

Louisville Gas and Electric Company

P.S.C. Electric No. 9, Original Sheet No. 87

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; VFD; LS; RLS; LE; TE; and Pilot Program LEV.

Group 2: Rate Schedules GS; PS; TODS; ITODP; CTODP; RTS; and FLS.

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.

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

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

- 1) For all Plans, $E(m) = [(RB/12) (ROR + (ROR - DR) (TR / (1 - TR)))] + OE - EAS + BR$
 - a) RB is the Total Environmental Compliance Rate Base.
 - b) 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].
 - 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 the Operating Expenses. OE includes operation and maintenance expense recovery authorized by the K.P.S.C. in all approved ECR Plan proceedings.
 - f) EAS is the total proceeds from emission allowance sales applicable to the pre-2011 Plans only.
 - g) BR is the operation and maintenance expenses, and/or revenues if applicable, associated with Beneficial Reuse applicable to the pre-2011 Plans only.
 - h) Plans are the environmental surcharge compliance plans submitted to and approved by the Kentucky Public Service Commission pursuant to KRS 278.183.

CANCELLED

DEC 31 2013

KENTUCKY PUBLIC
SERVICE COMMISSION

DATE OF ISSUE: January 31, 2013

DATE EFFECTIVE: January 1, 2013

ISSUED BY: /s/ Lonnie E. Bellar, Vice President
State Regulation and Rates
Louisville, Kentucky

Issued by Authority of an Order of the
Public Service Commission in Case No.
2012-00222 dated December 20, 2012

KENTUCKY
PUBLIC SERVICE COMMISSION

JEFF R. DEROUEN
EXECUTIVE DIRECTOR

TARIFF BRANCH

Brent Kirtley

EFFECTIVE

1/4/2013

PURSUANT TO 807 KAR 5:011 SECTION 9 (1)