

David Webster,
President

Kerri Schelling,
Executive Director

March 13, 2018

Dear Superintendent;

School Energy Manager Program Continuance
Update on KU/LGE Filing 2017- 00441

For the past several years, Kentucky Utilities (KU) and Louisville Gas and Electric (LGE) have provided funding through the KSBA to maintain a School Energy Manager Program (SEMP) including matching funds for your energy manager position.

In KU and LGE's most recent rate case completed June of last year they committed to request Kentucky Public Service Commission (PSC) approval to continue funding SEMP and as such submitted an application to that effect on December 6, 2017. Even though KU and LGE requested a PSC final order by June 2018 there is not a required date for PSC action.

In their application KU and LGE included an independent study that indicates they no longer need to curtail electric demand and as such will not need to add new generation capacity for over 20 years.

As with previous filings, the Kentucky Public Service Commission evaluates programs on a cost/benefit analysis. In past filings the cost benefit analysis of the SEMP has shown the program to be cost effective. If capacity construction is not required, as indicated by the recent study, the cost /benefit analysis is lowered and may not be viewed as sustainable by the PSC.

Because of this situation we feel it appropriate to advise that the continuance of the funding for school energy managers in the KU/LGE service territories is at risk and may not be available beyond the current school year (FY2018).

Your energy manager and others around the state have done a terrific job in reducing energy and demand and in meeting the annual reduction goals as set out in our contracts with KU and LGE. Your district has benefited greatly from the resultant lowered energy costs and reduced consumption. If this program is discontinued, it has nothing to do with the performance of your energy manager. Regardless of the outcome we strongly urge your continued focus on energy management as envisioned by KRS160.325 and Board Policy 05.23.

We will advise you when a final ruling is issued.

Thanks for your great work and continued support.

Sincerely,



Kerri Schelling, Executive Director
Kentucky School Boards Association