

Adjustment Clause

ECR

Environmental Cost Recovery Surcharge

APPLICABLE

In all territory served.

AVAILABILITY OF SERVICE

This schedule is mandatory to all Standard Electric Rate Schedules listed in Section 1 of the General Index except CTAC and Special Charges, all Pilot Programs listed in Section 3 of the General Index, and the FAC and DSM Adjustment Clauses. Standard Electric Rate Schedules subject to this schedule are divided into Group 1 or Group 2 as follows:

- Group 1: Rate Schedules RS; RTOD-Energy; RTOD-Demand; VFD; AES; LS; RLS; LE; and TE.
- Group 2: Rate Schedules GS; PS; TODS; TODP; RTS; and FLS.

T

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 Environmental Surcharge Billing Factor = Group E(m) / Group R(m)

As set forth below, Group E(m) is the sum of Jurisdictional E(m) of each approved environmental compliance plan revenue requirement of environmental compliance costs for the current expense month allocated to each of Group 1 and Group 2. Group R(m) for Group 1 is the 12-month average revenue for the current expense month and for Group 2 it is the 12-month average non-fuel revenue for the current expense month.

DEFINITIONS

- For all Plans, $E(m) = [(RB/12) (ROR + (ROR - DR) (TR / (1 - TR)))] + OE - EAS + BR$
 - RB is the Total Environmental Compliance Rate Base.
 - ROR is the Rate of Return on Environmental Compliance Rate Base, designated as the overall rate of return [cost of short-term debt, long-term debt, preferred stock, and common equity].
 - DR is the Debt Rate [cost of short-term debt, and long-term debt].
 - TR is the Composite Federal and State Income Tax Rate.
 - OE is the Operating Expenses. OE includes operation and maintenance expense recovery authorized by the K.P.S.C. in all approved ECR Plan proceedings.
 - EAS is the total proceeds from emission allowance sales.
 - BR is the operation and maintenance expenses, and/or revenues if applicable, associated with Beneficial Reuse.
- Plans are the environmental surcharge compliance plans submitted to and approved by the Kentucky Public Service Commission pursuant to KRS 278.183.

DATE OF ISSUE: July 10, 2015

DATE EFFECTIVE: July 1, 2015

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.
2014-00371 dated June 30, 2015

CANCELLED
DEC 07 2015
KENTUCKY PUBLIC SERVICE COMMISSION

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)	