

**Louisville Gas and Electric Company****P.S.C. Electric No. 14, Original Sheet No. XX****Adjustment Clause****MC2****Mill Creek 2 Incremental Stay-Open Cost Recovery****APPLICABLE**

In all territory served.

**AVAILABILITY**

This schedule is mandatory to Standard Rate Schedules listed in Section 1 of the General Index except Rate PSA and Special Charges, all Pilot Programs listed in Section 3 of the General Index, and Adjustment Clauses (Fuel Adjustment Clause (including Off-System Sales Adjustment Clause), Environmental Cost Recovery Surcharge, Demand-Side Management Cost Recovery Mechanism, and Retired Asset Recovery). Rate schedules subject to Adjustment Clause MC2 are divided into Group 1 or Group 2 as follows:

Group 1: Rates RS; RTOD-Energy; RTOD-Demand; VFD; AES; LS; RLS; LE; and TE.

Group 2: Rates GS; GTOD-Energy; GTOD-Demand; PS; TODS; TODP; RTS; EHLF; FLS; EVSE; EVC-L2; EVC-FAST; and OSL.

**RATE**

The monthly billing amount under each of the schedules to which this mechanism is applicable shall be increased or decreased by a percentage factor calculated in accordance with the following formula.

$$\text{Group MC2 Billing Factor} = \text{Group E(m)} / \text{Group R(m)}$$

As set forth below, Group E(m) is E(m) for the current expense month allocated to each of Group 1 and Group 2. Group R(m) for Group 1 is the twelve (12) month average revenue ending with the current expense month and for Group 2 is the twelve (12) month average non-fuel revenue ending with the current expense month.

**DEFINITIONS**

1.  $E(m) = [(RB/12) (ROR + (ROR - DR) (TR / (1 - TR)))] + OE$ 
  - a. RB is the Mill Creek 2 Incremental Stay-Open Rate Base.
  - b. ROR is the Company's overall rate of return (cost of short-term debt, long-term debt, preferred stock, and common equity) as approved by the Kentucky Public Service Commission in the Company's most recent base rate case.
  - c. DR is the Debt Rate (cost of short-term debt and long-term debt).
  - d. TR is the Composite Federal and State Income Tax Rate.
  - e. OE is Incremental Stay-Open Operating Expenses of Mill Creek 2 not otherwise recovered through base rates or other cost-recovery mechanisms.

**DATE OF ISSUE:** XXXX XX, 2025**DATE EFFECTIVE:** With Service Rendered  
On and After XXXX XX, 2025**ISSUED BY:** /s/ Robert M. Conroy, Vice President  
State Regulation and Rates  
Lexington, Kentucky**Issued by Authority of an Order of the  
Public Service Commission in Case No.  
2025-00045 dated XXXX**

**Louisville Gas and Electric Company****P.S.C. Electric No. 14, Original Sheet No. XX****Adjustment Clause****MC2****Mill Creek 2 Incremental Stay-Open Cost Recovery****DEFINITIONS (continued)**

2. E(m) is adjusted for any (Over)/Under collection or prior period adjustment to arrive at Adjusted Net E(m). Adjusted Net E(m) is allocated to Group 1 and Group 2 on the basis of Revenue as a Percentage of Total Revenue for the twelve (12) months ending with the Current Month to arrive at Group 1 E(m) and Group 2 E(m).
3. The Group 1 R(m) is the average of total Group 1 monthly base revenue for the twelve (12) months ending with the current expense month. Base revenue includes customer, energy, and lighting charges for each rate schedule included in Group 1 to which this mechanism is applicable and automatic adjustment clause revenues for the Fuel Adjustment Clause, Off-System Sales Adjustment Clause, Environmental Cost Recovery Surcharge, Retired Asset Recovery, and the Demand-Side Management Cost Recovery Mechanism as applicable for each rate schedule in Group 1.
4. The Group 2 R(m) is the average of total Group 2 monthly base non-fuel revenue for the twelve (12) months ending with the current expense month. Base non-fuel revenue includes customer, non-fuel energy, and demand charges for each rate schedule included in Group 2 to which this mechanism is applicable and automatic adjustment clause revenues for the Environmental Cost Recovery Surcharge, Retired Asset Recovery, and the Demand-Side Management Cost Recovery Mechanism, as applicable for each rate schedule in Group 2. Non-fuel energy is equal to the tariff energy rate for each rate schedule included in Group 2 less the base fuel factor as defined on Sheet No. 85.1, Paragraph 6.
5. Current expense month (m) shall be the second month preceding the month in which Adjustment Clause MC2 is billed.

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