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. 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; LS; RLS; LE; and TE.
Group 2: Rates GS; GTOD-Energy; GTOD-Demand; PS; TODS; TODP; RTS; EHLF; FLS; EVSE; EVC; 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.

Group MC2 Billing Factor = Group E(m) / 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 base revenue ending with the current expense month and for Group 2 is the twelve (12) month average non-fuel base 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 on capital (cost of short-term debt, long-term debt, preferred stock, and common equity based on the electric base rate return on equity most recently approved by the Commission grossed up for federal and state income taxes) for the most recent twelve (12) months.
   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. 2025-00114 dated XXXX

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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 Base Revenue as a Percentage of Total Base 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 applies.

   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 applies. 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.

4. Current expense month (m) shall be the second month preceding the month in which Adjustment Clause MC2 is billed.

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