

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**ELECTRONIC EXAMINATION BY THE)
PUBLIC SERVICE COMMISSION OF THE)
ENVIRONMENTAL SURCHARGE MECHANISM)
OF LOUISVILLE GAS AND ELECTRIC)
COMPANY FOR THE SIX-MONTH BILLING)
PERIOD ENDING OCTOBER 31, 2025)**

CASE NO. 2026-00004

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 4th 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 Louisville Gas and Electric Company (“LG&E” or “Company”) and an
4 employee of LG&E and KU Services Company, which provides services to LG&E.
5 My business address is 2701 Eastpoint Parkway, Louisville, Kentucky, 40223. A
6 complete statement of my education and work experience is attached to this testimony
7 as 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 Companies’ past six-
11 month and two-year Environmental Cost Recovery (“ECR”) Surcharge reviews¹. I
12 have also previously submitted testimony in the Company’s 2020 ECR Compliance
13 Plan proceeding².

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

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

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

19 A. The purpose of my testimony is to summarize the operation of LG&E’s ECR Surcharge
20 during the Review Period, explain how the Environmental Surcharge Billing Factors

¹ See, e.g., *An Electronic Examination by the Public Service Commission of the Environmental Surcharge Mechanism of Louisville Gas and Electric 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. 2025-00173, Direct Testimony of Andrea M. Fackler (July 24, 2025).

² 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).

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

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

11 A. LG&E billed an ECR Surcharge to its customers from May 1, 2025 through October
12 31, 2025 to collect (or refund) any difference between its ECR Surcharge Revenue
13 Requirement and the ECR Surcharge revenues collected through base rates during the
14 applicable expense period. For purposes of the Commission's examination in this case,
15 the monthly LG&E ECR Surcharge amounts are for the billing periods from May 2025
16 to October 2025. In each month of the billing periods under review in this proceeding,
17 LG&E calculated the Environmental Surcharge Billing Factors in accordance with its
18 ECR Surcharge Tariff and the requirements of the Commission's previous orders
19 concerning LG&E's ECR Surcharge. The calculations were made in accordance with
20 the Commission-approved monthly forms (hereinafter referred to as "ES Forms" for
21 the approved templates or as "ES Report" for the monthly data filed with the
22 Commission) and filed with the Commission ten days before the new monthly factor
23 was billed by the Company.

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

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

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

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

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

21 **Q. Please describe the most recently approved changes to LG&E's ECR Compliance**
22 **Plans.**

1 A. In Case No. 2020-00061, the Commission approved LG&E’s 2020 ECR Compliance
2 Plan that included two new projects and associated operation and maintenance costs.
3 Pursuant to the Commission’s September 29, 2020 Order approving LG&E’s 2020
4 ECR Compliance Plan, LG&E began including the approved projects in the monthly
5 ES Report for the September 2020 expense month with separate authorized rates of
6 return utilized for the Pre-2020 and 2020 ECR Compliance Plans.

7 Additionally, in LG&E’s past base rate proceeding, Case No. 2020-00350, the
8 Commission approved the Company’s proposed elimination of all Eligible Pollution
9 Control capital costs and related O&M associated with Projects 22, 23, and 26-28 (from
10 LG&E’s 2009, 2011, and 2016 ECR Compliance Plans) from the ECR Surcharge
11 mechanism effective July 1, 2021.

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

14 A. The most recent approved change impacting this review period occurred in the
15 Company’s ECR Surcharge review, Case No. 2023-00375. The Commission approved
16 the continuation of a 9.35% return on equity to be used in the monthly ES Reports for
17 all ECR Compliance Plans. The Commission also approved changes to the Company’s
18 cash working capital calculation on ES Form 2.40 removing net beneficial reuse
19 revenues and expenses. Finally, the Commission approved the immediate inclusion of
20 all beneficially reused coal combustion residual revenues and expenses on ES Form
21 2.60, streamlining the collection/return of beneficial reuse revenues/expenses for
22 customers during the expense month in which they occur.

1 **Q. Is LG&E proposing any changes to its Environmental Cost Recovery Surcharge**
2 **tariff?**

3 A. LG&E is not proposing any changes to its ECR Surcharge tariff in this Review Period.

4 **Q. Is LG&E proposing any changes to the currently approved ES forms?**

5 A. LG&E is not proposing any changes to its ES Forms in this Review Period.

6 **Q. Are there any changes or adjustments in Operating Expenses from the previously**
7 **filed expense months that LG&E is correcting in this review case?**

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

11 **Q. Are there any changes or adjustments in Rate Base from the originally filed**
12 **expense months the LG&E is correcting in this review case?**

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

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

18 A. No. Pursuant to the Commission's Order in Case No. 2000-00386, the Company
19 calculated the actual overall rate of return on capital that is used in the determination
20 of the return on environmental rate base and determined it is the same as the overall
21 rate of return used for each month of the period under review. Therefore, an adjustment
22 to E(m) is not necessary.

1 Pursuant to the terms of the Settlement Agreement approving the 2011 ECR
2 Plan, LG&E calculated the short- and long-term debt rate using average daily balances
3 and daily interest rates in the calculation of the overall rate of return true-up adjustment
4 for the Review Period. For the March 2025 through August 2025 expense months, the
5 weighted average cost of capital was based on the average daily balances for short- and
6 long term- debt as of August 31, 2025 and the 9.35% authorized return on equity for
7 all approved ECR Compliance Plans at that time³. The details of and support for the
8 overall rate of return calculations are shown in the attachment to LG&E's response to
9 Question No. 1 of the Commission Staff's First Request for Information.

10 **Q. Are there any other corrections to information provided in the monthly ES**
11 **Reports during the Review Period that LG&E is correcting in this review case?**

12 A. No.

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

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

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

³ *Id.*

1 A. Yes. LG&E experienced an under-recovery of \$412,673 for the Review Period.
2 LG&E's attachment to the response to Question No. 2 of the Commission Staff's First
3 Request for Information shows the calculation of the under-recovery. An adjustment
4 to the ECR Surcharge Revenue Requirement is necessary to reconcile the under-
5 collection of past ECR Surcharge revenues with actual costs for the Review Period.

6 **Q. Has LG&E identified the causes of the under-recovery during the billing period**
7 **under review?**

8 A. Yes. LG&E has identified the primary component that made up the under-recovery
9 during the Review Period. The primary component was the use of twelve-month
10 average revenues to determine the billing factor. The details and support of the primary
11 components that make up the under-recovery during the Review Period are shown in
12 the attachment to LG&E's response to Question No. 2 of the Commission Staff's First
13 Request for Information.

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

16 A. The use of 12-month average revenues to calculate the monthly billing factors and then
17 applying those same billing factors to the actual monthly revenues will result in an
18 over- or under-collection of ECR Surcharge revenues. The over- or under-collection
19 will also depend on whether the billing factors were charges or credits. For illustrative
20 purposes, the table below shows a comparison of the 12-month average revenues used
21 in the monthly ES Reports to determine the Environmental Surcharge Billing Factors
22 and the actual revenues to which the Environmental Surcharge Billing Factors were
23 applied in the billing month during the last six-month period under review.

Expense Month	12-Month Average Revenues	Billing Month	Actual Revenues Subject to ECR Billing Factors
March 2025	\$87,649,455	May 2025	\$75,007,003
April 2025	\$87,877,465	June 2025	\$87,935,027
May 2025	\$87,537,610	July 2025	\$113,626,589
June 2025	\$87,336,685	August 2025	\$113,645,969
July 2025	\$87,656,019	September 2025	\$97,123,235
August 2025	\$88,411,245	October 2025	\$84,009,534

*The 12-month average revenues and the Actual Revenues subject to ECR Billing Factors reflect net revenues for Groups 1 and 2.

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

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

Q. What kind of adjustment is LG&E proposing in this case as a result of the operation of the ECR Surcharge during the billing period?

A. LG&E is proposing that the under-recovery be collected over one month following the Commission's Order in this proceeding. Specifically, LG&E recommends that the Commission approve an increase to the ECR Surcharge Revenue Requirement of \$412,673 for one month beginning in the second full billing month following the Commission's Order in this proceeding. This method is consistent with the method of implementing previous over- or under-recovery positions in prior ECR Surcharge review cases.

1 **Q. What is the bill impact on a residential customer for the proposed collection of the**
2 **under-recovery?**

3 A. The inclusion of the collection of the under-recovery position in the determination of
4 the ECR Surcharge Billing Factor will increase the billing factor by approximately
5 0.39% for one month. For a residential customer using an average of 923 kWh per
6 month (based on twelve-month ended October 2025 data), the impact of the adjusted
7 ECR Surcharge Billing Factor would be an increase of approximately \$0.52 for the
8 month (using rates and adjustment clause factors in effect for the March 2026 billing
9 month). See the response and attachment to Commission Staff's First Request for
10 Information Question No. 6.

11 **Q. What rate of return is LG&E proposing to use for all ECR Compliance Plans**
12 **upon the Commission's Order in this proceeding?**

13 A. LG&E is recommending an overall rate of return on capital of 8.63 percent, including
14 the currently approved 9.675 percent return on equity, and adjusted capitalization to be
15 used to calculate the environmental rate base in the monthly ES Reports. This rate of
16 return is based on capitalization as of August 31, 2025, the Commission's February 16,
17 2026 Order in Case No. 2025-00114 authorizing a 9.675 percent return on equity for
18 all capital riders, and the continued use of the federal corporate income tax rate
19 implemented in accordance with the Tax Cuts and Jobs Act and the Kentucky state
20 corporate income tax rate implemented in accordance with House Bill 487.

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

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

- 1 A. LG&E makes the following recommendations to the Commission in this case:
- 2 a) The Commission should determine the ECR Surcharge amounts for the six-
- 3 month billing periods ending October 31, 2025 to be just and reasonable;
- 4 b) The Commission should approve the proposed increase to the ECR Surcharge
- 5 Revenue Requirement of \$412,673 for one month beginning in the second full
- 6 billing month following the Commission's Order in this proceeding;
- 7 c) The Commission should approve the use of an overall rate of return on capital
- 8 of 8.63 percent for all ECR Compliance Plans, using a return on equity of 9.675
- 9 percent, beginning in the second full billing month following the Commission's
- 10 Order in this proceeding.

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

12 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

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