

Public Notices

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NOTICE TO CUSTOMERS OF KENTUCKY UTILITIES COMPANY

RECOVERY BY ENVIRONMENTAL SURCHARGE OF KENTUCKY UTILITIES COMPANY’S 2025 ENVIRONMENTAL COMPLIANCE PLAN

PLEASE TAKE NOTICE that in an April 30, 2025 Application, Kentucky Utilities Company (“KU”) is seeking approval by the Kentucky Public Service Commission (“Commission”) in Case No. 2025-00105, pursuant to Kentucky Revised Statute 278.183, of an amended compliance plan (“2025 Plan”). (Collectively, KU’s Application and supporting testimony and exhibits are KU’s “tariff filing.”) If approved, KU will begin recovering capital costs associated with a new pollution control facility in the 2025 Plan under KU’s existing Electric Rate Schedule ECR (also known as the Environmental Surcharge tariff) through an increase in the environmental surcharge on customers’ bills beginning in December 2025.

KU filed an application with the Commission on February 28, 2025, in Case No. 2025-00045 seeking approval to construct a selective catalytic reduction system at the Ghent generating station to reduce nitrogen oxide (NOx) emissions, which are a precursor to ozone. In Case No. 2025-00105, KU is seeking an order approving the 2025 Plan to recover the costs of this new pollution control facility through its Environmental Surcharge tariff. This project will help ensure ongoing compliance with regulations issued under the federal Clean Air Act as amended, including the National Ambient Air Quality Standards for ozone.

The estimated total capital cost of this new pollution control facility is \$152.3 million. Additionally, KU is requesting recovery of future incremental capital and operation and maintenance expenses associated with this new pollution control facility. KU is also asking to recover the cost of publishing this customer notice through the Environmental Surcharge over 12 months and to have Environmental Surcharge recovery of future Commission-approved administrative expenses, including customer notice costs.

Beginning in December 2025, the initial bill impact for KU’s Group 1 customers is estimated to be a 0.01% increase with a maximum increase of 0.81% in 2029. Group 1 includes Rate Schedules Residential Service (RS), Residential Time-of-Day Energy Service (RTODE), Residential Time-of-Day Demand Service (RTODD), Volunteer Fire Department Service (VFD), All Electric School (AES), and all Lighting Rates (i.e., LS, RLS, LE, and TE).

RS and VFD customers using 1,085 kWh/month could expect a monthly increase of \$0.01 up to \$1.09. RTODE customers using 1,043 kWh/month could expect a monthly increase of \$0.01 up to \$1.14. RTODD customers using 987 kWh/month could expect a monthly increase of \$0.02 up to \$1.80. AES customers using 25,620 kWh/month could expect a monthly increase of \$0.30 up to \$24.28. LS and RLS customers could expect a monthly increase of \$0.00 up to \$0.12. LE customers using 2,473 kWh/month could expect a monthly increase of \$0.02 up to \$1.59. TE customers using 147 kWh/month could expect a monthly increase of \$0.00 up to \$0.15.

Beginning in December 2025, the initial bill impact for KU’s Group 2 customers is estimated to be a 0.01% increase with a maximum increase of 1.10% in 2029. Group 2 includes Rate Schedules General Service (GS), General Time-of-Day Energy Service (GTODE), General Time-of-Day Demand Service (GTODD), Power Service (PS), Time-of-Day Secondary Service (TODS), Time-of-Day Primary Service (TODP), Retail Transmission Service (RTS), Fluctuating Load Service (FLS), and Outdoor Sports Lighting Service (OSL).

GS customers using 1,657 kWh/month could expect a monthly increase of \$0.03 up to \$2.41. GTODD customers using 19,652 kWh/month could expect a monthly increase of \$0.31 up to \$25.26. PS-Secondary customers using 30,434 kWh/month could expect a monthly increase of \$0.39 up to \$32.35. PS-Primary customers using 35,028 kWh/month could expect a monthly increase of \$0.45 up to \$36.82. TODS customers using 189,538 kWh/month could expect a monthly increase of \$1.54 up to \$126.82. TODP customers using 1,242,574 kWh/month could expect a monthly increase of \$8.25 up to \$678.42. RTS customers using 7,387,224 kWh/month could expect a monthly increase of \$38.91 up to \$3,199.31. FLS-Transmission customers using 44,229,667 kWh/month could expect a monthly increase of \$237.46 up to \$19,525.53. OSL-Secondary customers using 4,627 kWh/month could expect a monthly increase of \$0.17 up to \$13.87.

The Application described in this Notice is proposed by KU, but the Commission may issue an order resulting in an environmental surcharge for customers other than the environmental surcharge described in this Notice.

Comments regarding KU’s 2025 Plan and Application may be submitted to the Commission through its website or by mail to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602.

Any person may submit a timely written request for intervention to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request including the status and interest of the party. If the Commission does not receive a written request for intervention within thirty (30) days of the initial publication of this Notice, the Commission may take final action on the Application.

Any person may examine KU’s tariff filing at the Commission’s offices located at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the Commission’s website at <http://psc.ky.gov> or KU’s website (<http://www.lge-ku.com>) after KU makes its tariff filing on April 30, 2025. KU has requested a deviation from the requirement to make the tariff filing available at its office at One Quality Street, Lexington, Kentucky 40507. If the Commission denies that request, KU will make the tariff filing available at its office upon request by any person.



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INDEPENDENT AUDITOR’S REPORT

Honorable Mayor and Members
of the City Council
City of Hartford, Kentucky

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hartford, Kentucky as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Hartford, Kentucky (City)’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hartford, Kentucky as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the pension and OPEB schedules, and the notes to required supplementary information on pages 35 through 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has not presented the Management Discussion and Analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The combining nonmajor fund financial statements, and the schedule of current general fund expenditures are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying supplementary information shown on pages 42 through 44 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information shown on pages 42 through 44 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2025 on our consideration of City of Hartford, Kentucky’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Hartford, Kentucky’s internal control over financial reporting and compliance.

Drane & Company, PLLC

Drane & Company, PLLC
Certified Public Accountants

Hardinsburg, Kentucky

April 18, 2025

CITY OF HARTFORD, KENTUCKY
STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 1,928,529	\$ 171,610	\$ 2,100,139
Receivables	381,885	143,471	525,356
Unbilled revenue	-	79,068	79,068
Prepaid software agreement	-	9,238	9,238
Inventory	-	70,929	70,929
Internal balances	1,422,698	(1,422,698)	-
Utility deposits	6,350	-	6,350
Total Current Assets	3,739,462	(948,382)	2,791,080
Noncurrent Assets			
Restricted cash	168,642	399,280	567,922
Capital assets:			
Land and construction in process	154,951	246,232	401,183
Other capital assets, net of depreciation	3,416,789	9,423,759	12,840,548
Net OPEB asset	22,597	19,903	42,500
Total Noncurrent Assets	3,762,979	10,089,174	13,852,153
Total Assets	7,502,441	9,140,792	16,643,233
Deferred Outflows of Resources			
Deferred amount from pension	245,413	236,419	481,832
Deferred amount from OPEB	100,486	89,718	190,204
Total Deferred Outflows of Resources	345,899	326,137	672,036
Liabilities			
Current Liabilities			
Accounts payable	44,561	127,719	172,280
Cash overdraft	-	32,552	32,552
Accrued liabilities	-	2,852	2,852
Accrued payroll	78,714	26,578	105,292
Customer deposits	-	95,199	95,199
Accrued interest payable	330	29,393	29,723
Current portion of long-term debt	48,544	80,296	128,840
Total Current Liabilities	172,149	394,589	566,738
Noncurrent Liabilities			
Long-term debt	556,977	2,466,776	3,023,753
Net pension liability	1,050,211	924,983	1,975,194
Compensated absences	31,173	16,347	47,520
Total Noncurrent Liabilities	1,638,361	3,408,106	5,046,467
Total Liabilities	1,810,510	3,802,695	5,613,205
Deferred Inflows of Resources			
Deferred amount from pension	134,142	118,147	252,289
Deferred amount from OPEB	375,914	331,095	707,009
Total Deferred Inflows of Resources	510,056	449,242	959,298
Net Position			
Net investment in capital assets	2,966,219	7,122,919	10,089,138
Restricted	30,070	399,280	429,350
Unrestricted	2,531,485	(2,307,207)	224,278
Total Net Position	\$ 5,527,774	\$ 5,214,992	\$ 10,742,766

“A copy of the complete audit report, including financial statements and supplemental information, is on file at Hartford City Hall and is available for public inspection during normal business hours. Any citizen may obtain a copy of the complete auditor’s report, including financial statements and supplemental information. Citizens will be charged for duplication costs at a rate that shall not exceed twenty-five (\$0.25) per page. Copies of financial statement prepared are in accordance with KRS 424.220.”