

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

**ELECTRONIC EXAMINATION BY THE PUBLIC )**  
**SERVICE COMMISSION OF THE )**  
**ENVIRONMENTAL SURCHARGE MECHANISM ) CASE NO. 2026-00003**  
**OF KENTUCKY UTILITIES COMPANY FOR THE )**  
**SIX-MONTH BILLING PERIOD ENDING )**  
**OCTOBER 31, 2025 )**

**DIRECT TESTIMONY OF**

**ANDREA M. FACKLER**  
**MANAGER, REVENUE REQUIREMENT/COST OF SERVICE**  
**LG&E AND KU SERVICES COMPANY**

**FILED: MARCH 6, 2026**

VERIFICATION

COMMONWEALTH OF KENTUCKY )  
 )  
COUNTY OF JEFFERSON )

The undersigned, **Andrea M. Fackler**, being duly sworn, deposes and says that she is Manager - Revenue Requirement/Cost of Service for LG&E and KU Services Company, that she has personal knowledge of the matters set forth in the foregoing testimony, and that the answers contained therein are true and correct to the best of her information, knowledge, and belief.

Andrea M. Fackler  
**Andrea M. Fackler**

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 4<sup>th</sup> day of March, 2026.

Tammy J. Elzy  
Notary Public

Notary Public ID No. KYNP61560

My Commission Expires:

November 9, 2026



1 **Q. Please state your name, title, and business address.**

2 A. My name is Andrea M. Fackler. I am the Manager, Revenue Requirement/Cost of  
3 Service for Kentucky Utilities Company (“KU” or “Company”) and an employee of  
4 LG&E and KU Services Company, which provides services to KU. My business  
5 address is 2701 Eastpoint Parkway, Louisville, Kentucky, 40223. A complete  
6 statement of my education and work experience is attached to this testimony as  
7 Appendix A.

8 **Q. Have you previously testified before this Commission?**

9 A. Yes. I have previously submitted testimony and sponsored data responses to the  
10 Kentucky Public Service Commission (“Commission”) in the Company’s past six-  
11 month and two-year Environmental Cost Recovery (“ECR”) Surcharge reviews<sup>1</sup>. I  
12 have also previously submitted testimony in the Company’s 2020 ECR Compliance  
13 Plan and 2025 ECR Compliance Plan proceedings<sup>2</sup>.

14 **Q. What is the purpose of this proceeding?**

15 A. The purpose of this proceeding is to review the past operation of KU’s ECR Surcharge  
16 during the six-month billing period ending October 31, 2025 and determine whether  
17 the surcharge amounts collected during the period are just and reasonable.

18 **Q. What is the purpose of your testimony?**

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<sup>1</sup> See, e.g., *An Electronic Examination by the Public Service Commission of the Environmental Surcharge Mechanism of Kentucky Utilities Company for the Six-Month Billing Periods Ending April 30, 2024 and October 31, 2024, and for the Two-Year Billing Periods Ending April 30, 2025*, Case No. 2025-00172, Direct Testimony of Andrea M. Fackler (July 24, 2025).

<sup>2</sup> See, e.g., *Electronic Application of Kentucky Utilities Company for Approval of Its 2020 Compliance Plan for Recovery by Environmental Surcharge*, Case No. 2020-00060, Direct Testimony of Andrea M. Fackler (Mar. 31, 2020); *Electronic Application of Kentucky Utilities Company for Approval of Its 2025 Compliance Plan for Recovery by Environmental Surcharge*, Case No. 2025-00105, Direct Testimony of Andrea M. Fackler (Apr. 30, 2025).

1 A. The purpose of my testimony is to summarize the operation of KU’s ECR Surcharge  
2 during the Review Period, explain how the Environmental Surcharge Billing Factors  
3 were calculated during the Review Period, correct any operating expense or rate base  
4 data from previously filed ES Reports, reflect actual changes in the overall rate of return  
5 on capital, demonstrate that the amount collected during the period was just and  
6 reasonable, and present and discuss KU’s proposed adjustment to the ECR Surcharge  
7 Revenue Requirement to reconcile past surcharges with actual costs recoverable and  
8 its impact on a residential customer. Finally, my testimony will recommend an updated  
9 overall rate of return on capital to be used for all ECR Compliance Plans in the ES  
10 Reports upon the Commission’s Order in this proceeding.

11 **Q. Please summarize the operation of the ECR Surcharge for the billing periods**  
12 **included in this review.**

13 A. KU billed an ECR Surcharge to its customers from May 1, 2025 through October 31,  
14 2025 to collect (or refund) any difference between its ECR Surcharge Revenue  
15 Requirement and the ECR Surcharge revenues collected through base rates during the  
16 applicable expense period. For purposes of the Commission’s examination in this case,  
17 the monthly KU ECR Surcharge amounts are for the billing periods from May 2025 to  
18 October 2025. In each month of the billing periods under review in this proceeding,  
19 KU calculated the Environmental Surcharge Billing Factors in accordance with its ECR  
20 Surcharge Tariff and the requirements of the Commission’s previous orders concerning  
21 KU’s ECR Surcharge. The calculations were made in accordance with the  
22 Commission-approved monthly forms (hereinafter referred to as “ES Forms” for the  
23 approved templates or as “ES Reports” for the monthly data filed with the Commission)

1 and filed with the Commission ten days before the new monthly factor was billed by  
2 the Company.

3 **Q. Please explain the distinction between billing periods and expense periods.**

4 A. The expense period is the calendar month in which the Company incurs approved ECR  
5 Surcharge costs. The Company prepares monthly ES Reports on an expense month  
6 basis to file with the Commission. As previously discussed, the ECR Surcharge is  
7 determined in the monthly ES Report and billed (or refunded) to customers in the  
8 second month following the expense month. This is the billing period.

9 **Q. What costs were included in the calculation of the Environmental Surcharge  
10 Billing Factors for the billing periods under review?**

11 A. The capital and operating costs included in the calculation of the Environmental  
12 Surcharge Billing Factors for the Review Period were the March 2025 through August  
13 2025 expense period costs KU incurred in conjunction with its approved ECR  
14 Compliance Plans, as detailed in the attachment to the response to Question No. 2 of  
15 the Commission Staff's First Request for Information, incorporating all required  
16 revisions.

17 The monthly Environmental Surcharge Billing Factors applied during the  
18 billing period under review were calculated consistent with the Commission's Orders  
19 in KU's previous applications to assess or amend its ECR Surcharge mechanism and  
20 Compliance Plans, as well as, Orders issued in previous review cases. The monthly ES  
21 Reports filed with the Commission during this time reflect the various changes to the  
22 ES Forms ordered by the Commission from time to time.

1 **Q. Please describe the most recently approved changes to KU’s ECR Compliance**  
2 **Plans.**

3 A. In Case No. 2020-00060, the Commission approved KU’s 2020 ECR Compliance Plan  
4 that included two new projects and associated operation and maintenance costs.  
5 Pursuant to the Commission’s September 29, 2020 Order approving KU’s 2020 ECR  
6 Compliance Plan, KU began including the approved projects in the monthly ES Report  
7 for the September 2020 expense month with separate authorized rates of return for the  
8 Pre-2020 and 2020 ECR Compliance Plans.

9 In KU’s past base rate proceeding, Case No. 2020-00349, the Commission  
10 approved the Company’s proposed elimination of all Eligible Pollution Control capital  
11 costs and related O&M associated with Projects 28-31 and 34-38 (from KU’s 2009,  
12 2011, and 2016 ECR Compliance Plans) from the ECR Surcharge mechanism effective  
13 July 1, 2021.

14 Finally, in the Commission’s October 28, 2025 Order in Case No. 2025-00045,  
15 KU received approval of cost recovery of its 2025 ECR Compliance Plan, a selective  
16 catalytic reduction (SCR) system for Unit 2 of its Ghent Generating Station.<sup>3</sup> The 2025  
17 ECR Compliance Plan does not impact the period under review in this proceeding as  
18 Ghent Unit 2 SCR related costs did not impact the ECR until the November 2025  
19 expense month.

20 **Q. Please describe the most recently approved changes to the operation of the ECR**  
21 **Surcharge mechanism that impacts this Review Period.**

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<sup>3</sup> *Electronic application of Kentucky Utilities Company and Louisville Gas and Electric Company for Certificates of Public Convenience and Necessity and Site Compatibility Certificates* – Case No. 2025-00045; In its May 14, 2025 Order, the Commission incorporated Case No. 2025-00105 into Case No. 2025-00045.

1 A. The most recently approved change impacting this review period occurred in the  
2 Company's ECR Surcharge review, Case No. 2023-00376. The Commission approved  
3 the continuation of a 9.35% return on equity to be used in the monthly ES Reports for  
4 all ECR Compliance Plans. The Commission also approved changes to the Company's  
5 cash working capital calculation on ES Form 2.40 removing net beneficial reuse  
6 revenues and expenses. Finally, the Commission approved the immediate inclusion of  
7 all beneficially reused coal combustion residual revenues and expenses on ES Form  
8 2.60, streamlining the collection/return of beneficial reuse revenues/expenses for  
9 customers during the expense month in which they occur.

10 **Q. Is KU proposing any changes to its Environmental Cost Recovery Surcharge**  
11 **tariff?**

12 A. KU is not proposing any changes to its ECR Surcharge tariff in this Review Period.

13 **Q. Is KU proposing any changes to the currently approved ES Forms?**

14 A. KU is not proposing any changes to its ES Forms in this Review Period.

15 **Q. Are there any changes or adjustments in Operating Expenses from the previously**  
16 **filed expense months that KU is correcting in this review case?**

17 A. No, the Company has not identified any adjustments in Operating Expenses for the  
18 period under review that have not already been corrected through the filing of the  
19 monthly ES Reports.

20 **Q. Are there any changes or adjustments in Rate Base from the originally filed**  
21 **expense months that KU is correcting in this review case?**

1 A. No, the Company has not identified any adjustments in rate base for the period under  
2 review that have not already been corrected through the filing of the monthly ES  
3 Reports.

4 **Q. Are there any other changes necessary to the jurisdictional revenue requirement**  
5 **(E(m))?**

6 A. Yes. Adjustments to E(m) are necessary for compliance with the Commission's Order  
7 in Case No. 2000-00439, to reflect the actual changes in the overall rate of return on  
8 capital that is used in the determination of the return on environmental rate base.

9 Pursuant to the terms of the Settlement Agreement approving the 2011 ECR  
10 Compliance Plan, KU calculated the short- and long-term debt rate using average daily  
11 balances and daily interest rates in the calculation of the overall rate of return true-up  
12 adjustment for the Review Period. For the March 2025 through August 2025 expense  
13 months, the weighted average cost of capital was based on the average daily balances  
14 for short- and long-term debt as of August 31, 2025 and the 9.35% authorized return  
15 on equity for all approved ECR Compliance Plans at that time<sup>4</sup>. The details of and  
16 support for the overall rate of return calculations used to true-up the return on  
17 environmental rate base are shown in the attachment to KU's response to Question No.  
18 1 of the Commission Staff's First Request for Information.

19 **Q. Are there any other corrections to information provided in the monthly ES**  
20 **Reports during the Review Period that KU is correcting in this review case?**

21 A. No.

22 **Q. Are the amounts collected through the ECR Surcharge just and reasonable?**

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<sup>4</sup> *Id.*

1 A. Yes. The Company only includes costs in the ECR Surcharge that were incurred in  
2 conjunction with Commission-approved ECR Compliance Plans. Any information  
3 identified and corrected in a review case proceeding, such as the instant proceeding, or  
4 through the filing of revised ES Reports with the Commission are due to various checks  
5 and balances the Company has in place to ensure proper cost recovery through the ECR  
6 Surcharge.

7 **Q. As a result of the operation of the ECR Surcharge during the billing periods under  
8 review, is an adjustment to the revenue requirement necessary?**

9 A. Yes. KU experienced an over-recovery of \$196,502 for the Review Period. KU's  
10 attachment to the response to Question No. 2 of the Commission Staff's First Request  
11 for Information shows the calculation of the over-recovery. An adjustment to the ECR  
12 Surcharge Revenue Requirement is necessary to reconcile the over-collection of past  
13 ECR Surcharge revenues with actual costs for the Review Period.

14 **Q. Has KU identified the causes of the over-recovery during the billing period under  
15 review?**

16 A. Yes. KU has identified the primary components that make up the over-recovery during  
17 the Review Period. The primary components are: (1) changes in overall rates of return  
18 as previously discussed and (2) the use of 12-month average revenues to determine the  
19 billing factor. The details and support of the primary components that make up the  
20 over-recovery during the Review Period are shown in the attachment to KU's response  
21 to Question No. 2 of the Commission Staff's First Request for Information.

22 **Q. Please explain how the function of the ECR Surcharge mechanism contributes to  
23 the recovery position in the billing period under review.**

1 A. The use of 12-month average revenues to calculate the monthly billing factors and then  
 2 applying those same billing factors to the actual monthly revenues will result in an  
 3 over- or under-collection of ECR Surcharge revenues. The over- or under-collection  
 4 will also depend on whether the billing factors were charges or credits. For illustrative  
 5 purposes, the table below shows a comparison of the 12-month average revenues used  
 6 in the monthly ES Reports to determine the Environmental Surcharge Billing Factors  
 7 and the actual revenues to which the Environmental Surcharge Billing Factors were  
 8 applied in the billing month during the last six-month period under review.

<b>Expense Month</b>	<b>12-Month Average Revenues</b>	<b>Billing Month</b>	<b>Actual Revenues Subject to Environmental Surcharge Billing Factors</b>
March 2025	\$126,832,160	May 2025	\$105,883,912
April 2025	\$127,127,818	June 2025	\$117,912,082
May 2025	\$126,845,703	July 2025	\$143,300,435
June 2025	\$126,925,992	August 2025	\$144,007,994
July 2025	\$127,246,453	September 2025	\$127,551,499
August 2025	\$128,473,104	October 2025	\$117,533,074
*The 12-month average revenues and the Actual Revenues subject to Environmental Surcharge Billing Factors reflect net revenues for Groups 1 and 2.			

9  
 10 Generally, if the billing factor is a charge: (1) an under-recovery will occur  
 11 when actual revenues for the billing month are less than the 12-month average revenues  
 12 used for the expense month; and (2) an over-recovery will occur when actual revenues  
 13 for the billing month are greater than the 12-month average revenues used for the  
 14 expense month.

15 On the other hand, if the billing factor is a credit, the recovery position will  
 16 generally follow the opposite result.

1 **Q. What kind of adjustment is KU proposing in this case as a result of the operation**  
2 **of the ECR Surcharge during the billing period?**

3 A. KU is proposing that the over-recovery be distributed over one month following the  
4 Commission's Order in this proceeding. Specifically, KU recommends that the  
5 Commission approve a decrease to the ECR Surcharge Revenue Requirement of  
6 \$196,502 for one month beginning in the second full billing month following the  
7 Commission's Order in this proceeding. This method is consistent with the method of  
8 implementing previous over- or under-recovery positions in prior ECR Surcharge  
9 review cases.

10 **Q. What is the bill impact on a residential customer for the proposed distribution of**  
11 **the over-recovery?**

12 A. The inclusion of the distribution of the over-recovery position in the determination of  
13 the ECR Surcharge Billing Factor will decrease the billing factor by approximately  
14 0.12% per month for one month. For a residential customer using an average of 1,087  
15 kWh per month (based on twelve-month ended October 2025 data), the impact of the  
16 adjusted ECR Surcharge Billing Factor would be a decrease of approximately \$0.19  
17 for the month (using rates and adjustment clause factors in effect for the March 2026  
18 billing month). See the response and attachment to Commission Staff's First Request  
19 for Information Question No. 6.

20 **Q. What rate of return is KU proposing to use for all ECR Compliance Plans upon**  
21 **the Commission's Order in this proceeding?**

22 A. KU is recommending an overall rate of return on capital of 8.81 percent, including the  
23 currently authorized 9.675 percent return on equity, and adjusted capitalization to be

1 used to calculate the return on environmental rate base in the monthly ES Reports. This  
2 rate of return is based on capitalization as of August 31, 2025, the Commission's  
3 February 16, 2026 Order in Case No. 2025-00113 authorizing a 9.675 percent return  
4 on equity for all capital riders, and the continued use of the federal corporate income  
5 tax rate implemented in accordance with the Tax Cuts and Jobs Act and the Kentucky  
6 state corporate income tax rate implemented in accordance with Kentucky House Bill  
7 487.

8 See the response and attachment to Commission Staff's First Request for  
9 Information Question No. 5.

10 **Q. What is your recommendation to the Commission in this case?**

11 A. KU makes the following recommendations to the Commission in this case:

- 12 a) The Commission should determine the ECR Surcharge amounts for the six-  
13 month billing periods ending October 31, 2025 to be just and reasonable;
- 14 b) The Commission should approve the proposed decrease to the ECR Surcharge  
15 Revenue Requirement of \$196,502 for one month beginning in the second full  
16 billing month following the Commission's Order in this proceeding;
- 17 c) The Commission should approve the use of an overall rate of return on capital  
18 of 8.81 percent for all ECR Compliance Plans, using a return on equity of 9.675  
19 percent, beginning in the second full billing month following the Commission's  
20 Order in this proceeding.

21 **Q. Does this conclude your testimony?**

22 A. Yes.

## APPENDIX A

### **Andrea M. Fackler, CPA, CGMA**

Manager, Revenue Requirement/Cost of Service  
LG&E and KU Services Company  
2701 Eastpoint Parkway  
Louisville, Kentucky 40223

### **Professional Experience**

#### LG&E and KU Services Company

Manager, Revenue Requirement/Cost of Service	Nov 2019 – Present
Rate & Regulatory Analyst III & Senior	Jan 2016 – Nov 2019
Accounting Analyst III & Senior	Aug 2012 – Jan 2016
Accounting Analyst II & III	Jul 2010 – Aug 2012

#### Dean Dorton Ford, PSC

Supervisor in Accounting and Compliance Services	Jan 2007 – May 2010
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### **Professional/Trade Memberships**

American Institute of Certified Professional Accountants  
Kentucky Society of Certified Public Accountants  
Institute of Management Accountants

### **Education/Certifications/Training**

Bachelor of Science in Accounting, University of Kentucky, Dec 2006  
Bachelor of Business Administration, University of Kentucky, Dec 2006  
Certified Public Accountant License, Feb 2009  
Chartered Global Management Accountant Designation, Jul 2014  
LG&E and KU Strategic Business Integration, 2017-2018 Cohort

### **Civic Activities**

Parent Volunteer, Budget Committee, St. John Community Church, January 2021 – Present  
Committee Member, Harmony Elementary PTA, August 2020 – Present  
Committee Member, Members in Business and Industry, KSCPA, July 2017 – Present  
President, PPL CARE Business Resource Group, January 2021 – January 2026  
Troop Leader, Girl Scouts of Kentuckiana, September 2021 – September 2024  
President-Elect, President, and Immediate Past President, LG&E and KU Young Energy Professionals Business Resource Group, 2015-2017