

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF)	
KENTUCKY UTILITIES COMPANY FOR)	
APPROVAL OF ITS 2025 COMPLIANCE PLAN)	CASE NO. 2025-00105
FOR RECOVERY BY ENVIRONMENTAL)	
SURCHARGE)	

STATUTORY NOTICE

Kentucky Utilities Company (“KU” or the “Company”), by counsel, informs the Kentucky Public Service Commission (“Commission”) that it is engaged in business as an operating public utility, principally furnishing retail electric service within 77 counties throughout the Commonwealth of Kentucky.

Pursuant to KRS 278.183, KU hereby gives notice to the Commission that, on this 30th day of April 2025, it files herewith its Application to issue an order approving an Environmental Compliance Plan (“2025 Plan”) for purposes of recovering the costs necessary to ensure ongoing compliance with the federal Clean Air Act as amended (“CAAA”), particularly the U.S. Environmental Protection Agency’s (“EPA”) 2015 National Ambient Air Quality Standards for Ozone (“2015 Ozone NAAQS”), through its Environmental Cost Recovery (“ECR”) Surcharge tariff. The 2025 Plan includes the construction of a selective catalytic reduction (SCR) system at Unit 2 of the Ghent Generating Station. The Application further requests an order approving the Company’s revised ECR Surcharge tariff, as well as ECR Surcharge recovery of KU’s customer notice costs.

Notice is further given that KU proposes to adjust its Rate Schedule ECR effective October 31, 2025, for purposes of recovering the costs of the 2025 Plan and customer notice costs by an

increased assessment to customers' bills issued on and after the date of the first billing cycle for December 2025 (first billing cycle begins December 1, 2025), in conformity with the attached schedule.

Submitted to the Commission this 30th day of April 2025.

Respectfully submitted,



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Counsel for Kentucky Utilities Company

Environmental Cost Recovery Surcharge Tariff Sheets

Adjustment Clause

ECR

Environmental Cost Recovery Surcharge

APPLICABLE

In all territory served.

AVAILABILITY

This schedule is mandatory to all rate schedules listed in Section 1 of the General Index except Rate PSA and Special Charges, all Pilot Programs listed in Section 3 of the General Index, and FAC (including OSS) and DSM Adjustment Clauses. Rate schedules subject to this adjustment clause are divided into Group 1 or Group 2 as follows:

- Group 1: Rates RS; RTOD-Energy; RTOD-Demand; VFD; AES; LS; RLS; LE; and TE.
Group 2: Rates GS; GTOD-Energy; GTOD-Demand; PS; TODS; TODP; RTS; FLS; EVSE; EVC-L2; EVC-FAST; and OSL.

RATE

The monthly billing amount under each of the schedules to which this mechanism is applicable, shall be increased or decreased by a percentage factor calculated in accordance with the following formula.

$$\text{Group Environmental Surcharge Billing Factor} = \text{Group E(m)} / \text{Group R(m)}$$

As set forth below, Group E(m) is the sum of Jurisdictional E(m) of each approved environmental compliance plan revenue requirement of environmental compliance costs for the current expense month allocated to each of Group 1 and Group 2. Group R(m) for Group 1 is the twelve (12) month average revenue for the current expense month and for Group 2 it is the twelve (12) month average non-fuel revenue for the current expense month.

DEFINITIONS

1. For all Plans, $E(m) = [(RB/12) (ROR + (ROR - DR) (TR / (1 - TR)))] + OE - BAS + BR$
 - a. RB is the Total Environmental Compliance Rate Base.
 - b. ROR is the Rate of Return on Environmental Compliance Rate Base, designated as the overall rate of return [cost of short-term debt, long-term debt, preferred stock, and common equity].
 - c. DR is the Debt Rate [cost of short-term debt and long-term debt].
 - d. TR is the Composite Federal and State Income Tax Rate.
 - e. OE is the Operating Expenses. OE includes operation and maintenance expense recovery authorized by the Kentucky Public Service Commission in all approved ECR Plan proceedings.
 - f. BAS is the total proceeds from by-product and allowance sales.
 - g. BR is the operation and maintenance expenses, and/or revenues if applicable, associated with Beneficial Reuse.
 - h. Plans are the environmental surcharge compliance plans submitted to and approved by the Kentucky Public Service Commission pursuant to KRS 278.183.

DATE OF ISSUE: April 30, 2025

DATE EFFECTIVE: October 31, 2025

ISSUED BY: /s/ Robert M. Conroy, Vice President
State Regulation and Rates
Lexington, Kentucky

**Issued by Authority of an Order of the
Public Service Commission in Case No.
2025-00105 dated XXXX**

Adjustment Clause

ECR

Environmental Cost Recovery Surcharge

DEFINITIONS (continued)

2. Total E(m) (sum of each approved environmental compliance plan revenue requirement) is multiplied by the Jurisdictional Allocation Factor. Jurisdictional E(m) is adjusted for any (Over)/Under collection or prior period adjustment, by the addition of Commission-approved Administrative Expenses, and by the subtraction of the Revenue Collected through Base Rates for the Current Expense month to arrive at Adjusted Net Jurisdictional E(m). Adjusted Net Jurisdictional E(m) is allocated to Group 1 and Group 2 on the basis of Revenue as a Percentage of Total Revenue for the twelve (12) months ending with the Current Month to arrive at Group 1 E(m) and Group 2 E(m). T
3. The Group 1 R(m) is the average of total Group 1 monthly base revenue for the twelve (12) months ending with the current expense month. Base revenue includes customer, energy, and lighting charges for each rate schedule included in Group 1 to which this mechanism is applicable and automatic adjustment clause revenues for the Fuel Adjustment Clause, Off-System Sales Adjustment Clause, and the Demand-Side Management Cost Recovery Mechanism as applicable for each rate schedule in Group 1. T
4. The Group 2 R(m) is the average of total Group 2 monthly base non-fuel revenue for the twelve (12) months ending with the current expense month. Base non-fuel revenue includes customer, non-fuel energy, and demand charges for each rate schedule included in Group 2 to which this mechanism is applicable and automatic adjustment clause revenues for the Demand-Side Management Cost Recovery Mechanism as applicable for each rate schedule in Group 2. Non-fuel energy is equal to the tariff energy rate for each rate schedule included in Group 2 less the base fuel factor as defined on Sheet No. 85.1, Paragraph 6.
5. Current expense month (m) shall be the second month preceding the month in which the Environmental Surcharge is billed.

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State Regulation and Rates
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