Louisville Gas and Electric Company

P.S.C. Gas No. 10, First Revision of Original Sheet No. 86.6 Canceling P.S.C. Gas No. 10, Original Sheet No. 86.6

Adjustment Clause

Demand-Side Management Cost Recovery Mechanism

Monthly Adjustment Factors:

| Residential Gas Service Rate RGS and Volunteer Fire Department Service Rate VFD | Energy Charge |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|
| DSM Cost Recovery Component (DCR) DSM Revenues from Lost Sales (DRLS) DSM Incentive (DSMI) DSM Capital Cost Recovery Component (DCCR) DSM Balance Adjustment (DBA) Total DSMRC for Rates RGS and VFD | \$ 0.01788 per Ccf R \$ 0.00079 per Ccf I \$ 0.00083 per Ccf \$ 0.00000 per Ccf \$ (0.01043) per Ccf \$ 0.00907 per Ccf I |
| Firm Commercial Gas Service Rate CGS, As-Available Gas Service Rate AAGS,* and Firm Transportation Service Rate FT* | Energy Charge |
| DSM Cost Recovery Component (DCR) DSM Revenues from Lost Sales (DRLS) DSM Incentive (DSMI) DSM Capital Cost Recovery Component (DCCR) DSM Balance Adjustment (DBA) | \$ 0.00086 per Ccf \$ 0.00000 per Ccf \$ 0.00000 per Ccf \$ 0.00000 per Ccf \$ (0.00032) per Ccf |
| Total DSMRC for Rates CGS, AAGS, and FT | \$ 0.00054 per Ccf R |

* This charge does not apply to industrial customers taking service under these rates CANCELLED because the Company currently does not offer industrial DSM programs.

KENTUCKY PUBLIC SERVICE COMMISSION

DATE OF ISSUE:

December 1, 2015

DATE EFFECTIVE: December 31, 2015

ISSUED BY:

/s/ Edwin R. Staton, Vice President

State Regulation and Rates

Louisville, Kentucky

KENTUCKY

PUBLIC SERVICE COMMISSION

JEFF R. DEROUEN **EXECUTIVE DIRECTOR**

TARIFF BRANCH

12/31/2015

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