

RESOLUTION NO. 531- 2025

A RESOLUTION AUTHORIZING THE URBAN COUNTY GOVERNMENT TO ENTER INTO A STIPULATION AND RECOMMENDATION (SETTLEMENT AGREEMENT), AND ANY OTHER NECESSARY RELATED DOCUMENTS, IN KENTUCKY PUBLIC SERVICE COMMISSION CASE NO. 2025-00113, PERTAINING TO THE RATES OF KENTUCKY UTILITIES COMPANY.

BE IT RESOLVED BY THE COUNCIL OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT:

Section 1 - That the Lexington-Fayette Urban County Government, by and through its legal counsel, be and hereby is authorized to enter into the Stipulation and Recommendation (Settlement Agreement), and any other necessary related documents, in Kentucky Public Service Commission Case No. 2025-00113, pertaining to the rates of Kentucky Utilities Company, which settlement is subject to the approval of the Kentucky Public Service Commission.

Section 2 - That this Resolution shall become effective on the date of its passage.

PASSED URBAN COUNTY COUNCIL: October 23, 2025



MAYOR

ATTEST:


CLERK OF URBAN COUNTY COUNCIL

STIPULATION AND RECOMMENDATION

This Stipulation and Recommendation (“Stipulation”) is entered into effective the 20th day of October 2025 by and among Kentucky Utilities Company (“KU”) and Louisville Gas and Electric Company (“LG&E”) (collectively, “the Utilities”); Attorney General of the Commonwealth of Kentucky, by and through the Office of Rate Intervention (“AG”); Kentucky Industrial Utility Customers, Inc. (“KIUC”); Lexington-Fayette Urban County Government (“LFUCG”); Louisville/Jefferson County Metro Government (“Louisville Metro”); Walmart Inc. (“Walmart”); United States Department of Defense and All Other Federal Executive Agencies (“DoD/FEA”); Sierra Club (“Sierra Club”); and The Kroger Co. (“Kroger”) (collectively, the “Parties”).

W I T N E S S E T H:

WHEREAS, on May 30, 2025, KU filed with the Kentucky Public Service Commission (“Commission”) its Application *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* (“KU Application”), and the Commission has established Case No. 2025-00113 to review KU’s Application;

WHEREAS, on May 30, 2025, LG&E filed with the Kentucky Public Service Commission (“Commission”) its Application *In the Matter of: 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* (“LG&E Application”), and the Commission has established Case No. 2025-00114 to review LG&E’s Application.

WHEREAS, the AG; KIUC; LFUCG; Louisville Metro; Walmart; DoD/FEA; Kentucky Solar Industries Association, Inc., (“KYSEIA”), Sierra Club; Kroger; Kentuckians for the Commonwealth, Kentucky Solar Energy Society, Metropolitan Housing Coalition, and Mountain

Association (collectively, the “Joint Intervenors”); and Kentucky Broadband and Cable Association (“KBCA”) have participated as full intervenors in Case Nos. 2025-00113 and 2025-00114;

WHEREAS, an in-person informal conference for the purpose of discussing settlement and the text of this Stipulation, attended by representatives of the Parties, Joint Intervenors, KBCA, and KYSEIA took place on October 8 and 9, 2025, during which a number of procedural and substantive issues were discussed, including potential settlement of all issues pending before the Commission in these cases;

WHEREAS, the Parties hereto desire to settle all the issues pending before the Commission in these cases;

WHEREAS, Joint Intervenors, KBCA, and KYSEIA elected not to join this Stipulation and Recommendation;

WHEREAS, it is understood by all Parties hereto that this Stipulation is subject to the approval of the Commission insofar as it constitutes an agreement by the Parties for settlement, and, absent express agreement stated herein, does not represent agreement on any specific claim, methodology, or theory supporting the appropriateness of any proposed or recommended relief, matters, or issues addressed herein;

WHEREAS, all of the Parties, who represent diverse interests and divergent viewpoints, agree that this Stipulation, viewed in its entirety, is a fair, just, and reasonable resolution of their issues resolved in this Stipulation; and

WHEREAS, the Parties believe sufficient and adequate data and information in the record of this proceeding supports this Stipulation, and further believe the Commission should approve it without modifications or conditions;

NOW, THEREFORE, for and in consideration of the promises and conditions set forth herein, the Parties hereby stipulate and agree as follows:

ARTICLE I. STAY-OUT COMMITMENT

1.1. Stay-Out Commitment. The Utilities commit to a base-rate “stay out” until August 1, 2028, such that any changes from base rates approved in Case Nos. 2025-00113 and 2025-00114 shall not take effect before that date. Therefore, the Utilities may file base rate applications no sooner than January 1, 2028, but the proposed base rates shall not take effect before August 1, 2028.

1.2. Stay-Out Exceptions.

(A) Each of LG&E and KU will retain the independent right to seek the approval from the Commission of the deferral of: (1) extraordinary, nonrecurring expenses that could not have been reasonably anticipated or included in the Utilities’ planning; (2) expenses resulting from statutory or administrative directives that could not have been reasonably anticipated or included in the Utilities’ planning; (3) expenses in relation to government or industry-sponsored initiatives; or (4) extraordinary or nonrecurring expenses that, over time, will result in savings that fully offset the costs.

(i) For avoidance of doubt, the Parties agree the Utilities may defer the items described in Article IV.

(B) The Utilities will retain the right to seek emergency rate relief under KRS 278.190(2) to avoid a material impairment or damage to their credit or operations.

(C) The provisions of Section 1.1 shall not apply, directly or indirectly, to the operation of any of the Utilities’ cost-recovery surcharge mechanisms and riders at any time during

the term of Section 1.1, including any base rate roll-ins, which are part of the normal operation of such mechanisms.

(D) If a statutory or regulatory change, including but not limited to federal tax reform, affects KU's or LG&E's cost recovery, KU or LG&E may take any action either or both deem necessary in their sole discretion, including, but not limited to, seeking rate relief from the Commission.

ARTICLE II. ELECTRIC REVENUE REQUIREMENTS

2.1. Stipulated Items Used to Adjust Utilities' Electric Revenue Requirements. The Parties stipulate the following adjustments to the annual electric revenue used to determine the base rate increase. For purposes of determining fair, just and reasonable electric rates for LG&E and KU in the Rate Proceedings the parties stipulate the adjustments below. The overall base rate electric revenue requirement increases resulting from the stipulated adjustments are:

LG&E Electric Operations: \$57,800,000; and

KU Operations: \$132,000,000.

The Parties stipulate that increases in annual revenues for LG&E electric operations and for KU operations should be effective for service rendered on and after January 1, 2026.

2.2. Items Reflected in Stipulated Electric Revenue Requirement Increases. The Parties agree that the stipulated electric revenue requirement increases described in Section 2.1 were calculated by beginning with the Utilities' electric revenue requirement increases as presented and supported by the Utilities in their Applications (\$226.1 million for KU; \$104.9 million for LG&E electric) as subsequently adjusted by the Utilities' update filings (reducing the KU requested revenue increase by \$6.2 million and increasing the LG&E electric requested revenue increase by \$1.9 million). The Parties ask and recommend the Commission accept these

adjustments as reasonable without modification including the adjustments described below for depreciation errors.¹

(A) **Return on Equity.** The Parties stipulate a return on equity of 9.90% for the Utilities' electric operations, and the stipulated revenue requirement increases provided above for the Utilities' electric operations reflect that return on equity as applied to the Utilities' capitalizations and capital structures underlying their originally proposed electric revenue requirement increases as subsequently adjusted by the Utilities' update filings. Use of a 9.90% return on equity reduces the Utilities' proposed electric revenue requirement increases by \$45.9 million for KU and \$27.8 million for LG&E. The Parties agree that, effective as of the first expense month after the Commission approves this Stipulation, the return on equity that shall apply to the Utilities' recovery under all mechanisms (except demand-side management cost recovery), including their environmental cost recovery mechanism, is 9.90%.

(B) **Update Long-Term Debt Rate to Reflect Lower Rates for New Long-Term Debt in Forecasted Test Year.** The Parties agree that the rate for new long-term debt included in the Utilities' forecasted test year for the August 2025 issuance should be reduced. This adjustment reduces the Utilities' proposed electric revenue requirement increases by \$4.4 million for KU and \$3.4 million for LG&E.

(C) **Terminal Net Salvage.** The Parties agree to reduce the Utilities' revenue requirements to remove from depreciation expense terminal net salvage for thermal units including Mill Creek 2 and Brown 3. This adjustment, which includes the associated impact on the Utilities' capitalization, reduces the Utilities' proposed electric revenue requirement increases by \$16.0 million for KU and \$6.8 million for LG&E.

¹ The Utilities are addressing these depreciation errors in their testimony in support of this Stipulation.

(D) **Vegetation Management Expense.** The Parties agree to adjust vegetation management expense included in the forecasted test year. This adjustment reduces the Utilities' proposed electric revenue requirement increases by \$8.8 million for KU and \$4.8 million for LG&E.

(E) **De-Pancaking Expense.** The Parties agree to adjust de-pancaking expense included in the forecasted test year. This adjustment reduces the Utilities' proposed electric revenue requirement increases by \$6.3 million for KU and \$3.5 million for LG&E.

(F) **EEI and Related Dues.** The Parties agree to remove the dues the Utilities paid to Edison Electric Institute ("EEI"), Utility Solid Waste Activities Group, Utilities Technology Council, and Waterways Council. This adjustment reduces the Utilities' proposed electric revenue requirement increases by \$0.5 million for KU and \$0.4 million for LG&E.

(G) **401(k) Matching Expense.** The Parties agree to remove from the forecasted test year the 401(k) matching expense for employees that participate in the defined benefit plan. This adjustment reduces the Utilities' proposed electric revenue requirement increases by \$0.9 million for KU and \$0.7 million for LG&E.

(H) **Updated Pension and Other Post-Employment Benefits ("OPEB") Expense.** The Parties agree to adjust the pension and OPEB expense included in the forecasted test year. The adjustment to update the pension and OPEB expense amounts will reduce the Utilities' proposed electric revenue requirement increases by \$1.3 million for KU and \$1.4 million for LG&E.

(I) **Depreciation Error.** The Utilities discovered depreciation calculation errors in the revenue requirements for KU and LG&E. Correcting these errors will reduce the

Utilities' proposed electric revenue requirement increases by \$3.8 million for KU and \$0.2 million for LG&E.

2.3. Summary Calculation of Electric Revenue Requirement Increases. The table below shows the calculation of the stipulated electric revenue requirement increases as adjusted from the revenue requirement increases requested in the Utilities' Applications:

Item	KU (\$M)	LG&E Electric (\$M)
Filed electric revenue requirement increases as adjusted ²	219.9	106.8
9.90% return on equity	(45.9)	(27.8)
Updated long-term debt rate	(4.4)	(3.4)
Updated depreciation expense to remove terminal net salvage	(16.0)	(6.8)
Updated vegetation management expense	(8.8)	(4.8)
Updated de-pancaking expense	(6.3)	(3.5)
Removed EEI and related dues	(0.5)	(0.4)
Removed 401(k) matching for employees in defined benefit plan	(0.9)	(0.7)
Updated pension and OPEB expense	(1.3)	(1.4)
Depreciation error	(3.8)	(0.2)
Electric revenue requirement increases after stipulated adjustments	132.0	57.8

² See KU's and LG&E's Supplemental Responses to PSC 1-54 dated Aug. 25, 2025; KU Schedule M-2.1; LG&E Schedule M-2.1-E. The "Filed electric revenue requirement increases as adjusted" values shown in the table result from subtracting the updated revenue requirement increase differences shown in KU's and LG&E's updated responses to PSC 1-54 from the unadjusted total revenue requirement increases shown in KU Schedule M-2.1 and LG&E Schedule M-2.1-E. As described in Andrea Fackler's and Tim Lyons's Direct Testimonies, this increase is slightly less than the revenue deficiency shown in Schedule A because of the adjustment for imputed revenues for the Solar Share Program and the Green Tariff Business Solar option.

ARTICLE III. GAS REVENUE REQUIREMENT

3.1. Stipulated Items Used to Adjust LG&E's Gas Revenue Requirement. The Parties stipulate the following adjustments to the annual gas revenue requirement used to determine the base rate increase. For purposes of determining fair, just, and reasonable gas rates the Parties stipulate the adjustments below. Effective for service rendered on and after January 1, 2026, the stipulated adjustments result in an increase in annual base rate revenues for LG&E gas operations of \$44,800,000.

3.2. Items Reflected in Stipulated Gas Revenue Requirement Increase. The Parties agree that the stipulated gas revenue requirement increase described in Section 3.1 was calculated by beginning with LG&E's gas revenue requirement increase as presented and supported by LG&E in its Application (\$59.5 million) as subsequently adjusted by LG&E's update filings (increasing the requested revenue requirement by \$0.8 million). The Parties ask and recommend that the Commission accept these adjustments as reasonable without modification, including the adjustment described below for a depreciation error.³

(A) Return on Equity. The Parties stipulate to a return on equity of 9.90% for LG&E's gas operations, and the stipulated revenue requirement increase for LG&E's gas operations reflects that return on equity as applied to LG&E's gas capitalization and capital structure underlying its originally proposed gas revenue requirement increase as subsequently adjusted by LG&E's update filing. Use of a 9.90% return on equity reduces LG&E's proposed gas revenue requirement increase by \$10.5 million. The Parties agree that, effective as of the first expense month after the Commission approves this Stipulation, the return on equity that shall apply

³ The Utilities are addressing these depreciation errors in their testimony in support of this Stipulation.

to the Utilities' recovery under all mechanisms (except demand-side management cost recovery), including LG&E's gas line tracker (GLT) mechanism, is 9.90%.

(B) **Update Long-Term Debt Rate to Reflect Lower Rates for New Long-Term Debt in Forecasted Test Year.** The Parties agree that the rate for new long-term debt included in the Utilities' forecasted test year for the August 2025 issuance should be reduced. This adjustment reduces the proposed revenue requirement increase for LG&E's gas operations by \$1.3 million.

(C) **Inline Inspection and Well Logging Expense.** The Parties agree to adjust inline inspection and well logging expenses included in the forecasted test year. This adjustment reduces the proposed revenue requirement increase for LG&E's gas operations by \$4.5 million.

(D) **AGA and Related Dues.** The Parties agree to remove the dues the Utilities paid to American Gas Association ("AGA"). This adjustment reduces the proposed revenue requirement increase for LG&E's gas operations by \$0.3 million.

(E) **401(k) Matching Expense.** The Parties agree to remove from base rates the 401(k) matching expense for employees that participate in the defined benefit plan. This adjustment reduces the proposed revenue requirement increase for LG&E's gas operations by \$0.3 million.

(F) **Updated Pension and Other Post-Employment Benefits ("OPEB") Expense.** The Parties agree to adjust the pension and OPEB expense included in the forecasted test year. The adjustment to update the pension and OPEB expense amounts will reduce LG&E's proposed gas revenue requirement increase by \$0.5 million.

(G) **Depreciation Error.** The Utilities discovered a depreciation calculation error in the revenue requirement for LG&E. Correcting this error will increase LG&E's proposed gas revenue requirement by \$1.9 million.

3.3. Summary Calculation of Gas Revenue Requirement Increase. The table below shows the calculation of the stipulated gas revenue requirement increase as adjusted from the revenue requirement increase requested in LG&E's Application:

Item	LG&E Gas (\$M)
Filed gas revenue requirement increase as adjusted ⁴	60.3
9.90% return on equity	(10.5)
Updated long-term debt rate	(1.3)
Updated inline inspection and well logging expense	(4.5)
Removed AGA and related dues	(0.3)
Removed 401(k) matching for employees in defined benefit plan	(0.3)
Updated pension and OPEB expense	(0.5)
Depreciation error	1.9
Gas revenue requirement increase after stipulated adjustments	44.8

ARTICLE IV. DEFERRAL ACCOUNTING

4.1. Deferral Accounting Requests. The Parties agree the Commission should approve deferral accounting treatment for the Utilities for any actual expense amounts above or below the expense levels in base rates for the following items:

(A) Pension and OPEB Expense;

⁴ See LG&E's Updated Response to PSC 1-54 dated Aug. 25, 2025; LG&E Schedule M-2.1-G. The value shown in the table results from subtracting the updated revenue requirement increase difference shown in LG&E's updated response to PSC 1-54 from the unadjusted rounded total revenue requirement increase shown in LG&E Schedule M-2.1-G.

- (B) Storm Restoration Expense;
- (C) Vegetation Management Expense;
- (D) De-Pancaking Expense; and
- (E) Inline Inspection and Well Logging Expense.

4.2. Regulatory Assets and Liabilities. For the items identified in Section 4.1, the Utilities will establish a regulatory asset for amounts exceeding the base rate level and a regulatory liability for amounts below the base rate level. For avoidance of doubt, the Utilities' deferral accounting will include the deferral of any amounts removed or adjusted pursuant to Articles II and III, consistent with the treatment of expense variances above or below base rate levels.

4.3. Recovery of Deferral Accounting Requests. The Utilities will address recovery of any regulatory assets or liabilities in the Utilities' next base rate cases.

4.4. Annual Reporting. As the Utilities proposed in Mr. Robert Conroy's testimony, the Utilities will make an annual filing with the Commission within 90 days of the end of each calendar year to report on and have Commission review of the deferred storm restoration and vegetation management amounts. Additionally, the Utilities will report on pension and OPEB expense, de-pancaking, and inline inspection and well logging expense in this annual filing.

ARTICLE V. REVENUE ALLOCATION AND RATE DESIGN

5.1. Revenue Allocation and Rate Design. The Parties hereto agree that the allocations of the increases in annual revenues and the rate design for KU and LG&E electric operations, as well as the allocation of the increase in annual revenue and the rate design for LG&E gas operations, as set forth on the schedules designated Stipulation Exhibit 1 (KU), Stipulation Exhibit 2 (LG&E electric), and Stipulation Exhibit 3 (LG&E gas) attached hereto, are fair, just, and reasonable.

5.2. Tariff Sheets. The Parties hereto recommend to the Commission that, effective January 1, 2026, the Utilities shall implement the electric and gas rates set forth on the tariff sheets in Stipulation Exhibit 4 (KU), Stipulation Exhibit 5 (LG&E electric), and Stipulation Exhibit 6 (LG&E gas) attached hereto.

5.3. Residential Rate Increase and Basic Service Charge Increase. The Parties agree the Utilities' overall residential rate increase percentage and the residential Basic Service Charge increase percentage (i.e., for Rates RS, RTOD-Energy, RTOD-Demand, and RGS) will be the system average increase percentage for the relevant Utility, as adjusted for rounding.

5.4. Subsidy Reduction. The Parties agree to the following subsidy reductions:

- (A) KU Rate FLS: \$382,665
- (B) KU Rate RTS: \$2,518,169; LG&E Rate RTS: \$2,219,333
- (C) KU Rate TODP: \$7,910,739; LG&E Rate TODP: \$4,695,334
- (D) KU Rate TODS: \$1,201,286; LG&E Rate TODS: \$768,296

ARTICLE VI. GENERATION COST RECOVERY ADJUSTMENT CLAUSE

6.1. Adjustment Clause GCR. The Parties agree, and the Commission should authorize, that the Utilities will recover all non-fuel costs of all new generation and energy storage assets approved by the Commission but not yet in service as of the date of the final order in these proceedings, excluding Mill Creek 6, through a permanent Generation Cost Recovery Adjustment Clause ("Adjustment Clause GCR"), attached hereto as Stipulation Exhibits 7 (KU) and 8 (LG&E electric).

(A) Costs recovered through Adjustment Clause GCR will be all non-fuel costs, less investment tax credit amortization and production tax credits grossed up for income taxes, of such Commission-approved generation and energy storage assets from their in-service dates

through their retirement dates, including without limitation depreciation, a weighted average cost of capital carrying cost using the most recently approved base rate return on equity appropriately grossed up for income taxes, and all non-fuel operating expenses (including without limitation property taxes). Property taxes for the first year shall be based on the CWIP balance at the first of the year, not the in-service cost. During each expense month, the weighted average cost of capital will apply to the undepreciated capital cost of the generation and energy storage assets (including any future plant additions) and regulatory asset balance for AFUDC, adjusted for accumulated deferred income taxes and unamortized investment tax credits without any reduction for asset net operating loss accumulated deferred income taxes.

(B) The first expense month for a generation or energy storage asset cost recovery through Adjustment Clause GCR will be the month in which the asset goes in service, and the last expense month will be the month in which the asset retires. Cost recovery for any expense month will be billed in the second month thereafter (the billing month), e.g., for a January expense month, the following March will be the billing month.

6.2. Monthly Reporting. The Utilities agree to work with Commission Staff on the monthly reporting forms associated with Adjustment Clause GCR, if approved, as soon as practical after the Order in this proceeding. The Utilities expect that the reporting forms would be similar to the ECR mechanism. The Utilities believe Commission-initiated annual reviews of the operation of the mechanism would be appropriate to allow the Commission to determine the prudence of the costs recovered through the mechanism.

ARTICLE VII. SHARING MECHANISM ADJUSTMENT CLAUSE

7.1. Approve Adjustment Clause SM. The Parties agree the Commission should approve a new time-limited Sharing Mechanism Adjustment Clause (“Adjustment Clause SM”) to

facilitate the rate case stay-out addressed in Article 1.1. The proposed tariff sheets for Adjustment Clause SM are attached as Stipulation Exhibits 9 (KU), 10 (LG&E electric), and 11 (LG&E gas).

7.2. Purpose and Function of Adjustment Clause SM. In lieu of a comprehensive base rate case analysis and its associated contested adjustments, for the last thirteen months of the rate case stay-out (i.e., July 2027 through and including July 2028), Adjustment Clause SM will account for any Kentucky-jurisdictional base rate revenue deficiency or surplus as determined by the return-on-equity range (“deadband”) as defined in Section 7.3 below. It will distribute any revenue surplus to customers or collect any revenue deficiency from customers; no distribution or collection will occur if the earned return on equity is within the deadband. The Utilities’ calculations for Adjustment Clause SM will exclude all non-jurisdictional revenues, expenses, and capital and all revenue, expenses, and capital recovered through other jurisdictional non-base-rate mechanisms, and it will appropriately account for any approved expense deferrals addressed in Articles I and II to ensure there is no over- or under-recovery of such expenses. Adjustment Clause SM will remain in effect thereafter solely for the purpose of collecting or distributing appropriate amounts from or to customers, including any appropriate true-up amounts.

7.3. Return on Equity Deadband. Adjustment Clause SM will use a return on equity deadband of 9.40% – 10.15% to determine whether any revenue surplus or deficiency for the subject time period exists. Any revenue surplus or deficiency above or below the deadband will be distributed to or collected from customers, respectively. No distribution or collection will occur if the earned return on equity is within the deadband.

7.4. Adjustment Clause SM Calculations. The following items address calculations under Adjustment Clause SM to determine any revenue surplus or deficiency above or below the return on equity deadband.

(A) The Utilities will use historical, not forecast, data.

(B) The Utilities will use Kentucky-jurisdictional revenues, costs, and capitalization in the calculation of Adjustment Clause SM.

(C) The Utilities will use 14-month average jurisdictional capitalization (not rate base), i.e., the Utilities will use the average of month-end jurisdictional capitalization beginning with June 2027 through and including July 2028, and will make appropriate capital adjustments described in the direct testimony of Andrea M. Fackler in Appendix G inclusive of new Adjustment Clauses GCR and SM as applicable. The Utilities will calculate adjusted jurisdictional capitalization, capital structure, and cost rates for debt consistent with the computational approach presented in Schedule J-1.1/J-1.2 for each of the Utilities.

(D) In calculating adjusted jurisdictional revenues, expenses, and net operating income:

(i) The Utilities will make all appropriate adjustments to account for revenues and expenses addressed or affected by other cost-recovery mechanisms or regulatory accounting deferrals to eliminate any double-counting of such revenues and expenses. This includes without limitation making all appropriate adjustments to account for any approved expense deferrals addressed in Articles I and II (i.e., (1) pension and OPEB expense, (2) storm restoration cost, (3) vegetation management expense, (4) de-pancaking expense, and (5) inline inspection and well logging expense) to ensure there is no over- or under-recovery of such expenses.

(ii) The Utilities will use the depreciation rates approved in these proceedings, including those specified in this Stipulation, unless later modified by the Commission, in which case the Utilities will use the then-approved depreciation rates.

(iii) The Utilities will make the following adjustments to jurisdictional revenue and expenses:

(a) To account for the potentially distorting effect of having two July months in the Reporting Period, for July 2028 the Utilities will adjust revenues and expenses to account for the prior 12-month average usage scaled to the July 2028 month-end number of customers.⁵

(b) The Utilities will exclude expenses consistent with Articles 2.2(F), 2.2(G), 3.2(D), and 3.2(E).

(c) To the extent applicable and not otherwise addressed or inconsistent with anything stated above, the Utilities will make adjustments to jurisdictional operating revenues, operating expenses, and net operating income, including appropriate adjustments described in the direct testimony of Andrea M. Fackler in Appendix G inclusive of new Adjustment Clauses GCR and SM as applicable.

(E) None of the Parties may propose adjustments to Adjustment Clause SM computations or determinations different from, or additional to, those stated in or necessarily implied by this Stipulation.

(F) The Utilities' calculation of earned rate of return on common equity will reflect the adjusted jurisdictional net operating income, the adjusted jurisdictional capitalization, adjusted weighted average capital structure, and weighted average debt cost rates, all consistent with all applicable preceding terms of this Article.

7.5. Adjustment Clause SM Timeframes, Compliance Filings, and Review.

⁵ To scale appropriately, the Utilities will use a 13-month average number of customers for July 2027 through and including June 2028 (i.e., month-end customer numbers for June 2027 through and including June 2028).

(A) The Reporting Period and Report to Be Filed by October 1, 2028. The Reporting Period is the 13-month period beginning with and including July 2027 through and including July 2028. By October 1, 2028, the Utilities will file with the Commission their calculations of the following for each utility: (1) the actual adjusted jurisdictional net operating income and earned return on common equity for each utility for the Reporting Period; (2) the adjusted jurisdictional net operating income necessary to achieve the return on common equity at the top and bottom of the return in equity deadband; and (3) the amount, if any, by which the actual adjusted net operating income exceeds the adjusted net operating income for the top end of the return on equity deadband (“surplus”) or falls short of the adjusted net operating income for the bottom end of the return on equity deadband (“deficiency”).

(i) The Utilities will record regulatory liabilities for any surpluses, and they will record regulatory assets for any deficiencies.

(ii) The Commission has full authority to review the filing and conduct an appropriate review proceeding.

(B) The Adjustment Period, True-Up Filing to Be Made by February 1, 2030, and True-Up Billing.

(i) Through Adjustment Clause SM, the Utilities will collect or distribute any deficiency or surplus on a percentage of revenues basis over thirteen months beginning with bills issued during the November 2028 billing cycle and ending with and including the November 2029 billing cycle (the “Adjustment Period”).

(ii) The Utilities will use regulatory deferral accounting to address any over- or under- collection or disbursement, which the Utilities will address in a true-up filing following the end of the Adjustment Period.

(iii) Following the end of the Adjustment Period, the Utilities will make a true-up filing with the Commission by February 1, 2030. The Utilities would implement necessary true-up adjustment on a percentage of revenues basis under Adjustment Clause SM with bills issued during the March 2030 billing cycle.

(iv) The Utilities will make only one true-up filing and one set of true-up adjustments, after which Adjustment Clause SM will cease to be in effect, and the Utilities will withdraw the Adjustment Clause SM tariff sheets from their tariffs.

ARTICLE VIII. RATE EHLF

8.1. Minimum Contract Capacity Threshold. The Parties agree the Utilities will propose a modification to Rate EHLF (Extremely High Load Factor) to reflect a minimum contract capacity threshold of 50 MVA.

8.2. Tariff Additions. The Parties agree the Utilities will propose to add tariff language to Rate EHLF to clarify the following:

(A) Rate EHLF applies only to new customers and

(B) If a customer attempts to circumvent the minimum capacity threshold of Rate EHLF by siting multiple smaller facilities, the customer will nonetheless be served under Rate EHLF.

8.3. Renewable Energy Goals. The Utilities commit to work with Rate EHLF customers in good faith to reach any necessary agreements to reasonably accommodate such customers' renewable energy goals. Such an agreement could also address the customer's use of distributed energy resources such as demand-side management, energy efficiency, and battery storage.

(A) In considering supply-side resources, the serving Utility will not place any limitations on the size of the resource considered or brought forward by a customer. For example, solar resources of 10-20 MW may be considered. Any such agreements will also address any system upgrades or other items necessary to accommodate requested resources, including the appropriate cost allocation and recovery of the costs for such upgrades or other items.

(B) The serving Utility would work with the requesting customer to reach an agreement to determine cost recovery from the customer for the selected resources and any appropriate credit to the customer's bill, including consideration of any related Renewable Energy Credits.

(C) Any such agreement would include appropriate, circumstance-specific terms and conditions, including collateral requirements, negotiated by the Company and the requesting customer.

(D) The serving Utility would submit all such agreements to the Commission for review and approval.

ARTICLE IX. TREATMENT OF CERTAIN SPECIFIC ISSUES

9.1. Depreciation Rates for Future Units. The Parties agree the Utilities will update the depreciation lives for Mill Creek 5, Mill Creek 6, and Brown 12 to 45 years.

9.2. Rate Base Calculations in Future Rate Cases. In their next base rate cases, the Utilities will present their rate base calculations with regulatory assets and liabilities included.

9.3. Seasonal Residential Rates. The Utilities agree to study seasonal residential rates and present the results of such study in their next base rate cases.

9.4. EV Charger Rate. The Utilities agree to work with Walmart to propose an EV fast charger rate in their next base rate cases.

9.5. Green Tariff. The Parties agree the Utilities will modify their tariffs to make Green Tariff Option #3 available to customers served under Rate PS so long as the rate design proposed by this Stipulation is approved by the Commission.

9.6. Rate PSA (Pole and Structure Attachment Charges). The Parties agree the following Rate PSA rates are appropriate for the Utilities to reflect the stipulated return on equity and updated long-term debt rate:

Two-User Wireline Attachment Rate:	\$9.79
Three-User Wireline Attachment Rate:	\$10.12
Linear Foot of Duct:	\$1.16
Wireless Facility on top of pole:	\$49.76

9.7. Rate LS (Lighting Service). The Parties agree Rate LS rates will be reduced to reflect the stipulated reduction in cost of capital, which reduction is reflected in the rates shown in Stipulation Exhibits 1, 2, 4, and 5.

9.8. Rates RTS (Retail Transmission Service) and TODP (Time-of-Day Primary Service). The Parties agree the Utilities will propose a modification to Rate RTS and TODP to a revenue-neutral rate design to lower energy charges and increase demand charges. The stipulated rate increase will be applied to demand charges.

9.9. Rate CGS (Firm Commercial Gas Service). The Parties agree LG&E will increase the basic service charge for Rate CGS by 25%.

9.10. Rates PS (Power Service) and GS (General Service) Grandfathering. As the Utilities proposed in Mr. Michael Hornung's Direct Testimony, the Parties agree the Utilities will remove grandfathered status from the grandfathered customers that meet the availability requirements of their rate schedules on the date new rates go into effect from these proceedings.

Rates PS and GS customers that do not meet the availability requirements of their rate schedules will continue to maintain grandfathered status.

9.11. Riders CSR-1 (Curtable Service Rider-1) and CSR-2 (Curtable Service Rider-2). The Parties agree the Utilities will increase all CSR-1 and CSR-2 rates and penalties by 40%.

9.12. Liability Provisions in Tariffs. The Parties agree the Utilities will withdraw their requested changes in these proceedings to the liability provisions in their tariffs.

9.13. Net Metering. The Utilities agree they will not close their NMS-2 rates to new participants earlier than the effective date of new rates resulting from their next base rate cases. The Utilities will leave the NMS-2 rates at their current level. These rates are the product of negotiation and are not calculated using any particular methodology.

9.14. Streetlight Issues. The Utilities commit to continue their proactive streetlight inspections and smart streetlight efforts for LFUCG and Louisville Metro. The Utilities will work cooperatively with LFUCG and Louisville Metro regarding such inspection programs and smart streetlight efforts, and they will provide reasonable additional reporting to LFUCG and Louisville Metro concerning the same. LFUCG and Louisville Metro acknowledge that smart streetlights may reduce the need for streetlight inspections over time.

ARTICLE X. MISCELLANEOUS PROVISIONS

10.1. Except as specifically stated otherwise in this Stipulation, entering into this Stipulation shall not be deemed in any respect to constitute an admission by any of the Parties that any computation, formula, allegation, assertion or contention made by any other party in this case is true or valid.

10.2. The Parties agree that the foregoing Stipulation represents a fair, just, and reasonable resolution of the issues addressed herein and request that the Commission approve the Stipulation by December 31, 2025.

10.3. Following the execution of this Stipulation, the Parties shall cause the Stipulation to be filed with the Commission on October 20, 2025, together with a request to the Commission for consideration and approval of this Stipulation.

10.4. This Stipulation is subject to the acceptance of, and approval by, the Commission. The Parties agree to act in good faith and to use their best efforts to recommend to the Commission that this Stipulation be accepted and approved. The Parties commit to notify immediately any other Party of any perceived violation of this provision so the Party may have an opportunity to cure any perceived violation, and all Parties commit to work in good faith to address and remedy promptly any such perceived violation. In all events, counsel for all Parties will represent to the Commission that the Stipulation is a fair, just, and reasonable means of resolving all issues in this proceeding, and all Parties will clearly and definitively ask the Commission to accept and approve the Stipulation as such.

10.5. If the Commission issues an order adopting this Stipulation in its entirety and without additional conditions, each of the Parties agrees that it shall file neither an application for rehearing with the Commission nor an appeal to the Franklin Circuit Court with respect to such order.

10.6. If the Commission does not accept and approve this Stipulation in its entirety, then any adversely affected Party may withdraw from the Stipulation within the statutory periods provided for rehearing and appeal of the Commission's order by (1) giving notice of withdrawal to all other Parties and (2) timely filing for rehearing or appeal. If any Party timely seeks rehearing

of or appeals the Commission's order, all Parties will continue to have the right to withdraw until the conclusion of all rehearings and appeals. Upon the latter of (1) the expiration of the statutory periods provided for rehearing and appeal of the Commission's order and (2) the conclusion of all rehearings and appeals, all Parties that have not withdrawn will continue to be bound by the terms of the Stipulation as modified by the Commission's order.

10.7. If the Stipulation is voided or vacated for any reason after the Commission has approved the Stipulation, none of the Parties will be bound by the Stipulation.

10.8. The Stipulation shall in no way be deemed to affect or diminish the jurisdiction of the Commission of jurisdiction under Chapter 278 of the Kentucky Revised Statutes.

10.9. The Stipulation shall inure to the benefit of and be binding upon the Parties hereto and their successors and assigns.

10.10. The Stipulation constitutes the complete agreement and understanding among the Parties, and any and all oral statements, representations, or agreements made prior hereto or contemporaneously herewith shall be null and void and shall be deemed to have been merged into the Stipulation.

10.11. The Parties agree that, for the purpose of the Stipulation only, the terms are based upon the independent analysis of the Parties to reflect a fair, just, and reasonable resolution of the issues herein and are the product of compromise and negotiation.

10.12. The Parties agree that neither the Stipulation nor any of its terms shall be admissible in any court or commission except insofar as such court or commission is addressing litigation arising out of the implementation of the terms herein, the approval of this Stipulation, or a Party's compliance with this Stipulation. This Stipulation shall not have any precedential value in this or any other jurisdiction.

10.13. The signatories hereto warrant that they have appropriately informed, advised, and consulted their respective Parties in regard to the contents and significance of this Stipulation and based upon the foregoing are authorized to execute this Stipulation on behalf of their respective Parties.

10.14. The Parties agree that this Stipulation is a product of negotiation among all Parties hereto, and no provision of this Stipulation shall be strictly construed in favor of or against any Party. Notwithstanding anything contained in the Stipulation, the Parties recognize and agree that the effects, if any, of any future events upon the operating income of the Utilities are unknown and this Stipulation shall be implemented as written.

10.15. The Parties agree that this Stipulation may be executed in multiple counterparts.

[Signature Pages Follow]

APPENDIX A: LIST OF STIPULATION EXHIBITS

Stipulation Exhibit 1:	KU Electric Revenue Allocation and Rate Design Schedules
Stipulation Exhibit 2:	LG&E Electric Revenue Allocation and Rate Design Schedules
Stipulation Exhibit 3:	LG&E Gas Revenue Allocation and Rate Design Schedules
Stipulation Exhibit 4:	KU Tariff Sheets
Stipulation Exhibit 5:	LG&E Electric Tariff Sheets
Stipulation Exhibit 6:	LG&E Gas Tariff Sheets
Stipulation Exhibit 7:	KU Adjustment Clause GCR
Stipulation Exhibit 8:	LG&E Adjustment Clause GCR
Stipulation Exhibit 9:	KU Adjustment Clause SM
Stipulation Exhibit 10:	LG&E Electric Adjustment Clause SM
Stipulation Exhibit 11:	LG&E Gas Adjustment Clause SM

IN WITNESS WHEREOF, the Parties have hereunto affixed their signatures.

Kentucky Utilities Company and
Louisville Gas and Electric Company

HAVE SEEN AND AGREED:

By: 
Allyson K. Sturgeon

Attorney General for the Commonwealth of
Kentucky, by and through the Office of Rate
Intervention

HAVE SEEN AND AGREED:

By:

A handwritten signature in blue ink, appearing to read "Lawrence W. Cook", is written over a horizontal line.

Lawrence W. Cook

J. Michael West

Angela M. Goad

T. Toland Lacy

John G. Horne II

Kentucky Industrial Utility Customers, Inc.

HAVE SEEN AND AGREED:

By: 
Michael L. Kurtz
Jody Kyler Cohn

Lexington-Fayette Urban County Government

HAVE SEEN AND AGREED:

By: James W. Gardner
James W. Gardner
M. Todd Osterloh
Rebecca C. Price

Subject to approval of the Urban County
Council

Louisville/Jefferson County Metro Government

HAVE SEEN AND AGREED:

By: James W. Gardner
James W. Gardner
M. Todd Osterloh
Rebecca C. Price

subject to gov't approval

Walmart Inc.

HAVE SEEN AND AGREED:

A handwritten signature in blue ink, appearing to read "CH Grundmann". The signature is fluid and cursive, with the first part being a stylized "CH" and the second part being "Grundmann".

By:

Carrie H. Grundmann
Steven Wing-Kern Lee

United States Department of Defense and
All Other Federal Executive Agencies

HAVE SEEN AND AGREED:

By:



Kyle J. Smith

James Brannon Dupree

Sierra Club

HAVE SEEN AND AGREED:



By: _____
Joe F. Childers

The Kroger Co.

HAVE SEEN AND AGREED:

By: KBoehm 10.17.25
Kurt J. Boehm