

August 7, 2018

Dear Superintendent:

The Louisville Gas and Electric and Kentucky Utilities Companies have announced their intent to submit by September 28 requests to the Public Service Commission for authority to increase electric and gas rates.

In the case immediately prior to this one, the PSC authorized pilot school rates effective until the earlier of July 1, 2020, or the date of LGE/KU's next rate case filing. You should have received a letter from LGE/KU advising that school accounts participating in the pilot school rates will be returned to their former applicable rate with the filing of the new rate requests.

When it originally approved the pilot school rates, the PSC directed the companies to collect data and file semi-annual reports detailing monthly individual and aggregate load information and indicating preliminary findings regarding the schools' load characteristics. The PSC envisioned, "In the event that a future proposal is made either to extend the pilot school tariffs or to make them permanent, this load information will be used to determine whether the schools' load characteristics justify a special rate classification."

In the new rate case, KSBA will address several issues, including continuation of the pilot rates, which began in September 2017 and provided a cumulative \$1.5 million annual benefit to Kentucky public and private schools.

The PSC is expected to suspend implementation of the proposed rates until April 1, 2019 to permit review of the request and for parties to voice their concerns. KSBA has in the past intervened on behalf of districts in utility rate cases, most recently in 2016 with the support of contributions to an intervention fund by affected districts. In the prior proceedings, the Council for Better Education provided \$25,000 of the funding and districts provided \$10,000. We don't know whether CBE will again be providing funding for the upcoming proceedings.

The cost for intervening in the 2016 cases was \$42,000, \$7,000 of which was absorbed by the intervention team. Your district is being asked to consider committing to contribute to an intervention fund of \$45,000 to cover legal and professional witness costs in the new rate case. In addition, KSBA will seek financial support from the Kentucky Non-Public Schools Commission (KYNPSC).

Attached is a list showing the cost per district if all or half of the 84 affected districts participate. Your cost will be reduced by any funds received from CBE and KYNPSC, and to the extent actual incurred costs are less than the \$45,000 cap.

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As a first step, we are asking that you respond to this email by indicating **Yes** or **No** that you will recommend to your board participation of up to the amount shown in the "Half" participating column. We are asking for an "up to" commitment as we cannot predict if all districts will participate. In the 2016 proceeding, eight districts declined participation.

Next, please insert that amount in the attached Resolution and present it to your board for authorization to participate in the intervention and committing the board to reimburse KSBA for the board's share of actual incurred costs that exceed any CBE or KYNPSC contributions. Your district will not be billed a share of any intervention costs that exceed the \$45,000 cap. Please return a copy of the Resolution for our files.

Your immediate attention to this matter is requested.

Separately, you will be receiving a notice from us that the School Energy Managers Project administered by KSBA may be ending at the end of this month due to the expiration of funding. A final determination on this matter for LGE/KU districts is currently pending before the PSC. However, as this letter indicates, KSBA will seek to intervene in this upcoming rate case on behalf of affected districts, regardless of the project's fate.

Sincerely,



Kerri Schelling
Executive Director