

David Webster,  
President

Kerri Sci  
Executive D

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 cost are less than the \$45,000 cap.

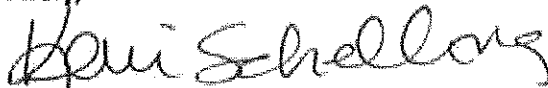
As a first step, we are asking that you respond to this email by indicating **Yes** or **No** that you will recommend to your board participation of up to the amount shown in the "Half" participating column. We are asking for an "up to" commitment as we cannot predict if all districts will participate. In the 2010 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 file.

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,

A handwritten signature in black ink, appearing to read "Kerri Schelling". The signature is fluid and cursive, with the first name "Kerri" and last name "Schelling" clearly distinguishable.

Kerri Schelling  
Executive Director

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(continued on page 2)

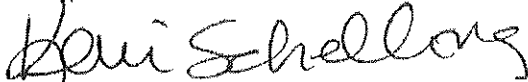
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Kerri Schelling  
Executive Director

**LGE-KU  
RATE CASE INTERVENTION  
COST by DISTRICT**

Attorney - Client Privilege  
Work Product  
Confidential - Do Not Distribute

DISTRICT	Share		DISTRICT	Share	
	Districts Participating			Districts Participating	
	All	Half		All	Half
Anchorage	\$77	\$116	Jefferson	\$14,513	\$21,770
Anderson	\$308	\$462	Jessamine	\$231	\$347
Augusta	\$77	\$116	Knox	\$231	\$347
Ballard	\$231	\$347	LaRue	\$378	\$567
Barren	\$154	\$231	Laurel	\$539	\$809
Bath	\$231	\$347	Lee	\$154	\$231
Bell	\$539	\$809	Lincoln	\$385	\$578
Bourbon	\$385	\$578	Lyon	\$231	\$347
Boyle	\$385	\$578	Madison	\$924	\$1,386
Bracken	\$231	\$347	Marion	\$385	\$578
Bullitt	\$900	\$1,350	Mason	\$308	\$462
Burgin	\$77	\$116	McCracken	\$308	\$462
Campbellsville	\$231	\$347	McCreary	\$231	\$347
Carroll	\$308	\$462	McLean	\$231	\$347
Casey	\$385	\$578	Meade	\$157	\$236
Caverna	\$231	\$347	Mercer	\$231	\$347
Christian	\$77	\$116	Middlesboro	\$308	\$462
Clark	\$539	\$809	Montgomery	\$462	\$693
Clay	\$154	\$231	Muhlenberg	\$693	\$1,040
Crittenden	\$231	\$347	Nelson	\$251	\$377
Danville	\$385	\$578	Nicholas	\$154	\$231
Dawson Spring	\$77	\$116	Ohio	\$308	\$462
East Bernstadt	\$77	\$116	Oldham	\$1,529	\$2,294
Elizabethtown	\$385	\$578	Pendleton	\$77	\$116
Eminence	\$164	\$246	Pineville	\$154	\$231
Estill	\$231	\$347	Pulaski	\$616	\$924
Fayette	\$3,850	\$5,775	Robertson	\$77	\$116
Fleming	\$231	\$347	Rockcastle	\$308	\$462
Franklin	\$77	\$116	Rowan	\$154	\$231
Gallatin	\$308	\$462	Russell County	\$308	\$462
Garrard	\$154	\$231	Science Hill	\$77	\$116
Grayson	\$385	\$578	Scott	\$1,001	\$1,502
Green	\$308	\$462	Shelby	\$616	\$924
Hardin	\$1,282	\$1,923	Somerset	\$231	\$347
Harlan Co	\$616	\$924	Taylor	\$231	\$347
Harlan Ind	\$154	\$231	Trimble	\$127	\$191
Harrison	\$231	\$347	Union	\$385	\$578
Hart	\$462	\$693	Washington	\$154	\$231
Henderson	\$77	\$116	Webster	\$385	\$578
Henry	\$445	\$668	West Point	\$77	\$116
Hickman	\$154	\$231	Williamsburg	\$77	\$116
Hopkins	\$539	\$809	Woodford	\$539	\$809

**\$45,000    Allocated on K-12 Schools:    \$40,500    Electric LGE&KU    \$4,500    Gas LGE**

### Resolution of the Board

The Louisville Gas and Electric and Kentucky Utilities Companies have announced their intent to submit by September 28, 2018 requests to the Public Service Commission for authority to increase electric and gas rates.

On \_\_\_\_\_ the \_\_\_\_\_ Board of Education ("Board") hereby authorizes the superintendent to provide funding support to the Kentucky School Boards Association ("KSBA") up to \$\_\_\_\_\_ to represent the interests of the Board before the PSC. The Board will be billed and hereby commits to reimburse KSBA for its share of total actual incurred intervention costs capped cumulatively at \$45,000.

\_\_\_\_\_ Board of Education

\_\_\_\_\_ Chair

\_\_\_\_\_ Attest

\_\_\_\_\_ Title

Please return to: Kerri Schelling  
260 Democrat Drive  
Frankfort, KY 40601

or

[kerri.schelling@ksba.org](mailto:kerri.schelling@ksba.org)