

Adjustment Clause

**FAC
Fuel Adjustment Clause**

APPLICABLE

In all territory served.

AVAILABILITY OF SERVICE

This schedule is mandatory to all electric rate schedules.

- (1) The charge per kWh delivered under the rate schedules to which this fuel clause is applicable shall be increased or decreased during each month in accordance with the following formula:

$$\text{Adjustment Factor} = \frac{F(m) - F(b)}{S(m) - S(b)}$$

where "F" is the expense of fossil fuel and "S" is the kWh sales in the base (b) and current (m) periods as defined in 807 KAR 5:056, all as set out below.

- (2) Fuel costs (F) shall be the most recent actual monthly cost of:
- (a) Fossil fuel consumed in the utility's own 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) below, 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 may be such costs as the charges for economy energy purchases and the charges as a result of scheduled outages, all such kinds of energy being purchased by the buyer 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 weighted average inventory costing.

CANCELLED
JUL 01 2017
KENTUCKY PUBLIC
SERVICE COMMISSION

DATE OF ISSUE: July 10, 2015
DATE EFFECTIVE: January 1, 2013
ISSUED BY: /s/ Edwin R. Staton, Vice President
State Regulation and Rates
Lexington, Kentucky

Issued by Authority of an Order of the
Public Service Commission in Case No.
2012-00221 dated December 20, 2012

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Brent Kirtley</i>
EFFECTIVE 7/1/2015 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

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- (3) Forced outages are 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 utility may, upon proper showing, with the approval of the Commission, include the fuel cost of substitute energy in the adjustment. Until such approval is obtained, in making the calculations of fuel cost (F) in subsection (2)(a) and (b) above, the forced outage costs to be subtracted shall be no less than the fuel cost related to the lost generation.
- (4) Sales (S) shall be all kWh sold, excluding inter-system sales. Where, for any reason, billed system sales cannot be coordinated with fuel costs for the billing period, sales may be equated to the sum of (i) generation, (ii) purchases, (iii) interchange in, less (iv) energy associated with pumped storage operations, less (v) inter-system sales referred to in subsection (2)(d) above, less (vi) total system losses. Utility used energy shall not be excluded in the determination of sales (S).
- (5) 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 the fuel itself and necessary charges for transportation of the fuel from the point of acquisition to the unloading point, as listed in Account 151 of FERC Uniform System of Accounts for Public Utilities and Licensees.
- (6) Base (b) period shall be May 2011, and the base fuel factor is \$0.02892 per kWh.
- (7) Current (m) period shall be the second month preceding the month in which the Fuel Clause Adjustment Factor is billed.
- (8) Pursuant to the Public Service Commission's Orders in Case No. 2012-00552 dated May 17, 2013, and May 29, 2013, the Fuel Adjustment Clause will become effective with bills rendered on and after the first billing cycle for July 2013, which begins June 26, 2013.

CANCELLED
JUL 01 2017
KENTUCKY PUBLIC
SERVICE COMMISSION

DATE OF ISSUE: July 10, 2015
DATE EFFECTIVE: With Bills Rendered On and After June 26, 2013
ISSUED BY: /s/ Edwin R. Staton, Vice President
State Regulation and Rates
Lexington, Kentucky

Issued by Authority of Orders of the Public Service Commission in Case No. 2012-00552 dated May 17, 2013 and May 29, 2013

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Brent Kirtley</i>
EFFECTIVE 7/1/2015 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)