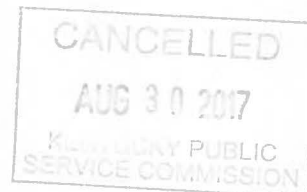


**RIDER FAC  
 FUEL ADJUSTMENT CLAUSE**



**APPLICABLE**

In all territory service.

**AVAILABILITY OF SERVICE**

This schedule is a mandatory rider to all electric rate schedules.

- (1) The monthly amount computed under each of the rate schedules to which this fuel clause is applicable shall be increased or (decreased) at a rate per kilowatt-hour of monthly consumption in accordance with the following formula:

$$\text{Fuel Cost Adjustment} = \frac{F(m)}{S(m)} - \$0.029117 \text{ per kWh} \quad (I)$$

Where F is the expense of fuel in the second preceding month and S is the sales in the second preceding month, as defined below:

- (2) Fuel costs (F) shall be the cost of:
  - (a) Fossil fuel consumed in the Company's plants plus the cost of fuel which would have been used in plants suffering forced generation or transmission outages, but less the cost of fuel related to substitute generation, plus
  - (b) The actual identifiable fossil and nuclear fuel costs associated with energy purchased for reasons other than identified in paragraph (c) of this subsection, but excluding the cost of fuel related to purchases to substitute for the forced outages; plus
  - (c) The net energy cost of energy purchases, exclusive of capacity or demand charges (irrespective of the designation assigned to such transaction) when such energy is purchased on an economic dispatch basis. Included therein are such costs as the charges for economy energy purchases and the charges as a result of scheduled outage, all such kinds of energy being purchased by the Company to substitute for its own higher cost energy, and less
  - (d) The cost of fossil fuel recovered through inter-system sales including the fuel costs related to economy energy sales and other energy sold on an economic dispatch basis.
  - (e) All fuel costs shall be based on a weighted-average inventory costing. The cost of fossil fuel shall include no items other than the invoice price of fuel less any cash or other discounts. The invoice price of fuel includes the cost of fuel itself and necessary charges for transportation of fuel from the point of acquisition to the unloading point, as listed in Account 151 of the FERC Uniform System of Accounts for Public Utilities and Licensees.

Issued by authority of an Order of the Kentucky Public Service Commission dated August 11, 2015 in Case No. 2014-00454.

Issued: August 14, 2015  
 Effective: August 31, 2015  
 Issued by James P. Henning, President

KENTUCKY PUBLIC SERVICE COMMISSION	
<b>JEFF R. DEROUEN</b> EXECUTIVE DIRECTOR	
(T)	TARIFF BRANCH
(T)	<i>Burt Kirley</i>
(T)	EFFECTIVE
(T)	<b>8/31/2015</b>
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)	

Duke Energy Kentucky  
4580 Olympic Blvd.  
Erlanger, Kentucky 41018

KY. P.S.C. Electric No. 2  
Sixth Revised Sheet No. 80  
Cancels and Supersedes  
Fifth Revised Sheet No. 80  
Page 2 of 2

**AVAILABILITY OF SERVICE (Contd.)**

(f) As used herein, the term "forced outages" means all non-scheduled losses of generation or transmission which require substitute power for a continuous period in excess of six (6) hours. Where forced outages are not as a result of faulty equipment, faulty manufacture, faulty design, faulty installations, faulty operation, or faulty maintenance, but are Acts of God, riot, insurrection, or acts of the public enemy, then the Company may, upon proper showing, with the approval of the Commission, include the fuel cost of substitute energy in the adjustment.

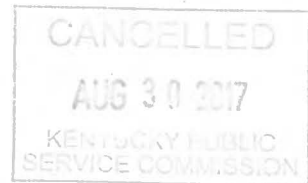
(3) Sales (S) shall be determined in kilowatt-hours as follows:

Add:

- (a) net generation
- (b) purchases
- (c) interchange in

Subtract:

- (d) inter-system sales including economy energy and other energy sold on an economic dispatch basis.
- (e) total system losses



Issued by authority of an Order of the Kentucky Public Service Commission dated August 11, 2015 in Case No. 2014-00454.

Issued: August 14, 2015  
Effective: August 31, 2015  
Issued by James P. Henning, President

<b>KENTUCKY PUBLIC SERVICE COMMISSION</b>	
<b>JEFF R. DEROUEN EXECUTIVE DIRECTOR</b>	
(T)	TARIFF BRANCH
(T)	<i>Brent Kirtley</i>
(T)	EFFECTIVE
(T)	<b>8/31/2015</b>
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)	