

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ELECTRONIC EXAMINATION BY THE	)	
PUBLIC SERVICE COMMISSION OF THE	)	
ENVIRONMENTAL SURCHARGE MECHANISM	)	
OF LOUISVILLE GAS AND ELECTRIC	)	
COMPANY FOR THE SIX-MONTH BILLING	)	CASE NO.
PERIODS ENDING APRIL 30, 2020, OCTOBER	)	2023-00375
31, 2020, OCTOBER 31, 2021, APRIL 30, 2022,	)	
OCTOBER 31, 2022, AND OCTOBER 31, 2023,	)	
AND FOR THE TWO-YEAR BILLING PERIODS	)	
ENDING APRIL 30, 2021 AND APRIL 30, 2023	)	

ORDER

On January 3, 2024, the Commission initiated (1) the six-month review of Louisville Gas and Electric Company's (LG&E) environmental surcharge for the six-month billing periods ending April 30, 2020; October 31, 2020; October 31, 2021; April 30, 2022; October 31, 2022; and October 31, 2023; and (2) the two-year billing periods ending April 30, 2021, and April 30, 2023.<sup>1</sup>

LEGAL STANDARD

KRS 278.183(3) requires, in pertinent part, that:

At six (6) month intervals, the commission shall review past operations of the environmental surcharge of each utility, and after hearing, as ordered, shall, by temporary adjustment in the surcharge, disallow any surcharge amounts found not just and reasonable and reconcile past surcharges with actual costs recoverable pursuant to subsection (1) of this section.

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<sup>1</sup> Opening Order (Ky. PSC Jan. 3, 2024). The case heading of the opening Order was amended, *nunc pro tunc*, by an Order issued on Jan. 19, 2024. LG&E's environmental surcharge is billed on a two-month lag. Thus, for example, surcharge billings for November 2019 through April 2020 are based on costs incurred from September 2019 through February 2020.

Every two (2) years the commission shall review and evaluate past operation of the surcharge, and after hearing, as ordered, shall disallow improper expenses, and to the extent appropriate, incorporate surcharge amounts found just and reasonable into the existing base rates of each utility.

Additionally, KRS 278.183(5) states

The commission shall retain all jurisdiction granted by this section and KRS 278.020 to review the environmental surcharge authorized by this section and any complaints as to the amount of any environmental surcharge or the incorporation of any environmental surcharge into the existing base rate of any utility.

### BACKGROUND

On April 6, 1995, the Commission approved LG&E's environmental surcharge application and established a surcharge mechanism.<sup>2</sup> The Commission's last review was completed on May 20, 2021.<sup>3</sup>

The Commission issued a procedural schedule as Appendix A to the Opening Ordering.<sup>4</sup> LG&E responded to two requests for information from Commission Staff.<sup>5</sup> There were no intervenors. LG&E requested to submit the case for a decision based on the written record.<sup>6</sup> The matter stands submitted for a decision.

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<sup>2</sup> Case No. 1994-00332, *The Application of Louisville Gas and Electric Company for Approval of Compliance Plan and to Assess a Surcharge Under KRS 278.183 to Recover Costs of Compliance with Environmental Requirements for Coal Combustion Wastes and By-Products* (Ky. PSC Apr. 6, 1995).

<sup>3</sup> Case No. 2020-00171, *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 30, 2019* (Ky. PSC May 20, 2021).

<sup>4</sup> Jan. 3, 2024 Opening Order.

<sup>5</sup> LG&E's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Feb. 14, 2024). LG&E's Response to Commission Staff's Second Request for Information (Staff's Second Request) (filed Apr. 12, 2024).

<sup>6</sup> LG&E's Request to Submit on the Record (filed June 18, 2024).

## SIX MONTH BILLING PERIOD ENDING APRIL 30, 2020

In Case No. 2020-00171,<sup>7</sup> there was an issue regarding FERC account 512107 – Landfill Maintenance related to the coal combustion residuals (CCR) treatment facility at Trimble County. In total, the issue spanned the months April 2019 through November 2019 and was corrected in December 2019. In addition, the impacts to operating and maintenance (O&M) expenses in the April 2019 to August 2019 totaling \$271,331 was corrected. LG&E proposed to correct the O&M expenses for the remaining impacted expense months September 2019 to November 2019. The total amount equaling \$191,400 was inadvertently excluded from ES Form 2.50. In the subsequent December 2019 expense month, the total amount of the excluded expenses was included on ES Form 2.50, which overstated the December 2019 Operating Expense by the entire correction amount of \$462,731.<sup>8</sup> The impact on operating expenses and the cash working capital component of rate base of these three adjustments was reflected in LG&E's calculation of its under- and over-recovery for the review period.<sup>9</sup>

### SURCHARGE AMOUNT

LG&E determined that it had a net under-recovery of environmental costs for the six-month billing period ended April 30, 2020, of \$1,980,801.<sup>10</sup> The Commission has

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<sup>7</sup> Case No. 2020-00171, *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, 2019* (filed July 8, 2020), Direct Testimony of Andrea M. Fackler (Case No. 2020-00171, Fackler Direct Testimony) at 4–6.

<sup>8</sup> Case No. 2020-00171, Fackler Direct Testimony at 11.

<sup>9</sup> LG&E's Response to Staff's First Request, Items 1–2.

<sup>10</sup> LG&E's Response to Staff's First Request, Item 2, Attachment 04\_-\_CN2023-00375\_-\_LGE\_ECR\_DR1\_Attach\_to\_Q1\_and\_Q2.xlsx, Tab Q2 p.2 – Detailed Over-Under.

reviewed and finds reasonable LG&E's calculation of a net under-recovery of \$1,980,801 for this six-month billing period.

### RATE OF RETURN

LG&E provided the outstanding balances for its long-term debt, short-term debt, and common equity and the blended interest rates for its long-term and short-term debt.<sup>11</sup> For all approved plans as of the September 2019 expense month, the weighted average cost of capital (WACC) was based on the average daily balances for short- and long-term debt as of September 30, 2019, and the authorized 9.725 percent return on equity (ROE).<sup>12</sup> For all approved plans for the October 2019 through February 2020 expense months, the WACC was based on the average daily balances for short- and long-term debt as of February 29, 2020, and the authorized 9.725 percent ROE.<sup>13</sup>

### SIX MONTH BILLING PERIOD ENDING OCTOBER 31, 2020

### SURCHARGE AMOUNT

LG&E determined that it had a net over-recovery of environmental costs for the six-month billing period ended October 31, 2020, of \$1,103,487.<sup>14</sup> The Commission has reviewed and finds reasonable LG&E's calculation of a net over-recovery of \$1,103,487 for this six-month billing period.

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<sup>11</sup> LG&E's Response to Staff's First Request, Item 5.

<sup>12</sup> Case No. 2020-00171, Fackler Direct Testimony at 13.

<sup>13</sup> Case No. 2020-00171, Fackler Direct Testimony at 13.

<sup>14</sup> LG&E's Response to Staff's First Request, Item 2, Attachment 04\_-\_CN2023-00375\_-\_LGE\_ECR\_DR1\_Attach\_to\_Q1\_and\_Q2.xlsx, Tab Q2 p.2 – Detailed Over-Under.

## RATE OF RETURN

LG&E provided the outstanding balances for its long-term debt, short-term debt, and common equity and the blended interest rates for its long-term and short-term debt. For all approved plans for the March 2020 through August 2020 expense months, the WACC was based on the average daily balances for short- and long-term debt as of August 31, 2020, and the authorized 9.725 percent ROE.

## TWO YEAR BILLING PERIOD ENDING APRIL 30, 2021

On March 31, 2020, LG&E filed its 2020 environmental compliance plan (2020 Plan) in Case No. 2020-00061.<sup>15</sup> LG&E proposed to recover costs associated with two additional projects (projects 31 and 32) through its cost-recovery surcharge (ECR) and to update its monthly tariff and environmental surcharge (ES) forms to reflect the additional projects.<sup>16</sup> In its final Order, the Commission approved the 2020 Plan consisting of the inclusion of projects 31 and 32 and the proposed revisions and additions to LG&E's monthly ES forms.<sup>17</sup>

## SURCHARGE AMOUNT

For the final six-month period in the two-year review period (November 2020 through April 2021), LG&E determined that it had a net under-recovery of environmental costs for the six-month billing period ended April 30, 2021, of \$1,287,070. Over the two-

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<sup>15</sup> See Case No. 2020-00061, *Electronic Application of Louisville Gas and Electric Company for Approval of an Amended Environmental Compliance Plan and a Revised Environmental Surcharge* (filed Mar. 31, 2020).

<sup>16</sup> Case No. 2020-00061, Sept. 29, 2021, final Order at 1.

<sup>17</sup> Case No. 2020-00061, Sept. 29, 2021 final Order at 21.

year review period, LG&E determined that it had a net under-recovery of \$1,172,533.<sup>18</sup> The Commission has reviewed and finds reasonable LG&E's calculation of a net under-recovery of \$1,287,070 for the six-month billing period and for the net under-recovery of \$1,172,533 for the two-year billing period ending April 30, 2021.

### RATE OF RETURN

In the Commission's September 29, 2020 Order in Case No. 2020-00061, it approved a new ROE of 9.20 percent in LG&E's 2020 ECR Compliance Plan.<sup>19</sup> For all approved plans for the September 2020 through October 2020 expense months, the WACC was based on the average daily balances for short- and long-term debt as of February 28, 2021, and the authorized 9.725 percent ROE for all Pre-2020 ECR plans. For all approved plans for the November 2020 through February 2021 expense months, the WACC was based on the average daily balances for short- and long-term debt as of February 28, 2021, the authorized 9.725 percent ROE for all Pre-2020 ECR plans, and the authorized 9.2 percent ROE for the approved 2020 ECR Plan.<sup>20</sup>

### SIX MONTH BILLING PERIOD ENDING OCTOBER 31, 2021

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<sup>18</sup> LG&E's Response to Staff's First Request, Item 2, Attachment 04\_-\_CN2023-00375\_-\_LGE\_ECR\_DR1\_Attach\_to\_Q1\_and\_Q2.xlsx, Tab Q2 p.2 – Detailed Over-Under. Note that the two-year net over recovery amount is the sum of the net over-under recovery amounts in each of the three remaining six-month periods of this two-year review period. The net over recovery amount in the six-month review period ending October 31, 2019, has already been returned to customers in Case No. 2020-00171.

<sup>19</sup> Case No. 2020-00061, Sept. 29, 2020 final Order at 21.

<sup>20</sup> Case No. 2020-00171, Fackler Direct Testimony at 13–14.

In November 2020, LG&E filed a base rate case.<sup>21</sup> LG&E proposed in part, an update to its ROE and to eliminate LG&E projects 22, 23, and 26–28 from its 2009, 2011, and 2016 ECR plans from its ECR mechanism and monthly filings.<sup>22</sup> Also, LG&E proposed to recover the revenue requirement for the environmental compliance rate base for these projects through base rates.<sup>23</sup> The Commission approved LG&E’s proposed modifications regarding the 2009, 2011, and 2016 ECR Plans in its June 30, 2021 Order.<sup>24</sup> The Commission also approved an ROE of 9.35 percent for all ECR plans.<sup>25</sup>

### SURCHARGE AMOUNT

LG&E determined that it had a net over-recovery of environmental costs for the six-month billing period ended October 31, 2021, of \$1,312,720.<sup>26</sup> The Commission has reviewed and finds reasonable LG&E’s calculation of a net over-recovery of \$1,312,720 for this six-month billing period.

### RATE OF RETURN

For the March 2021 through April 2021 expense months, the WACC was based on the average daily balances for short- and long-term debt as of April 30, 2021, and the

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<sup>21</sup> See Case No. 2020-00350, *Electronic Application of Louisville Gas and Electric Company for an Adjustment of Its Electric and Gas Rates, a Certificate of Public Convenience and Necessity to Deploy Advanced Metering Infrastructure, Approval of Certain Regulatory and Accounting Treatments, and Establishment of a One-Year Surcredit* (Ky. PSC June 30, 2021).

<sup>22</sup> Case No. 2020-00350, Nov. 25, 2020 Application at 20–21.

<sup>23</sup> Case No. 2020-00350, Nov. 25, 2020 Application at 20–21, and the Direct Testimony of Adrian M. McKenzie at 6 and Stipulation Testimony of Kent W. Blake at 9.

<sup>24</sup> Case No. 2020-00171, Fackler Direct Testimony at 5, and Case No. 2020-00350, June 30, 2021 Order .

<sup>25</sup> Case No. 2020-00350, June 30, 2021 Order at 23.

<sup>26</sup> LG&E’s Response to Staff’s First Request, Item 2, Attachment 04\_-\_CN2023-00375\_-\_LGE\_ECR\_DR1\_Attach\_to\_Q1\_and Q2.xlsx, Tab Q2 p.2 – Detailed Over-Under.

authorized 9.725 percent ROE for all Pre-2020 ECR plans and 9.2 percent ROE for the approved 2020 ECR Plan.<sup>27</sup> For the May 2021 through June 2021 expense months, the WACC was based on the average daily balances for short- and long-term debt as of June 30, 2021, and the authorized 9.725 percent ROE for all Pre-2020 ECR plans and 9.2 percent ROE for the approved 2020 ECR Plan.<sup>28</sup> For the July 2021 through August 2021 expense months, the WACC was based on the average daily balances for short- and long-term debt as of August 31, 2021, and the 9.35 percent ROE to be applied to all approved ECR Plan projects.<sup>29</sup>

#### SIX MONTH BILLING PERIOD ENDING APRIL 30, 2022

#### SURCHARGE AMOUNT

LG&E determined that it had a net over-recovery of environmental costs for the six-month billing period ended April 30, 2022, of \$101,989.<sup>30</sup> The Commission has reviewed and finds reasonable LG&E's calculation of a net over-recovery of \$101,989 for this six-month billing period.

#### RATE OF RETURN

For the September 2021 through February 2022 expense months, the WACC was based on the average daily balances for short- and long-term debt as of February 28, 2022, and the authorized 9.35 percent ROE for all approved ECR Plan projects.

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<sup>27</sup> Direct Testimony of Andrea M. Fackler (filed Feb. 14, 2024) (Case No. 2023-00375, Fackler Direct Testimony) at 14.

<sup>28</sup> Case No. 2023-00375, Fackler Direct Testimony at 14.

<sup>29</sup> Case No. 2023-00375, Fackler Direct Testimony at 5, and Case No. 2020-00350, June 30, 2021 Order at 23 and 69.

<sup>30</sup> LG&E's Response to Staff's First Request, Item 2, Attachment 04\_-\_CN2023-00375\_-\_LGE\_ECR\_DR1\_Attach\_to\_Q1\_and\_Q2.xlsx, Tab Q2 p.2 – Detailed Over-Under.



## SIX MONTH BILLING PERIOD ENDING OCTOBER 31, 2022

### SURCHARGE AMOUNT

LG&E determined that it had a net over-recovery of environmental costs for the six-month billing period ended October 31, 2022, of \$1,875,897.<sup>31</sup> The Commission has reviewed and finds reasonable LG&E's calculation of a net over-recovery of \$1,875,897 for this six-month billing period.

### RATE OF RETURN

For the March 2022 through August 2022 expense months, the WACC was based on the average daily balances for short- and long-term debt as of August 30, 2022, and the authorized 9.35 percent ROE for all approved ECR Plan projects.<sup>32</sup>

## TWO YEAR BILLING PERIOD ENDING APRIL 30, 2023

### SURCHARGE AMOUNT

LG&E determined that it had a net under-recovery of environmental costs for the six-month billing period ended April 30, 2023, of \$868,796.<sup>33</sup> For the two-year billing period, LG&E determined that it had a net over-recovery of \$2,421,810. The Commission has reviewed and finds reasonable LG&E's calculation of a net under-recovery of \$868,796 for the six-month billing period and the net over-recovery of \$2,421,810 for the two-year billing period ending April 30, 2023.

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<sup>31</sup> LG&E's Response to Staff's First Request, Item 2, Attachment 04\_-\_CN2023-00375\_-\_LGE\_ECR\_DR1\_Attach\_to\_Q1\_and Q2.xlsx, Tab Q2 p.2 – Detailed Over-Under.

<sup>32</sup> Case No. 2023-00375, Fackler Direct Testimony at 14.

<sup>33</sup> LG&E's Response to Staff's First Request, Item 2, Attachment 04\_-\_CN2023-00375\_-\_LGE\_ECR\_DR1\_Attach\_to\_Q1\_and Q2.xlsx, Tab Q2 p.2 – Detailed Over-Under.

## RATE OF RETURN

For the September 2022 through February 2023 expense months, the WACC was based on the average daily balances for short- and long-term debt as of February 28, 2022, and the authorized 9.35 percent ROE for all approved ECR Plan projects.<sup>34</sup>

## SIX MONTH BILLING PERIOD ENDING OCTOBER 31, 2023

### SURCHARGE AMOUNT

LG&E determined that it had a net under-recovery of environmental costs for the six-month billing period ended April 30, 2023, of \$589,220.<sup>35</sup> The Commission has reviewed and finds reasonable LG&E's calculation of a net under-recovery of \$589,220 for this six-month billing period.

## RATE OF RETURN

For the March 2023 through August 2023 expense months, the WACC was based on the average daily balances for short- and long-term debt as of August 31, 2023, and the authorized 9.35 percent ROE for all approved ECR Plan projects.

## SURCHARGE AMOUNT DURING ALL REVIEW PERIODS

LG&E determined that cumulatively during all billing periods under review, it had a net over-recovery of \$846,645.<sup>36</sup> LG&E recommended that the Commission approve a decrease to the jurisdictional environmental surcharge revenue requirement beginning in the second full billing month following the Commission's final Order in this proceeding of

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<sup>34</sup> Case No. 2023-00375, Fackler Direct Testimony at 15.

<sup>35</sup> LG&E's Response to Staff's First Request, Item 2, Attachment 04\_-\_CN2023-00375\_-\_LGE\_ECR\_DR1\_Attach\_to\_Q1\_and\_Q2.xlsx, Tab Q2 p.2 – Detailed Over-Under.

<sup>36</sup> Case No. 2023-00375, Fackler Direct Testimony at 16, and LG&E's Response to Staff's First Request, Item 2 and LG&E's Response to Staff's First Request, Item 2, Attachment 04\_-\_CN2023-00375\_-\_LGE\_ECR\_DR1\_Attach\_to\_Q1\_and\_Q2.xlsx, Tab Q2 p.3 – Summary Over-Under.

\$846,645 over one month. The one-month decrease in the jurisdictional environmental surcharge revenue requirement would decrease LG&E's environmental cost-recovery billing factor for one month.<sup>37</sup>

The Commission has reviewed and finds reasonable LG&E's calculation of a net over-recovery of \$846,645 for all periods in this proceeding. The Commission also finds reasonable LG&E's proposal to refund this by decreasing the total jurisdictional environmental surcharge revenue requirement by \$846,645 within a one-month period, beginning in the second full billing month following the Commission's final Order in this proceeding. LG&E stated that the actual average residential customer's usage for the 12-month period ended October 2023, is 868 kilowatt-hours (kWh) per month.<sup>38</sup> LG&E calculated that for a residential customer using 868 kWh per month, the impact of its proposed decrease in the environmental cost-recovery billing factor would be a decrease of approximately \$0.92 for the month, using rates and adjustment clause factors in effect for the February 2024 billing month, the most recent information available when the response was filed.<sup>39</sup>

#### RATE OF RETURN DURING ALL REVIEW PERIODS

LG&E provided the outstanding balances for its long-term debt, short-term debt, and common equity and the blended interest rates for its long-term and short-term debt as of August 31, 2023, the last expense month of the review period. LG&E also provided the overall WACC reflecting the tax gross-up approach. LG&E recommended an overall

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<sup>37</sup> Case No. 2023-00375, Fackler Direct Testimony at 18.

<sup>38</sup> Case No. 2023-00375, Fackler Direct Testimony at 18.

<sup>39</sup> Case No. 2023-00375, Fackler Direct Testimony at 18.

rate of return on capital of 8.63 percent.<sup>40</sup> This is based on the adjusted capitalization as of August 31, 2023, the currently authorized 9.35 percent ROE for all ECR plans, and federal and Kentucky state corporate income tax rates to be used to calculate the environmental surcharge.

The Commission finds that the WACC for all of LG&E's ECR Plans of 6.97 percent and the income tax gross-up factor of 0.7505, which produces an overall grossed-up return of 8.63 percent,<sup>41</sup> should be used in all LG&E monthly environmental surcharge filings beginning in the second full billing month following the date of this Order.

#### SURCHARGE ROLL-IN

LG&E proposed that based upon its most recent two-year period under review ended February 28, 2023, \$20,662,182 be incorporated into base rates at the conclusion of this proceeding.<sup>42</sup> LG&E determined this incremental roll-in amount using the environmental surcharge rate base as of February 28, 2023, and environmental surcharge operating expenses for the 12-month period ending February 28, 2023. LG&E stated that if approved, the total amount of environmental surcharge included in base rates will be \$49,852,191. The change in base rates would take effect with bills rendered beginning with the first billing cycle in the second month following the month of the Commission's Order in this proceeding. The Commission has reviewed and finds reasonable that \$20,662,182 from the surcharge should be rolled into LG&E's existing

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<sup>40</sup> Case No. 2023-00375, Fackler Direct Testimony at 20.

<sup>41</sup> LG&E's Response to Staff's First Request, Attachment 14\_-\_CN2023-00375\_-\_LGE\_ECR\_DR1\_Attach\_to\_Q5.xlsx, Tab Q5 LGE ROR Aug 23.

<sup>42</sup> Case No. 2023-00375, Fackler Direct Testimony at 19.

base rates incrementally, resulting in total environmental surcharge revenues in base rates of \$49,852,191.

### MONTHLY REPORTING FORMS

LG&E did not propose any changes to its Environmental Cost Recovery Surcharge tariff, but it did propose multiple changes to its approved Environmental Surcharge Forms.<sup>43</sup> Proposed changes are listed below.

- As a result of the synchronization of the ROE for the Pre-2020 and 2020 ECR Plans, the separate columns reflecting the two different authorized rates of return are not needed on ES Form 1.10 – Jurisdictional Surcharge Billing Factor, ES Form 2.00 – Revenue Requirements of Environmental Compliance Costs, and ES Form 2.40 – O&M Expenses and Determination of Cash Working Capital Allowances.
- ES Form 1.10 – Update the definition of Beneficial Reuse to align with definition currently listed in the Environmental Compliance Surcharge tariff and remove case number reference on Line 11.
- ES Form 2.00 – Remove references to specific ES forms for all Emission Allowance lines for consistency. Consolidation of the existing Determination of Beneficial Reuse operating Expenses section lines into a single line, net Monthly Beneficial Reuse Operation Expenses/(Revenues). Also, update Note 1 to remove the reference to an “amount in base rates”.
- ES Form 2.10 – Updates to Form name to “Capital and Related Costs by ECR Plan and Project,” updates to columns 6 to remove specific date reference, removal of Projects 22 from the 2009 ECR Plan, and Projects 26 and 27 of the 2011 ECR Plan and Projects 28 of the 2016 ECR Plan previously eliminated from recovery through the ECR through Case No. 2020-00350, update to Note 1 indicating that it is applicable to the 2016 ECR Plan, and removal of Note 2.
- ES Form 2.50 – Removal of O&M Expense Accounts applicable to ECR Projects in the 2011 and 2016 Plans previously eliminated from recovery through the ECR through Case No. 2020-00350, removal of the Adjustments for CCP Disposal in Base Rates (ES Form 2.51) since there are no 2009 ECR Plan CCP Disposal Facilities Operation and Maintenance Expenses recovered in LG&E’s base rates.
- ES Form – 2.51 – Complete removal of the Form due to the removal of expenses from LG&E’s base rates.

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<sup>43</sup> Case No. 2023-00375, Fackler Direct Testimony at 5–6.

- ES Form 2.60 – Addition of “/Revenues” to Form name, update the “Total O&M” column to “Net Expenses/(Revenues).” Also, the removal of the “Total Monthly Beneficial Reuse Expense” and “Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)” lines, update of the “Net Beneficial Reuse O&M Expense” line to “Net Monthly Beneficial Reuse Operations Expense/(Revenues)” to sum all current expense month expenses and revenues.
- ES Form 2.61 – Complete removal of the form since there are currently no beneficial reuse expenses or revenues included in base rates.
- ES Form 3.10 – Addition of a new Line 7 for “Business and Community Solar” to break out the fixed monthly charge revenues associated with these programs and update other line references as needed, and removal of Note 1 due to the addition of Line (7) Business and Community Solar.

The Commission has reviewed LG&E’s proposed amendments to its Environmental Surcharge Forms and finds that the proposed amendments are reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. The amounts billed to customers by LG&E through its environmental surcharge for the six-month billing periods ending April 30, 2020; October 31, 2020; October 31, 2021; April 30, 2022; October 31, 2022; and October 31, 2023, and the two-year billing periods ending April 30, 2021, and April 30, 2023, are approved.

2. Beginning in the second full billing month following the date of this Order, LG&E shall decrease its jurisdictional environmental revenue requirement by \$846,645 for one month.

3. Beginning in the second full billing month following the date of this Order, LG&E shall use a WACC of 6.97 percent, a tax gross-up factor of 0.7505, a ROE of 9.35 percent, and an overall grossed up return of 8.63 percent for all of its ECR Plans in

all future monthly environmental surcharge filings unless directed otherwise by the Commission.

4. LG&E's proposed amendments to its Environmental Surcharge Forms are approved as filed.

5. LG&E's proposal to incorporate \$20,662,182 into base rates for a total rate base ECR component of \$49,852,191 to be included in base rates following the methodology previously approved by the Commission and implemented by LG&E as of the date of this Order is approved.

6. Within 20 days of the date of service of this Order, LG&E shall file with the Commission, using the Commission's electronic Tariff Filing System, revised tariffs reflecting the changes to its base rates as a result of the roll-in of environmental surcharge amounts described herein; the same type of supporting documentation it filed in Case No. 2011-00232,<sup>44</sup> and a red-lined version of its tariffs.

7. This case is closed and removed from the Commission's docket.

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<sup>44</sup> Case No. 2011-00232, *An Examination by the Public Service Commission of the Environmental Surcharge Mechanism of Louisville Gas & Electric Company for the Two-Year Billing Period Ending April 30, 2011* (Ky. PSC Feb. 29, 2012).

PUBLIC SERVICE COMMISSION

  
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Chairman

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Vice Chairman

  
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Commissioner

ENTERED  
AUG 30 2024  
rCS  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
\_\_\_\_\_  
for  
Executive Director



\*Andrea M. Fackler  
Manager, Revenue Requirement  
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\*Honorable Allyson K Sturgeon  
Vice President and Deputy General Counsel-  
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