

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ELECTRONIC EXAMINATION BY THE)	
PUBLIC SERVICE COMMISSION OF THE)	
ENVIRONMENTAL SURCHARGE MECHANISM)	CASE NO.
OF KENTUCKY UTILITIES FOR THE SIX-MONTH)	2025-00172
BILLING PERIODS ENDING APRIL 30, 2024 AND)	
OCTOBER 31, 2024, AND FOR THE TWO-YEAR)	
BILLING PERIOD ENDING APRIL 30, 2025)	

ORDER

On July 19, 1994, the Commission approved Kentucky Utilities Company's (KU) environmental surcharge application and established a surcharge mechanism.¹ Pursuant to KRS 278.183(3), at six-month intervals the Commission must review the past operations of the environmental surcharge, disallow any surcharge amounts found not to be just and reasonable, and reconcile past surcharges with actual costs recoverable pursuant to KRS 278.183(1). At two-year intervals, the Commission must review and evaluate the past operations of the environmental surcharge, disallow improper expenses, and to the extent appropriate, incorporate surcharge amounts found just and reasonable into the existing base rates of the utility.

On its own motion, the Commission initiates (1) the six-month review of KU's environmental surcharge for billing periods ending April 30, 2024, and October 31, 2024;

¹ Case No. 1993-00465, *The Application of Kentucky Utilities Company to Assess a Surcharge Under KRS 278.183 to Recover Costs of Compliance with Environmental Requirements for Coal Combustion Wastes and By-Products* (Ky. PSC July 19, 1994).

and (2) the two-year review of KU's environmental surcharge for the billing period ending April 30, 2025.

To facilitate this review, a procedural schedule is set forth in Appendix A to this Order. In accordance with that schedule, KU should file prepared direct testimony in support of the reasonableness of the application of its environmental surcharge mechanism during the periods under review.

In addition, KU should file its responses to the information requested in Appendix B to this Order and should respond to any future requests for information propounded by Commission Staff by the date or dates set forth on any such requests.

Additionally, any hearing scheduled in this matter shall be held on the designated day or days and continued until called from the bench by the presiding officer. Pursuant to 807 KAR 5:001, Section 2, if the hearing is not concluded on the designated day, the hearing may be continued upon verbal announcement by the presiding officer. A verbal announcement made by the presiding officer shall be proper notice of the continued hearing. Hearings are held in the Richard Raff Hearing Room at the offices of the Public Service Commission at 211 Sower Boulevard, Frankfort, Kentucky. Witnesses who sponsor schedules, testimony, or responses to requests for information are expected to participate in person at a hearing.

IT IS THEREFORE ORDERED that:

1. The procedural schedule set forth in Appendix A to this Order shall be followed.
2. On or before the date set forth in the procedural schedule, KU shall file its responses to the information requested in Appendix B attached to this Order.

3. KU shall respond to any additional requests for information propounded by Commission Staff as provided in those requests.

4. KU shall, by the date set forth in Appendix A, file its prepared direct testimony in support of the reasonableness of the application of its environmental surcharge mechanism during the periods under review.

5. Unless otherwise ordered by the Commission, the procedures set forth in 807 KAR 5:001, Section 8, related to the service and electronic filing of papers shall be followed in this proceeding.

6. Any party filing a paper with the Commission shall file an electronic copy in accordance with the electronic filing procedures set forth in 807 KAR 5:001, Section 8. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked. The Commission directs the parties to the Commission's July 22, 2021 Order in Case No. 2020-00085² regarding filings with the Commission.

7. If a party objects to the use of electronic filing procedures and the Commission determines that good cause exists to excuse that party from the use of electronic filing procedures, service of documents on that party and by that party shall be made in accordance with 807 KAR 5:001, Section 4(8).

8. Pursuant to 807 KAR 5:001, Section 8(9), within seven days of the date of service of this Order, KU shall file a written statement that it waives any right to service of

² Case No. 2020-00085, Electronic Emergency Docket Related to the Novel Coronavirus COVID 19 (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

Commission Orders by United States mail and that it or its authorized agent possesses the facilities to receive electronic submissions.

9. As set forth in 807 KAR 5:001, Section 4(11)(a), a person requesting permissive intervention in a Commission proceeding is required to demonstrate either (1) a special interest in the proceeding, which is not adequately represented in the case, or (2) that the person requesting permissive intervention is likely to present issues or develop facts that will assist the Commission in fully considering the matter without unduly complicating or disrupting the proceedings. Therefore, any person requesting to intervene in a Commission proceeding must state with specificity the person's special interest that is not otherwise adequately represented, or the issues and facts the person will present that will assist the Commission in fully considering the matter. A mere recitation of the quantity of utility service consumed by the movant or a general statement regarding the potential impact of possible modification of rates will not be deemed sufficient to establish a special interest.

10. Any motion to intervene filed after the dates established in the procedural schedule shall show a basis for intervention and good cause for being untimely. If the untimely motion is granted, the movant shall accept and abide by the existing procedural schedule.

11. Unless a party granted leave to intervene states its objection to the use of electronic filing procedures in a motion for intervention, the party shall:

a. Be deemed to have consented to the use of electronic filing procedures and the service of all papers, including Orders of the Commission, by electronic means; and

b. Within seven days of the date of service of an Order of the Commission granting its intervention, file with the Commission a written statement that:

(1) It, or its authorized agent, possesses the facilities to receive electronic transmissions; and

(2) Sets forth the electronic mail address to which all electronic notices and messages related to this proceeding shall be served.


12. Within seven days of the Commission's granting intervention to a party, KU shall provide the party with a copy of its monthly environmental surcharge reports as filed with the Commission for the review periods.

13. KU's monthly environmental surcharge reports and supporting data for the review periods shall be incorporated by reference into the record of this case.


14. The Commission does not look favorably upon motions for continuance. Accordingly, motions for extensions of time with respect to the schedule herein shall be made in writing and will be granted only upon a showing of good cause.

15. The Commission does not look favorably upon motions to excuse witnesses from testifying at Commission hearings. Accordingly, motions to excuse a witness from testifying at a Commission hearing or from testifying in person at a Commission hearing shall be made in writing and will be granted only upon a showing of good cause.

PUBLIC SERVICE COMMISSION


Chairman

Vice Chairman


Commissioner

ATTEST:


Executive Director



APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2025-00172 DATED JUN 30 2025

KU shall file its prepared direct testimony and
responses to the information requested in Appendix B
no later than 07/24/2025

A person interested in becoming a party to this proceeding
shall file a motion to intervene with the Commission pursuant
to 807 KAR 5:001, Section 4(11), no later than 07/31/2025

All additional requests for information to KU shall
be filed no later than 08/14/2025

KU shall file responses to additional requests for
information no later than 08/28/2025

Intervenor testimony, if any, in verified prepared form
shall be filed no later than 09/12/2025

All requests for information to Intervenors shall be
filed no later than 09/26/2025

Intervenors shall file responses to requests for
information no later than 10/10/2025

Last day for KU or Intervenors to request a hearing
or submit this case for a decision based on the record 10/24/2025

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00172 DATED JUN 30 2025

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO KENTUCKY UTILITIES COMPANY

Kentucky Utilities Company (KU), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on July 24, 2025. The Commission directs KU and to the Commission's July 22, 2021 Order in Case No. 2020-00085³ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

³ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

KU shall make timely amendment to any prior response if KU obtains information that indicates the response was incorrect or incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which KU fails or refuses to furnish all or part of the requested information, KU shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, KU shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Concerning the rate of return on the 2009, 2011, 2016, 2017, and 2020 amendments to the environmental compliance plan, for the periods under review, calculate any true-up adjustment needed to recognize changes in KU's cost of debt, preferred stock, accounts receivable financing (if applicable), or changes in KU's jurisdictional capital structure as of February 28, 2025. Include all assumptions and other supporting documentation used to make this calculation. Any true-up adjustment is to be included in the determination of the over- or under-recovery of the surcharge for the corresponding billing periods under review. Provide all exhibits and schedules of the

response in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns fully accessible.

2. Prepare a summary schedule showing the calculation of Total E(m), Net Retail E(m), and the surcharge factor for the expense months covered by the applicable billing periods. The summary schedule is to incorporate all corrections and revisions to the monthly surcharge filings KU has submitted during the billing periods under review. Include all supporting calculations and documentation for any over- or under-recovery. Provide all exhibits and schedules of the response in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns fully accessible.

3. Provide the calculations, assumptions, workpapers, and other supporting documents used to determine the amounts KU has reported during each of the billing periods under review for Pollution Control Deferred Income Taxes. Provide all exhibits and schedules of the response in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns fully accessible.

4. Refer to ES Form 2.50, Pollution Control – Operations & Maintenance Expenses, for the expense months covered by the applicable billing periods. For each expense account number listed on this schedule, explain the reason(s) for any change in the expense levels from month to month if that change is greater than plus or minus 10 percent.

5. In Case No. 2000-00439,⁴ the Commission ordered that KU's cost of debt and preferred stock be reviewed and re-established during the six-month review case.

⁴ Case No. 2000-00439, *The Application of Kentucky Utilities Company for Approval of an Amended Compliance Plan for Purposes of Recovering the Costs of New and Additional Pollution Control Facilities and to Amend Its Environmental Surcharge Tariff* (Ky. PSC Apr. 18, 2001).

Provide the following information as of February 28, 2025 and, for each request, provide all supporting exhibits and schedules in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns fully accessible:

a. The outstanding balances for long-term debt, short-term debt, preferred stock, and common equity. Provide this information on total company and Kentucky jurisdictional bases.

b. The blended interest rates for long-term debt, short-term debt, and preferred stock. Include all supporting calculations showing how these blended interest rates were determined. If applicable, provide the blended interest rates on total company and Kentucky jurisdictional bases. For each outstanding debt listed, indicate whether the interest rate is fixed or variable.

c. KU's calculation of its weighted average cost of capital for environmental surcharge purposes.

d. KU's calculation of its tax gross-up factor.

6. KRS 278.183(3) provides that during the two-year review, the Commission shall, to the extent appropriate, incorporate surcharge amounts found just and reasonable into the existing base rates of the utility.

a. Provide the surcharge amount that KU believes should be incorporated into its existing base rates. Include all supporting calculations, work papers, and assumptions in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns fully accessible.

b. The surcharge factor reflects a percentage of revenue approach, rather than a per-kWh approach. Taking this into consideration, explain how the

surcharge amount should be incorporated into KU's base rates. Include any analysis that KU believes supports its position.

c. State whether KU proposes any modifications to either the surcharge mechanism or the monthly surcharge reports as a result of incorporating additional environmental surcharge amounts into KU's existing base rates. If so, provide a detailed explanation of the modifications and provide updated monthly surcharge reports.

7. Provide the actual average residential customer's usage as of April 30, 2025. Based on this usage amount, provide the dollar impact the over- or under-recovery will have on the average residential customer's bill for the requested recovery periods. Provide all supporting calculations and documentation in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns fully accessible.

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