special and miscellaneous charges and deduct them first from the approved revenue increase, and then to allocate the remaining revenue increase to the base rate classes.[240] No intervenor provided arguments on this issue.

Having reviewed the relevant record, the rehearing pleadings, and being otherwise sufficiently advised, the Commission finds that LG&E/KU's request for reconsideration as it relates to miscellaneous revenues is granted. Although the February 16, 2026 final Order removed the expenses related to the utilization of an inflation factor from LG&E/KU's special charges, the expenses associated with the inflation factor that was applied were inadvertently included within the revenue requirement. As such, the Commission finds that the adjustment to LG&E/KU's miscellaneous revenues, pertaining to the removal of the inflation factor utilized in the calculation of LG&E/KU's special charges, and the corresponding decrease in LG&E/KU's special charge expenses in the forecasted test year revenue requirement, is reasonable, consistent with the February 16,

[239] LG&E/KU Petition for Rehearing at 26.

[240] LG&E/KU's Rehearing Brief at 24.

2026 Orders in this proceeding, and should be approved. LG&E/KU quantified the amounts related to the changes in its miscellaneous revenues, which supported a $1,724,371 increase to KU's miscellaneous revenues, a $637,010 increase to LG&E's electric miscellaneous revenues, and a $146,659 increase to LG&E's gas miscellaneous revenues.[241] After grossing up these adjustments for bad debt and PSC fees, this adjustment reduces KU's base revenue requirement by $1,731,672, and would reduce LG&E's electric and gas revenue requirements by $639,532 and $147,239, respectively.

Rate Impact.

The adjustments to the authorized base revenue requirement for KU and LG&E resulted in changes to the authorized rates ordered in the February 16, 2026 Order, and corrected in the March 27, 2026 Order. The Commission adjusted the rates in a manner similar to the method which KU and LG&E utilized in response to Commission Staff's Second Rehearing Request for Information, Item 6.[242]

For KU, approximately 22.2 percent of the increase to base rate revenue was allocated among the residential rate classes, of which the Residential Service Rate class received a 4.48 percent increase to authorized recoverable revenue. This results in an increase to the Basic Service Charge per day of $0.01, from $0.57 to $0.58. Additionally, the total Energy Charge per kWh will increase from $0.11226 per kWh to $0.11234 per kWh. The average residential customer using 1,085 kWh per month[243] will see an increase to their base bill of $0.39 or 0.27 percent, from $142.30 to $142.69.

[241] LG&E/KU's Response to Staff's Second Rehearing Request, Item 6.

[242] LG&E/KU's Response to Staff's Second Rehearing Request, Item 6.

[243] Application, Tab 6 at 2.

For LG&E Electric, the residential rate classes were allocated approximately 57.4 percent of the base rate revenue increase, resulting in an increase for the average Residential Service customer using 866 kWh[244] per month of $0.39 or 0.34 percent, from $113.90 to $114.29. The total Energy Charge per kWh will increase from $0.11362 per kWh to $0.11372 per kWh. The Basic Service Charge per day of $0.47 increased to $0.48.

For LG&E Gas, the Residential Gas Service and Volunteer Fire Department classes were allocated 47.9 percent of the change in authorized rate revenue. The Distribution Charge per 100 Cubic Feet increased from $0.63684 per Ccf to $0.63912 per Ccf, resulting in an increase in base bill to the average residential customer using 5.2 Mcf[245] per month of $0.12 or 0.15 percent, from $82.86 to $82.98.

The Commission also adjusted other rates for KU, LG&E Electric, and LG&E Gas to account for the change in authorized base rate revenue. The Commission finds the rates detailed in Appendix B for KU and Appendix C and D for LG&E to this Order are fair, just, and reasonable, and should be approved.

IT IS THEREFORE ORDERED that:

1. LG&E/KU's motion for reconsideration is granted, in part, and denied, in part.

2. LG&E/KU's petition for reconsideration as it relates to the overall stipulation is denied.

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[244] Application, Tab 6 at 2.

[245] Application, Tab 6 at 2.

3. LG&E/KU's petition for reconsideration as it relates to out of the record information is denied.

4. LG&E/KU's petition for reconsideration as it relates to Adjustment Clause SM is denied.

5. LG&E/KU's petition for reconsideration as it relates to Adjustment Clause PGR is granted, in part, and denied, in part.

6. LG&E/KU's petition for reconsideration as it relates to the disallowance of non-cash items from the cash working capital component of rate base is denied.

7. LG&E's petition for reconsideration as it relates to including regulatory assets and liabilities in rate base is granted.

8. *Nunc pro tunc,* on page 86 of the LG&E Electric Order, which states that "The Commission approves the use of the capitalization methodology for the calculation of LG&E's revenue requirement." is stricken and is replaced with the following language, "The Commission approves the use of the rate base methodology for the calculation of LG&E's revenue requirement."

9. LG&E/KU's petition for reconsideration as it relates to the Mill Creek 2 Stay Open Costs is granted. LG&E may establish a regulatory asset for the Mill Creek 2 Stay Open Costs incurred before February 16, 2026 Orders, stated as $7,511,970.63, and shall file supporting documentation in any case where it seeks recovery of these regulatory assets.

10. LG&E/KU's petition for reconsideration as it relates to the ROE is denied.

11. LG&E/KU's petition for reconsideration as it relates to paperless billing is granted.

12. LG&E/KU's petition for reconsideration as it relates to RSUs is denied.

13. LG&E/KU's petition for reconsideration as it relates to QF rates is denied.

14. LG&E/KU's petition for reconsideration as it relates to job benefits is denied.

15. LG&E/KU's petition for reconsideration as it relates to terminal net salvage is granted.

16. LG&E/KU's petition for reconsideration as it relates to miscellaneous revenues is granted.

17. The rates and charges, as set forth in Appendix B, Appendix C, and Appendix D to this Order, are approved as fair, just and reasonable for LG&E and KU, and these rates and charges are approved for service rendered on and after the date of entry of this Order.

18. Within 20 days of the date of entry of this Order, LG&E and KU shall file with the Commission, using the Commission's electronic Tariff Filing System, new tariff sheets setting forth the rates and charges approved herein and reflecting its effect date and that it was authorized by this Order.

19. The remainder of the Commission's February 16, 2026 and March 27, 2026 Orders for KU, LG&E Electric, and LG&E Gas not in conflict with this Order remain in effect.

20. This case is closed and removed from the Commission's docket.

Entered on this 14th day of August, 2026.

PUBLIC SERVICE COMMISSION

Angie Hatton
Chair

Mary Pat Regan
Vice Chair

Andrew W. Wood
Commissioner

Barry L. Mayfield
Commissioner

ATTEST:

Justin McNeil RP

Justin McNeil
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00113 AND CASE NO. 2025-00114 DATED AUG 14 2026

Case No. 2025-00113
Kentucky Utilities Company
Rehearing Revenue Requirement

Component	Amount
Final Revenue Increase, per Final Order	$ 128,483,032
Rate Base/Capitalization Adjustment	6,475,107
Paperless Billing Adjustment	420,612
Terminal Net Salvage	(2,088,938)
Miscellaneous Revenues	(1,731,672)
Final Revenue Increase, per Rehearing	$ 131,558,142
Revenue Requirement, per Rehearing	$ 1,999,868,742
Percent Change	2.39%

Case No. 2025-00114
Louisville Gas and Electric Company - Electric Operations
Rehearing Revenue Requirement

Component	Amount
Final Revenue Increase, per Final Order	$ 58,529,015
Rate Base/Capitalization Adjustment	3,533,853
Paperless Billing Adjustment	196,104
Miscellaneous Revenues	(639,532)
Final Revenue Increase, per Rehearing	$ 61,619,440
Revenue Requirement, per Rehearing	$ 1,280,141,631
Percent Change	5.28%

Case No. 2025-00114
Louisville Gas and Electric Company - Gas Operations
Rehearing Revenue Requirement

Component	Amount
Final Revenue Increase, per Final Order	$ 45,749,336
Regulatory Asset Adjustment	774,906
Paperless Billing Adjustment	147,939
Miscellaneous Revenues	(147,239)
Final Revenue Increase, per Rehearing	$ 46,524,941
Revenue Requirement, per Rehearing	$ 304,949,099
Percent Change	1.70%

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00113 DATED AUG 14 2026

The following rates and charges are prescribed for the customers in the area served by Kentucky Utilities Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of this Commission prior to the effective date of this Order.

RESIDENTIAL SERVICE RATE RS

Basic Service Charge per Day		$0.58
Energy Charge per kWh		
	Infrastructure	$0.07377
	Variable	$0.03857
	Total	$0.11234

RESIDENTIAL TIME-OF-DAY ENERGY SERVICE RATE RTOD-ENERGY

Basic Service Charge per Day		$0.58
Energy Charge per kWh		
	Off-Peak Infrastructure	$0.03792
	Off-Peak Variable	$0.03857
	Off-Peak Total	$0.07649
	On-Peak Infrastructure	$0.20021
	On-Peak Variable	$0.03857
	On-Peak Total	$0.23878

RESIDENTIAL TIME-OF-DAY DEMAND SERVICE RATE RTOD-DEMAND

Basic Service Charge per Day		$0.58
Energy Charge per kWh		
	Infrastructure	$0.01706
	Variable	$0.03857
	Total	$0.05563
Demand Charge per kW		
	Base Hours	$4.20
	Peak Hours	$10.81

VOLUNTEER FIRE DEPARTMENT SERVICE RATE VFD

Basic Service Charge per Day		$0.58
Energy Charge per kWh		
	Infrastructure	$0.07377
	Variable	$0.03857
	Total	$0.11234

GENERAL SERVICE RATE GS

Single-Phase

Basic Service Charge per Day		$1.57
Energy Charge per kWh		
	Infrastructure	$0.09792
	Variable	$0.03876
	Total	$0.13668

Three-Phase

Basic Service Charge per Day		$2.47
Energy Charge per kWh		
	Infrastructure	$0.09792
	Variable	$0.03876
	Total	$0.13668

GENERAL TIME-OF-DAY ENERGY SERVICE RATE GTOD-ENERGY

Single-Phase

Basic Service Charge per Day		$1.57
Energy Charge per kWh		
	Off-Peak Infrastructure	$0.05666
	Off-Peak Variable	$0.03876
	Off-Peak Total	$0.09542
	On-Peak Infrastructure	$0.28889
	On-Peak Variable	$0.03876
	On-Peak Total	$0.32765

Three-Phase

Basic Service Charge per Day		$2.47
Energy Charge per kWh		
	Off-Peak Infrastructure	$0.05666
	Off-Peak Variable	$0.03876
	Off-Peak Total	$0.09542
	On-Peak Infrastructure	$0.28889
	On-Peak Variable	$0.03876
	On-Peak Total	$0.32765

GENERAL TIME-OF-DAY DEMAND SERVICE RATE GTOD-DEMAND

Single-Phase		
Basic Service Charge per Day		$1.57
Energy Charge per kWh		
	Infrastructure	$0.04419
	Variable	$0.03876
	Total	$0.08295
Demand Charge per kW		
	Base Hours	$5.85
	Peak Hours	$15.11
Three-Phase		
Basic Service Charge per Day		$2.47
Energy Charge per kWh		
	Infrastructure	$0.04419
	Variable	$ 0.03876
	Total	$0.08295
Demand Charge per kW		
	Base Hours	$5.85
	Peak Hours	$15.11

ALL ELECTRIC SCHOOL RATE AES

Single-Phase		
Basic Service Charge per Day		$3.15
Energy Charge per kWh		
	Infrastructure	$0.07499
	Variable	$0.03862
	Total	$0.11361
Three-Phase		
Basic Service Charge per Day		$5.16
Energy Charge per kWh		
	Infrastructure	$0.07499
	Variable	$0.03862
	Total	$0.11361

POWER SERVICE RATE PS

Secondary		
Basic Service Charge per Day		$3.39
Energy Charge per kWh		$0.03877
Demand Charge per kVA		
	Base	$4.13
	Intermediate	$9.59
	Peak	$11.91

Primary

Basic Service Charge per Day		$7.89
Energy Charge per kWh		$0.03782
Demand Charge per kVA		
	Base	$3.24
	Intermediate	$9.68
	Peak	$11.98

TIME-OF-DAY SECONDARY SERVICE RATE TODS

Basic Service Charge per Day		$7.32
Energy Charge per kWh		$0.03852
Maximum Load Charge per kVA		
	Base Demand Period	$3.41
	Intermediate Demand	$7.41
	Peak Demand Period	$9.10

TIME-OF-DAY PRIMARY SERVICE RATE TODP

Basic Service Charge per Day		$13.37
Energy Charge per kWh		$0.03224
Maximum Load Charge per kVA		
	Base Demand Period	$3.00
	Intermediate Demand	$8.33
	Peak Demand Period	$10.28

RETAIL TRANSMISSION SERVICE RATE RTS

Basic Service Charge per Day		$74.00
Energy Charge per kWh		$0.03156
Maximum Load Charge per kVA		
	Base Demand Period	$2.33
	Intermediate Demand	$8.13
	Peak Demand Period	$10.02

EXTREMELY HIGH LOAD FACTOR SERVICES RATE EHLF

Basic Service Charge per Day	$74.00
Energy Charge per kWh	$0.03156
Maximum Load Charge per kVA	$20.48

FLUCTUATING LOAD SERVICE RATE FLS

Primary

Basic Service Charge per Day		$16.17
Energy Charge per kWh		$0.03757
Maximum Load Charge per kVA		
	Base Demand Period	$3.11
	Intermediate Demand	$7.03

	Peak Demand Period	$8.82
Transmission		
Basic Service Charge per Day		$74.17
Energy Charge per kWh		$0.03677
Maximum Load Charge per kVA		
	Base Demand Period	$1.58
	Intermediate Demand	$3.09
	Peak Demand Period	$4.16

<u>LIGHTING ENERGY SERVICE RATE LE</u>

Energy Charge per kWh	$0.08556

<u>TRAFFIC ENERGY SERVICE RATE TE</u>

Basic Service Charge per Day	$0.14
Energy Charge per kWh	$0.10347

<u>OUTDOOR SPORTS LIGHTING SERVICE RATE OSL</u>

Secondary		
Basic Service Charge per Day		$3.39
Energy Charge per kWh		$0.03877
Maximum Load Charge per Kw		
	Peak Demand Period	$20.86
	Base Demand Period	$2.84
Primary		
Basic Service Charge per Day		$7.89
Energy Charge per kWh		$0.03782

<u>SPECIAL CONTRACT</u>

Basic Service Charge per Day		$74.00
Energy Charge per kWh		$0.03156
Demand Charge per kVA		
	Base Demand Period	[redacted]
	Intermediate Demand	
	Peak Demand Period	

APPENDIX C

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00114 DATED AUG 14 2026

The following electric rates and charges are prescribed for the customers in the area served by Louisville Gas and Electric Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of this Commission prior to the effective date of this Order.

RESIDENTIAL SERVICE RATE RS

Basic Service Charge per Day		$0.48
Energy Charge per kWh		
	Infrastructure	$0.07481
	Variable	$0.03891
	Total	$0.11372

RESIDENTIAL TIME-OF-DAY ENERGY SERVICE RATE RTOD-ENERGY

Basic Service Charge per Day		$0.48
Energy Charge per kWh		
	Off-Peak Infrastructure	$0.05294
	Off-Peak Variable	$0.03891
	Off-Peak Total	$0.09185
	On-Peak Infrastructure	$0.15289
	On-Peak Variable	$0.03891
	On-Peak Total	$0.19180

RESIDENTIAL TIME-OF-DAY DEMAND SERVICE RATE RTOD-DEMAND

Basic Service Charge per Day		$0.48
Energy Charge per kWh		
	Infrastructure	$0.02409
	Variable	$0.03891
	Total	$0.06300
Demand Charge per kW		
	Base Hours	$4.32
	Peak Hours	$9.46

VOLUNTEER FIRE DEPARTMENT SERVICE RATE VFD

Basic Service Charge per Day		$0.48
Energy Charge per kWh		
	Infrastructure	$0.07481
	Variable	$0.03891
	Total	$0.11372

GENERAL SERVICE RATE GS

Single-Phase		
Basic Service Charge per Day		$1.35
Energy Charge per kWh		
	Infrastructure	$0.09360
	Variable	$0.03903
	Total	$0.13263
Three-Phase		
Basic Service Charge per Day		$2.10
Energy Charge per kWh		
	Infrastructure	$0.09360
	Variable	$0.03903
	Total	$0.13263

GENERAL TIME-OF-DAY ENERGY SERVICE RATE GTOD-ENERGY

Single-Phase		
Basic Service Charge per Day		$1.35
Energy Charge per kWh		
	Off-Peak Infrastructure	$0.05299
	Off-Peak Variable	$0.03903
	Off-Peak Total	$0.09202
	On-Peak Infrastructure	$0.22739
	On-Peak Variable	$0.03903
	On-Peak Total	$0.26642
Three-Phase		
Basic Service Charge per Day		$2.10
Energy Charge per kWh		
	Off-Peak Infrastructure	$0.05299
	Off-Peak Variable	$0.03903
	Off-Peak Total	$0.09202
	On-Peak Infrastructure	$0.22739
	On-Peak Variable	$0.03903
	On-Peak Total	$0.26642

GENERAL TIME-OF-DAY DEMAND SERVICE RATE GTOD-DEMAND

Single-Phase		
Basic Service Charge per Day		$1.35
Energy Charge per kWh		
	Infrastructure	$0.03084
	Variable	$0.03903
	Total	$0.06987
Demand Charge per kW		
	Base Hours	$5.64
	Peak Hours	$12.34
Three-Phase		
Basic Service Charge per Day		$2.10
Energy Charge per kWh		
	Infrastructure	$0.03084
	Variable	$0.03903
	Total	$0.06987
Demand Charge per kW		
	Base Hours	$5.64
	Peak Hours	$12.34

POWER SERVICE RATE PS

Secondary		
Basic Service Charge per Day		$3.05
Energy Charge per kWh		$0.03890
Demand Charge per kVA		
	Base	$4.58
	Intermediate	$9.44
	Peak	$12.18
Primary		
Basic Service Charge per Day		$8.38
Energy Charge per kWh		$0.03810
Demand Charge per kVA		
	Base	$2.58
	Intermediate	$8.93
	Peak	$11.85

TIME-OF-DAY SECONDARY SERVICE RATE TODS

Basic Service Charge per Day		$6.58
Energy Charge per kWh		$0.03886
Maximum Load Charge per kVA		
	Base Demand Period	$3.83
	Intermediate Demand	$7.94
	Peak Demand Period	$10.19

APPENDIX D

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00114 DATED AUG 14 2026

The following gas rates and charges are prescribed for the customers in the area served by Louisville Gas and Electric Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of this Commission prior to the effective date of this Order.

<u>RESIDENTIAL GAS SERVICE RATE RGS</u>

Charge per 100 Cubic Feet		
	Distribution	$0.63912

<u>VOLUNTEER FIRE DEPARTMENT RATE VFD</u>

Basic Service Charge per Day		
Charge per 100 Cubic Feet		
	Distribution	$0.63912

<u>FIRM COMMERCIAL GAS SERVICE RATE CGS</u>

Basic Service Charge per Day		
	<5000 cf/hr	$2.92
	>5000 cf/hr	$13.88
Charge per 100 Cubic Feet		
	Distribution	
	On-Peak	$0.4386
	Off-Peak	$0.3886

<u>FIRM INDUSTRIAL GAS SERVICE RATE IGS</u>

Basic Service Charge per Day		
	<5000 cf/hr	$6.55
	>5000 cf/hr	$29.71
Charge per 100 Cubic Feet		
	Distribution	
	On-Peak	$0.3085
	Off-Peak	$0.2585

AS-AVAILABLE GAS SERVICE RATE AAGS

Charge per Mcf

	Distribution	$2.2301

SUBSTITUTE GAS SALE SERVICE RATE SGSS

Commercial

Charge per Mcf

	Distribution	$0.4707

FIRM TRANSPORTATION SERVICE RATE FT

Distribution Charge per Mcf		$0.0652

DISTRIBUTION GENERATION GAS SERVICE RATE DGGS

Charge per 100 Cubic Feet

	Distribution	$0.0352

GAS TRANSPORTATION SERVICE/FIRM BALANCING SERVICE RIDER TS-2

Distribution Charge per Mcf

	CGS	$4.3856
	IGS	$3.0847
	AAGS	$2.2301
	DGGS	$0.3520

SPECIAL CONTRACT

Distribution Charge per Mcf		$0.3520

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