

STANDARD RIDER

Fuel Clause

Applicable to: All electric rate schedules.

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:

$$\text{Adjustment Factor} = F/S - 1.235\text{¢}$$

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:

(1) 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) 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 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 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 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 the 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.

(f) As used herein, the term "forced outages" means all nonscheduled losses of generation or transmission which require substitute power for a continuous period in excess of six 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.

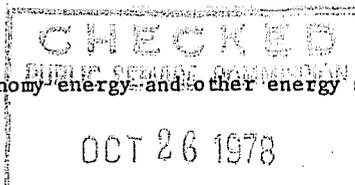
(2) Sales (S) shall be determined in kilowatt-hours as follows:

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



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by R. Keckmond
 ENGINEERING DIVISION
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ISSUED BY B. Hudson Milner President Louisville, Kentucky

STANDARD RATE SCHEDULE

Fuel Clause

Applicable to: All rate schedules in this Tariff other than Rates PSL and OL.

The monthly amount computed in accordance with the provisions of 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 equivalent to the amount by which the Company's "Average Cost of Fuel per Kilowatt-hour" incurred during the preceding month is more or less than .55¢ per kilowatt-hour.

For the purpose of this Fuel Clause, the "Average Cost of Fuel per Kilowatt-hour" for any month shall be determined as follows:

- A. Compute the following for the month:
 1. Take total charges to Fuel expense account for those items listed in Account 151 of the Uniform System of Accounts for Class A and B Public Utilities and Licensees.
 2. Add that portion of the cost of energy purchased (other than on an economic dispatch basis) from other electric utilities that represents fuel costs.
 3. Add the energy cost of purchases from other electric utilities when scheduled on an economic dispatch basis to substitute for Company's own higher cost energy.
 4. Subtract that portion of charges for energy sold to other electric utilities that represents fuel costs.

- B. Compute the following for the month:
 1. Take total net Kwh produced by all of Company's production facilities.
 2. Add Kwh purchased from other electric utilities.
 3. Subtract Kwh sold to other electric utilities.
 4. Subtract Kwh used in Company's Electric Department operations, including Kwh furnished to the United States in connection with Hydro Plant license.
 5. Multiply by a fraction the denominator of which is 100 and the numerator of which is 100 minus the percentage transmission and distribution losses for the 12 preceding months.

- C. Divide the result of the computations in A by the result of the computations in B.

The determination of "Average Cost of Fuel per Kilowatt-hour" for any month shall be based on actual determinants to the extent practicable, and on estimates where necessary to effect a timely calculation. To the extent that such estimates differ from actual amounts as subsequently determined, the calculation for the next month shall reflect a correction of such deviations.

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