

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC JOINT APPLICATION OF	)	
KENTUCKY UTILITIES COMPANY AND	)	CASE NO.
LOUISVILLE GAS AND ELECTRIC COMPANY	)	2026-00077
FOR APPROVAL OF MERGER	)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION  
TO KENTUCKY UTILITIES COMPANY  
AND LOUISVILLE GAS AND ELECTRIC COMPANY

Kentucky Utilities Company (KU) and Louisville Gas and Electric Company (LG&E) (jointly, LG&E/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 May 8, 2026. The Commission directs LG&E/KU to the Commission's July 22, 2021 Order in Case No. 2020-00085<sup>1</sup> 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

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<sup>1</sup> 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).

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.

LG&E/KU shall make timely amendment to any prior response if LG&E/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 LG&E/KU fails or refuses to furnish all or part of the requested information, LG&E/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, LG&E/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. Refer to the Application, page 4. Provide a comparison of the merger studies from 2018, 2020, 2021, 2022, 2023, and 2025; including costs, benefits, and expected timelines for anticipated savings.

2. Refer to the Application, page 14. Explain whether LG&E will make a filing pursuant to 807 KAR 5:011, Section 11(6) if the merger is approved. If not, explain why not.

3. Refer to Application, page 16. Explain whether LG&E/KU, assuming approval of the merger application, plans to unify its tariffs with the filing of its next rate case.

4. Refer to Application, Exhibit 3, page 3 and 11. Explain why the amount of Authorized Debt is one quintillion dollars.

5. Refer to Application, page 16.

a. Provide the unified depreciation rates requested.

b. Explain what, if any, impact unification of the depreciation rates has on customer bills.

6. Refer to the Direct Testimony of Robert C. Conroy (Conroy Direct Testimony), pages 11–15. If the Commission does not approve the unification of the base fuel factor in the pending Fuel Adjustment Clause (FAC) two-year review cases, explain how this would affect LG&E/KU's proposal to unify the FAC and Off-System Sales (OSS) mechanisms.

7. Refer to Conroy Direct Testimony, page 11, lines 20-21. Explain whether the Power System Supply Agreement will be terminated upon completion of the proposed merger.

8. Refer to Conroy Direct Testimony, page 12, lines 3-14.

a. Provide a copy of LG&E's and KU's FAC rate sheets or Form A filings for the expense months of January and February 2026.

b. Provide a copy of LG&E's and KU's FAC supplemental documentation or Form B filings for the expense months of January and February 2026.

c. Provide an example of the FAC rate sheets and supplemental documentation filings for the expense months of January and February 2026, if the merger had been in place for that period.

9. Provide a copy of LG&E's and KU's OSS filings for the expense months of January and February 2026 and an example copy of what the OSS filing would look like upon completion of the merger.

10. Refer to Conroy Direct Testimony, page 12, lines 16-19.

a. Explain how the intercompany sales component of the FAC assures that both LG&E and KU customers are receiving the lowest cost dispatched energy.

b. If the merger is approved, with the elimination of the intercompany sales component of the FAC, explain how both LG&E and KU customers can still be assured that they will still receive the lowest cost dispatched energy.

11. Refer to Conroy Direct Testimony, page 13, lines 7-11 including footnote 25. Using the previous 12 months' FAC and OSS filings, provide a monthly example of the complete FAC and OSS unification process beginning with merger completion to full FAC and OSS unification. Highlight the monthly changes to facilitate understanding of the unification process.

12. Refer to Conroy Direct Testimony, page 15, lines 10-21, and page 16, lines 1-8.

a. Explain whether the companies are aware of any instances where regulatory asset accounting authority was authorized and then costs within the regulatory asset were subsequently denied.

b. Provide a breakdown of the estimated costs requested to be deferred.

c. Provide a breakdown of all merger costs being recovered through current rates and all merger costs addressed by other deferrals.

13. Refer to Conroy Direct Testimony, page 16, lines 21-24. Explain how the merger costs will be allocated between the LG&E and KU's Kentucky customers, individually, and KU's Virginia customers. Include in the response the amount of merger costs that will be allocated to KU's Virginia customers.

14. Explain how the PPL information technology (IT) upgrade costs will be allocated to KU's Virginia customers.

15. Explain whether there will be merger costs that are recovered from any customers other than those residing in Kentucky and Virginia.

17. Refer to Daniel Johnson's Direct Testimony in Case Nos. 2025-00113<sup>2</sup> and 2025-00114<sup>3</sup> (Johnson Direct Testimony). Refer also generally to Conroy's Direct Testimony in this case.

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<sup>2</sup> 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* (filed May 30, 2025).

<sup>3</sup> Case No. 2025-00114, *Electronic Application of Kentucky Utilities Company for an Adjustment of its Electric Rates and Approval of Certain Regulatory and Accounting Treatments* (filed May 30, 2025).

a. Detail the difference in costs associated with the IT upgrade, including the costs expected to be incurred during the rate case test year as well as over the 5-year business planning horizon.

b. Explain whether the IT upgrade costs described in Mr. Conroy's testimony are the only upgrade costs that would be affected by LG&E and KU merging and for which there are any cost savings attributable to the planned merger.

18. Refer to the Direct Testimony of Christopher M. Garrett, (Garrett Direct Testimony), page 3 lines 3-11. Also refer to Johnson Direct Testimony, pages 10-20. Mr. Johnson describes, in detail, all the IT upgrades that PPL plans to undertake over a 5-year planning horizon. Explain whether the IT software system/platform upgrades described in Mr. Garrett's testimony are the only ones for which there are any cost savings attributable to merging LG&E and KU and that all other implementation costs will be incurred regardless.

19. Refer to Garrett Direct Testimony, pages 7-8.

a. Explaining which of the three financing structures being evaluated is LG&E/KU's preferred financing structure.

b. With regard to LG&E/KU's expectation that the current revolving credit facility capacity of each company would be combined into one credit facility, explain whether LG&E/KU would be required to notify credit service providers or parties to LG&E/KU's Revolving Credit Agreement. If so, explain whether they have been notified or when notification could be expected.

c. Explain whether LG&E/KU anticipates that the credit service providers would agree to the current revolving credit facility capacity of each of the companies being combined into one credit facility.

d. If any credit service providers do not agree to the combined credit facility, explain how LG&E/KU would replace those portions of the credit facility.

20. Refer to Garrett Direct Testimony, page 11, lines 10-17.

a. For jointly owned assets, explain whether the depreciation rates are the same for both LG&E's and KU's ownership share.

b. Explain generally how the depreciation rates for wholly owned assets for LG&E, for KU, and for jointly owned assets will be combined.

c. Explain and provide a numerical example of how the depreciation rate for a wholly owned LG&E asset will be combined with KU.

d. Explain and provide a numerical example of how the depreciation rates for a jointly owned LG&E and KU asset will be combined.

21. Refer to Conroy Direct Testimony, page 10, footnote 24. PPL is considering merging LG&E and KU Services Company into PPL Services Corporation. Explain how the allocation of shared service costs to Kentucky ratepayers' changes under a single service provider model, and what safeguards will prevent cross-subsidization from other PPL affiliates.

22. Refer to the Application, page 5, which states that merging now avoids \$17 million to \$20 million in IT costs by integrating PPL's ongoing system overhaul. If the Commission denies the merger, provide the precise incremental cost to reconfigure the new systems to maintain separate legal entity accounting for KU and LG&E. Provide a

detailed breakdown in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

23. Refer to the Application, page 5. Refer also to the Conroy Direct Testimony, page 10, footnote 24. State if the less than \$3 million in annual quantifiable savings include projected reductions in headcount, or if it is derived solely from administrative/filing efficiencies.

24. Refer to Garrett Direct Testimony, page 11. Explain why LG&E\KU chose to use its asset values as of June 30, 2024, for the consolidated depreciation rate study.

25. Explain the accounting impacts for the merger associated with LG&E\KU's deferred tax liabilities derived from book tax timing differences.

26. Refer to the Application, page 7. Explain if LG&E/KU has calculated an estimate of the costs associated to effectuate a name change from the potential merger. If yes, provide the estimated costs and provide a breakdown of the expense categories.

27. Refer to the Application, page 1. Provide an estimate of the costs for LG&E/KU to issue a notice to customers for the unification of the companies' FAC and OSS mechanisms.

29. Refer to Conroy Direct Testimony, page 12, lines 3-6. Explain the process of LG&E assuming KU's fuel and fuel-related contracts upon merger. Include in the response if there are any penalties associated with the change.

30. Refer to the Application, page 13. Refer also to Conroy Direct Testimony at 11, lines 17-19. Provide clarity on whether LG&E and KU are proposing to unify the FAC and OSS mechanisms in this proceeding or if the formal unification will be proposed in a future FAC-related filing.

31. Refer to the Application, page 5.
  - a. Specify the length of the “limited window of time” where the IT costs do not outweigh the benefits of merging.
  - b. Provide the specific dates of the “limited window of time” if available.
32. Refer to the Application at 5. Specify the cost to merge during the “limited window of time” and the cost with the IT implementation hurdle.
33. Refer to Application, page 8-9. Provide case numbers when available for applications at the Federal Energy Regulatory Commission (FERC) and in Virginia. This is an ongoing request.
34. Refer to the Application, page 14, which states “long-term merger savings will exceed merger implementation costs”. Provide the projected break-even point in years when the cumulative savings from the merger will fully offset the deferred regulatory asset balance.
35. Refer to the Application, page 14, which states “all merger costs are not being recovered through current rates or addressed by other deferrals, including the legal, regulatory, and financing-related costs to achieve and implement merger.” Provide a preliminary estimate of these front-end costs to understand the potential magnitude of the future rate increase required to amortize this asset.
36. Refer to the Application, Exhibit 3, page 2 and 10. Explain how LG&E/KU addresses the existing difference between the Book Reserve and the Theoretical Reserve when combining the two separate depreciation reserve pools into one.
37. Refer to the Application, page 5. Refer also to Conroy Direct Testimony, page 5, lines 4-6. Explain if the depreciation rates for the new Enterprise Resource

Planning and Customer Information Systems should be unified immediately, or if they should follow different amortization schedules based on the 2027 and 2028 implementation dates.

38. Refer to Application, page 14. Explain whether LG&E/KU is requesting approval under KRS 278.018(6). If so, provide the agreement and evidence addressing the required analysis. If not, explain why not.

39. Refer to LG&E/KU response to Commission Staff's First Request for Information, Item 3.

a. Explain how KU plans to transfer its assets to LG&E.

b. Explain how the merger will affect the ownership percentages for each asset for LG&E/KU, respectively.

40. Refer to Case No. 2025-00114, LG&E's response to Commission Staff's Second Request for Information, Item 107, page 4.

a. Provide an update cumulative annual net savings and cost comparison or a statement that there is no update.

b. Explain what impact any IT efficiencies have on the one-time costs.

   
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DATED   **MAY 01 2026**  

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