COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ELECTRONIC EXAMINATION OF THE APPLICATION OF THE FUEL ADJUSTMENT CLAUSE OF LOUISVILLE GAS AND ELECTRIC COMPANY FROM NOVEMBER 1, 2022 THROUGH OCTOBER 31, 2024.	)))))	CASE NO. 2025-00341

ORDER

Pursuant to 807 KAR 5:056, the Commission, on December 19, 2025, established this case to review and evaluate the operation of the Fuel Adjustment Clause (FAC) of Louisville Gas and Electric Company (LG&E) for the period of November 1, 2022, through October 31, 2024, and to determine the amount of fuel costs that should be included in its base rates.[1]

In establishing this review, the Commission ordered LG&E to submit certain information concerning its fuel procurement, fuel usage, and the operation of its FAC. LG&E submitted this information on January 23, 2026,[2] and subsequently filed responses to three additional requests for information.[3] On June 1, 2026, LG&E filed a motion

[1] Opening Order (Ky. PSC Dec. 29, 2025).

[2] LG&E's Responses to Commission Staff's First Request for Information (Staff's First Request) (filed Jan. 23, 2026).

[3] LG&E's Response to Commission Staff's Second Request for Information (Staff's Second Request) (filed Feb. 20, 2026); LG&E's Response to Commission Staff's Third Request for Information (Staff's Third Request) (filed Mar. 20, 2026); and LG&E's Response to Commission Staff's Fourth Request for Information (Staff's Fourth Request) (filed May 1, 2026).

requesting to submit the case for a decision on the existing record.[4] There are no intervenors in this proceeding.

LEGAL STANDARD

The FAC is a regulatory mechanism that permits jurisdictional utilities to regularly adjust the per unit price of electricity to reflect fluctuations in the cost of fuel, or purchased power, used to supply that electricity and is pursuant to 807 KAR 5:056. The statutory foundations for the regulation are KRS 278.480, which gives the Commission exclusive jurisdiction over the regulation of rates and services of utilities, and KRS 278.030(1), which grants the PSC the authority to set rates that are fair, just and reasonable. The Commission's right to conduct six-month and two-year reviews of a utility's FAC is established in 807 KAR 5:056, Section 3. Every two years the Commission shall conduct a formal review and evaluate past operations of the clause, disallow improper expenses and, to the extent appropriate, reestablish the baseline fuel clause charge.

DISCUSSION AND FINDINGS

Included in the two-year FAC review cases, the Commission conducts a six-month review of the last six months of the period under review, to examine the calculation or application of LG&E's FAC charges and fuel procurement practices. Having considered the evidence of record and being otherwise sufficiently advised, the Commission finds that during the period under review, LG&E has complied with the provisions of 807 KAR 5:056. The Commission finds no evidence of improper calculation or application of LG&E's FAC charges or improper fuel procurement practices for the last six months of the period under review, from May 1, 2024, to October 31, 2024.

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[4] LG&E's Petition to Submit on the Record (filed June 1, 2026).

Base Fuel Cost

LG&E is proposing that the FAC base rate be set at $0.02999 per kWh based on a weighted average actual per unit fuel cost based on historical actual FAC costs for both LG&E and Kentucky Utilities Company (KU) for the February 2023 expense month period.[5] LG&E asserted that using the weighted average for both KU and LG&E would assist the utilities in merging in the future.

When establishing the appropriate level of base fuel cost to be included in LG&E's rates, the Commission must determine whether the proposed base period cost per kWh is representative of the level of fuel cost currently being experienced by LG&E. LG&E and KU are currently before the Commission in Case No. 2026-00077[6] for approval of a merger between the two utilities. Based upon its review, the Commission finds that the proposed base period fuel cost of $0.02999 per kWh should be denied.

In the Case No. 2026-00077 proceeding, LG&E and KU did not propose a merger of base rates or tariff sheets.[7] However, they did propose to unify the FAC and Off-System Sales Adjustment Clause mechanisms.[8] As of the date of issuance of this Order the Commission has not made a determination in Case No. 2026-00077 regarding the proposed merger between LG&E and KU and the proposal to unify the FAC and Off-System Sales Adjustment Clause mechanisms. Therefore, the Commission finds that

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[5] Direct Testimony of Andrea M. Fackler (Fackler Testimony) at6.

[6] Case No. 2026-00077, *Electronic Joint Application of Kentucky Utilities Company and Louisville Gas and Electric Company for Approval of Merger* (filed. Mar. 31, 2026), Application.

[7] Case No. 2026-00077, Mar. 31, 2026 Application at 12.

[8] Case No. 2026-00077, Mar. 31, 2026 Application at 12.

LG&E's base FAC rate should continue to be calculated based upon the individual LG&E system and 807 KAR 5:056, Section 1.

Pursuant to 807 KAR 5:056, Section 1, fuel costs and sales for the expense month and base period month are to be based on actual fuel costs and sales for the respective utility, all as established in subsections (2) through (6) of the Section. The Commission finds the use of a weighted average between LG&E and KU to set the base FAC rate to be unreasonable. Instead, the Commission finds that, for LG&E, the base period fuel cost should be set at $0.02987 per kWh based on actual February 2023 fuel costs,[9] which is an increase of $0.00127 per kWh from the prior base FAC rate of $0.02860 per kWh.[10] An analysis of LG&E's monthly FAC filings shows the total fuel cost for the two-year review period ranged from a low of $0.02443 per kWh in June 2023[11] to a high of $0.03187 per kWh in January 2024[12] with an average total fuel cost for the 24-month period under review of $0.02746 per kWh.

Based upon its review, the Commission finds that the base period fuel cost of $0.02987 per kWh should be approved beginning with the expense month of September 2026 and that LG&E's base energy rates should be increased by $0.00127 per kWh, for

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[9] LG&E's Response to Staff's Fourth Request, Item 1.

[10] Case No. 2023-00011, *An Electronic Examination of the Application of the Fuel Adjustment Clause of Louisville Gas & Electric Company from November 1, 2020 Through October 31, 2022* (Ky. PSC May 6, 2024), final Order.

[11] LG&E's FAC Form A, expense month June 2023 (filed. Jul. 21, 2023). LG&E's Generator FAC form A filings are located on the Kentucky Public Service Commission's website at https://psc.ky.gov/Home/Library?type=FAC.

[12] LG&E's FAC Form A, expense month January 2024 (filed. Feb. 19, 2024). LG&E's Generator FAC form A filings are located on the Kentucky Public Service Commission's website at https://psc.ky.gov/Home/Library?type=FAC.

service rendered on and after September 1, 2026, to reflect the increase to its base fuel costs.

Petitions for Confidential Treatment

LG&E filed two petitions for confidential treatment pursuant to 807 KAR 5:001, Section 13 and KRS 61.3878(1)(c), requesting that the Commission grant confidential protection for numerous documents provided in response to Commission Staff's requests for information. Each petition is addressed below.

January 23, 2026 Petition

On January 23, 2026, LG&E filed a petition seeking confidential protection for documents provided in response to Commission Staff's First Request for Information (Staff's First Request), Items 4 and 34.[13] LG&E asserted that LG&E/KU Attachment PSC Q4 pertains to bid analysis information and, if disclosed, would reveal the business model LG&E uses, the procedure it follows, and the factors/inputs it considers when evaluating bids for coal supply.[14] LG&E argued that disclosure would allow potential bidders to manipulate the bid solicitation process in the future would harm its competitive position and business interests.[15] LG&E requested that the information remain confidential for a period of five years.[16]

[13] LG&E's Petition for Confidential Protection (January Petition for Confidential Protection) (filed Jan. 23, 2026) at 1.

[14] January Petition for Confidential Protection at 1-2.

[15] January Petition for Confidential Protection at 2.

[16] January Petition for Confidential Protection at 5.

LG&E also requested confidential protection to portions of its response to Staff's First Request, Item 34 in Attachment PSC Q34.[17] LG&E stated that the highlighted portion contains planned maintenance generating unit outages, which, if disclosed to the public, would unfairly advantage suppliers during periods when LG&E may need to purchase power.[18] LG&E argued that potential supplies could use this information to manipulate the price of power bid to LG&E, increasing prices for its customers.[19] LG&E requested that the information remain confidential for a period of five years.[20]

Having considered the petition and the material at issue, the Commission finds that LG&E's petition for confidential treatment should be granted. Public disclosure of the information may unfairly disadvantage LG&E in future negotiations. The information provided is generally recognized as confidential or proprietary; it therefore meets the criteria for confidential treatment and should be exempted from public disclosure pursuant to 807 KAR 5:001, Section 13, and KRS 61.878(1)(c)(1). The Commission finds that both attachments shall remain confidential for a period of five years.

<u>February 20, 2026 Petition</u>

On February 20, 2026, LG&E filed a petition requesting confidential protection to identified portions of its response to Commission Staff's Second Request for Information (Staff's Second Request), Item 12 pursuant to KRS 61.878(1)(c).[21] LG&E stated that the

[17] January Petition for Confidential Protection at 2.

[18] January Petition for Confidential Protection at 2.

[19] January Petition for Confidential Protection at 2.

[20] January Petition for Confidential Protection at 3.

[21] LG&E's Petition for Confidential Protection (February Petition for Confidential Protection) (filed Feb. 20, 2026) at 1-2.

information contained in its response relates to bid analysis information and refers to information provided in Attachment PSC Q4, which LG&E requested confidential protection of in its January 23, 2026 petition.[22] LG&E argued that public disclosure would damage its competitive position and business interest when soliciting coal bids.[23] LG&E requested that the identified portions receive confidential protection for a period of five years.[24]

Having considered the petition and the material at issue, the Commission finds that LG&E's petition for confidential treatment should be granted. Public disclosure of the information may unfairly disadvantage LG&E in future negotiations. The information provided is generally recognized as confidential or proprietary; it therefore meets the criteria for confidential treatment and should be exempted from public disclosure pursuant to 807 KAR 5:001, Section 13, and KRS 61.878(1)(c)(1). The Commission finds that the identified portions of LG&E's response to Staff's Second Request, Item 12 shall remain confidential for a period of five years.

IT IS THEREFORE ORDERED that:

1. The charges and credits applied by LG&E through the FAC for the period from November 1, 2022, through October 31, 2024, are approved.

2. LG&E's proposed base fuel cost of $0.02999 per kWh is denied.

3. Beginning with the expense month of September 2026, LG&E shall use a FAC rate based upon a base fuel cost of $0.02987 per kWh.

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[22] February Petition for Confidential Protection at 1.

[23] February Petition for Confidential Protection at 2.

[24] February Petition for Confidential Protection at 3.

4. LG&E shall increase its base energy rates by $0.00127 per kWh for service rendered on and after September 1, 2026, to reflect the increase of $0.00127 per kWh to LG&E's base fuel costs, which is the differential between the prior base fuel cost of $0.02860 per kWh and the new base fuel cost of $0.02987 per kWh.

5. Within 20 days of the date of this Order, LG&E shall file, using the Commission's electronic Tariff Filing System, its revised tariff sheets with the Commission setting out the increase in its base energy rates discussed herein, and reflecting that they were approved pursuant to this Order.

6. LG&E's January 23, 2026 petition for confidential protection is granted.

7. Attachment PSC Q4 and Attachment PSC Q34 to KU's responses to Staff's First Request for Information, Items 4 and 34 are granted confidential treatment by this Order and shall not be placed in the public record or made available for public inspection for five years or until further order of this Commission.

8. LG&E's February 20, 2026 petition for confidential protection is granted.

9. The identified portions of LG&E's response to Staff's Second Request, Item 12 is granted confidential treatment by this Order and shall not be placed in the public record or made available for public inspection for five years or until further order of this Commission.

10. Use of the designated material granted confidential treatment by this Order in any Commission proceeding shall comply with 807 KAR 5:001, Section 13(9).

11. If the designated material granted confidential treatment by this Order becomes publicly available or no longer qualifies for confidential treatment, LG&E shall

inform the Commission and file with the Commission an unredacted copy of the designated material.

12. If a nonparty to this proceeding requests to inspect the material granted confidential treatment by this Order and the period during which the material has been granted confidential treatment has not expired, LG&E shall have 20 days from receipt of written notice of the request to demonstrate that the material still falls within the exclusions from disclosure requirements established in KRS 61.878. If LG&E is unable to make such demonstration, the requested material shall be made available for inspection. Otherwise, the Commission shall deny the request for inspection.

13. The Commission shall not make the requested material available for inspection for 30 days from the date of service of an Order finding that the material no longer qualifies for confidential treatment in order to allow LG&E to seek a remedy afforded by law.

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

Entered on this 18th day of August, 2026.

PUBLIC SERVICE COMMISSION

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Mary Pat Regan
Vice Chair

Andrew W. Wood
Commissioner

Barry L. Mayfield
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