David Webster,
President

KENTUCKY SCHOOL BOARDS ASSOCIATION
"A brighter future through better public schools"

Kerri Schelling,
Executive Director

August 29, 2017

Dear Superintendent:

On August 2, Duke Energy Kentucky notified the Public Service Commission of its intent to file in four weeks or reasonably soon thereafter an application to increase electric rates and initiate an environmental surcharge. There are no specifics at this time other than this is the Company's first such increase in quite some time.

KSBA is currently representing the interests of affected districts before the PSC in a similar proceeding of Kentucky Power (Case No. 2017-00179) and just completed representation in a combined LGE-KU proceeding (Case Nos. 2016-00370 and 00371). These are the third and fourth requests for Kentucky Power and LGE-KU that KSBA has participated in since 2010. Kentucky Power's current request is nearly sixteen percent for schools and the LGE- KU requests were for six and eight percent respectively.

Following the submittal of the Company's application the PSC will suspend implementation of the proposed rates for five months to permit review of the request and for parties to voice their concerns. The PSC is further expected to notice that any party wishing to intervene must submit its motion requesting intervention within thirty days of the Company's anticipated submittal, late September or early October.

In past proceedings KSBA intervention has been supported by district contributions to an Intervention Fund. In order for KSBA to intervene in the current case you are being asked for your district to contribute to an Intervention Fund of $30,000 to cover legal and professional witness costs. In the just completed LGE-KU cases KSBA was successful in getting the requested annual increase for schools reduced by $2.7 million, in part by $1.5 through initiation of Pilot School Rates. In addition, LGE-KU agreed to extend their current support for school energy managers by an additional $1.425 million through FY2020.

Attached is a list showing the cost per district if all or half of the twenty-three affected districts contribute. District cost was assigned on the basis of Duke served K – 12 schools.

Recognizing your Boards may not meet prior to the required intervention request, 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 to approve participation 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. Next please insert that amount in the attached Resolution and present 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 not to exceed the up to cap of $30,000. When your Board acts please forward a copy of the approved Resolution for our files

Your immediate attention to this matter is requested as the Petition for Intervention is anticipated to be required to be filed with the PSC by late September or early October.

Sincerely,

Kerri Schelling
Executive Director

Cc: Ron Willhite