

Kentucky Utilities Company

Incremental Connection Cost of Service Based on the Cost of Service Study
For the 12 Months Ended June 30, 2016

Rate RS

Description	Distribution	Customer Service Expenses	Total
(1) Rate Base	\$ 54,468,341	\$ 4,682,142	\$ 59,150,482
(2) Rate Base Adjustments	-	-	\$ -
(3) Rate Base as Adjusted	\$ 54,468,341	\$ 4,682,142	\$ 59,150,482
(4) Rate of Return	4.84%	4.84%	
(5) Return	\$ 2,634,624	\$ 226,474	\$ 2,861,099
(6) Interest Expenses	\$ 1,243,475	\$ 106,890	\$ 1,350,365
(7) Net Income	\$ 1,391,149	\$ 119,584	\$ 1,510,734
(8) Income Taxes	\$ 858,546	\$ 73,801	\$ 932,348
(9) Operation and Maintenance Expenses	\$ 6,749,731	\$ 34,942,422	\$ 41,692,153
(10) Depreciation Expenses	\$ 2,770,041	\$ -	\$ 2,770,041
(11) Other Taxes	\$ 512,719	\$ -	\$ 512,719
(12) Curtailable Service Credit			\$ -
(13) Expense Adjustments - Prod. Demand	\$ -	\$ -	\$ -
(14) Expense Adjustments - Energy	\$ -	\$ -	\$ -
(15) Expense Adjustments - Trans. Demand	\$ -	\$ -	\$ -
(16) Expense Adjustments - Distribution	\$ -	\$ -	\$ -
(17) Expense Adjustments - Other	\$ 25,845	\$ 2,222	\$ 28,067
(18) Expense Adjustments - Total	\$ 25,845	\$ 2,222	\$ 28,067
(19) Total Cost of Service	\$ 13,551,506	\$ 35,244,920	\$ 48,796,426
(20) Less: Misc Revenue - Tran. Demand	\$ -	\$ -	\$ -
(21) Less: Misc Revenue - Energy	\$ -	\$ -	\$ -
(22) Less: Misc Revenue - Other	\$ (215,229)	\$ (18,501)	\$ (233,730)
(23) Less: Misc Revenue - Total	\$ (215,229)	\$ (18,501)	\$ (233,730)
(24) Net Cost of Service	\$ 13,336,278	\$ 35,226,419	\$ 48,562,696
(25) Billing Units	5,164,249	5,164,249	
(26) Unit Costs	\$ 2.58	\$ 6.82	\$ 9.40