

**William H. Wheeler**  
187 Jesselin Drive  
Lexington, KY 40503  
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**RECEIVED**

MAR 14 2017

PUBLIC SERVICE  
COMMISSION

March 10, 2017

Dr. Talina R. Mathews  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40601

Re: KU Request for Revenue Increase, Rate Case 2016-00370

Dear Dr. Mathews:

Enclosed are:

1. My letter to the Commission to be posted as Public Comment.
2. Copy of my 3/09/2017 letter and its two enclosures to Mr. Staffiere, Kentucky Utilities Company as information for the PSC.
3. Charts, as information for the PSC, comparing proposed rates in three examples:
  - My home kWh usage March, 2016 thru February, 2017.
  - Double my home kWh usage.
  - Matching KU's enclosure-example-month to my highest usage month and matching the remaining 11 months to the ratio my months are to my high month.

I was disappointed that KU's enclosure used a misleading tactic to explain its request for revenue increase.

Sincerely,

*William H. Wheeler*

**William H. Wheeler**  
**187 Jesselin Drive**  
**Lexington, KY 40503**

March 10, 2017  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40601

Re: Kentucky Utilities Co. Request for Revenue Increase, Rate Case 2016-00370  
Submitted as Public Comment

An enclosure that accompanied the KU billing statement mailed February 10, 2017 was intended to justify the proposed revenue *increase*. But it showed a 5% *savings* to consumers by applying a lower per kilowatt-hour rate on usage of electricity coupled with a higher fixed charge. This oddity drew my attention and a careful look at the example revealed that KU chose to use 2,358 kilowatt hours for the usage month in its example of the savings.

As my monthly usage averaged 713 kWh for the past year, it became apparent that the KU proposal would benefit the very high kWh users at the expense of low usage consumers.

A comparison of the proposed rates to the current rates applied to my home's actual 12 month usage showed an 11.6% cost increase for the year. Compared to the KU example increasing the kWh rate and not changing the basic charge results in a 5.3% cost increase.

A comparison of the proposed rates to the current rates applied to double my home's 12 month usage (monthly average 1,426 kWh) showed a 4.4% cost increase for the year. Compared to the KU example increasing the kWh rate and not changing the basic charge results in a 2.1% *cost decrease*.

Applying the proposed changes to an annual usage total computed by applying the KU enclosure-example-month (2,358 kWh) to my high month and matching the remaining 11 months to the ratio my months are to my high month produced a 12 month usage (monthly average 1,535 kWh) which resulted in a 3.8% cost increase for the year. Compared to the KU example increasing the kWh rate and not changing the basic charge results in a 2.6% *cost decrease*.

Thus, the proposed pricing is unfair to low usage consumers because the higher proposed fixed charge, a change from \$10.75 to \$22.00, does not relate to electricity demand. Very heavy users, e.g., some all-electric and mansion owners will enjoy savings while low electric users will produce the revenue KU is seeking.

William H. Wheeler

**William H. Wheeler**  
**187 Jesselin Drive**  
**Lexington, KY 40503**  
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March 9, 2017

Mr. Victor A. Staffiere  
Chairman, Kentucky Utilities Company  
One Quality Street  
Lexington, KY 40507

Dear Mr. Staffieri:

Re: KU Request for Revenue Increase, Rate Case 2016-00370

I read with interest the enclosure that accompanied the KU billing statement mailed February 10, 2017 because of the 2,358 kWh usage for the example month.

Enclosed is a table using my home's usage from March, 2016 to February, 2017 showing comparisons using the format on the enclosure.

The example pricing, higher per-kWh charge, produces a 6% increase over my current cost.

The proposed pricing, lower per-kWh charge and higher fixed charge (Basic Service Charge), produces an 11.6% increase over my current cost.

The proposed pricing, a 5.2% increase over the example pricing, is an opposite result from the 5% savings on the enclosure.

The proposed pricing is unfair to low electric users because the higher proposed fixed charge, a change from \$10.75 to \$22.00, does not relate to electricity demand.

Your justification for the fixed charge change says "will minimize the impact of extreme temperatures on energy bills," but all-electric users and mansion rate-payers will enjoy savings while low electric users will produce the revenue increase you are seeking. Could the headline on your enclosure "A Service Charge With Benefits" be considered misleading to some consumers?

Yours for fairness,

Encl: Table of Pricing Examples  
Enclosure with Feb. 10 Billing Statement

cc: Kentucky Public Service Commission

03/08/2017

EXAMPLES OF KU PROPOSED REVISED PRICING USING ACTUAL kWh USAGE AT 187 JESSELIN DR, LEXINGTON

	ELEC kWh	CURRENT PRICING			EXAMPLE PRICING			PROPOSED PRICING				
		Cost @	Basic Srv Charge	D + E	Cost @	Basic Srv Charge	H + I	Cost @	Basic Srv Charge	L + M		
Mar '16	632	\$0.0887	\$56.06	\$10.75	\$66.81	\$60.04	\$10.75	\$70.79	\$53.72	\$22.00	\$75.72	
	721	\$0.0887	\$63.95	\$10.75	\$74.70	\$68.50	\$10.75	\$79.25	\$61.29	\$22.00	\$83.29	
	538	\$0.0887	\$47.72	\$10.75	\$58.47	\$51.11	\$10.75	\$61.86	\$45.73	\$22.00	\$67.73	
	644	\$0.0887	\$57.12	\$10.75	\$67.87	\$61.18	\$10.75	\$71.93	\$54.74	\$22.00	\$76.74	
	1097	\$0.0887	\$97.30	\$10.75	\$108.05	\$104.22	\$10.75	\$114.97	\$93.25	\$22.00	\$115.25	
	924	\$0.0887	\$81.96	\$10.75	\$92.71	\$87.78	\$10.75	\$98.53	\$78.54	\$22.00	\$100.54	
	1022	\$0.0887	\$90.65	\$10.75	\$101.40	\$97.09	\$10.75	\$107.84	\$86.87	\$22.00	\$108.87	
	592	\$0.0887	\$52.51	\$10.75	\$63.26	\$56.24	\$10.75	\$66.99	\$50.32	\$22.00	\$72.32	
	494	\$0.0887	\$43.82	\$10.75	\$54.57	\$46.93	\$10.75	\$57.68	\$41.99	\$22.00	\$63.99	
	593	\$0.0887	\$52.60	\$10.75	\$63.35	\$56.34	\$10.75	\$67.09	\$50.41	\$22.00	\$72.41	
	712	\$0.0887	\$63.15	\$10.75	\$73.90	\$67.64	\$10.75	\$78.39	\$60.52	\$22.00	\$82.52	
Feb '17	586	\$0.0887	\$51.98	\$10.75	\$62.73	\$55.67	\$10.75	\$66.42	\$49.81	\$22.00	\$71.81	
					Column J increase over Column F	\$887.83		\$941.73	6.07%			
					Column N increase over Column F	\$887.83					\$991.18	11.64%
					Column N increase over Column J.			\$941.73			\$991.18	5.25%

## A SERVICE CHARGE WITH BENEFITS?

Last July, KU and its sister utility LG&E kicked off a \$2.2 billion investment program to improve safety, reduce outage times and enhance service to customers. The program will continue through June of 2018. In November, KU filed a request with the Kentucky Public Service Commission to recover a portion of the costs related to the new technologies and other equipment that will improve safety and reliability. KU requested that this be done through an increase in the Basic Service Charge (BSC) that will minimize the impact of extreme temperatures on energy bills. If approved by the KPSC, new rates would go into effect in July 2017.

### How can a basic service charge minimize the impact of extreme temperatures on a residential monthly energy bill?

We all know that extreme temperatures throughout the year can cause energy use and bills to spike. KU's proposal to increase the BSC from \$10.75 a month to \$22 a month, combined with lowering the cents per kilowatt-hour (kWh) energy charge from \$0.089 to \$0.085 – rather than leaving the BSC at \$10.75 a month and raising the cents per kWh energy charge to \$0.095 – means customers will be better protected from wild swings in monthly bills caused by Mother Nature.

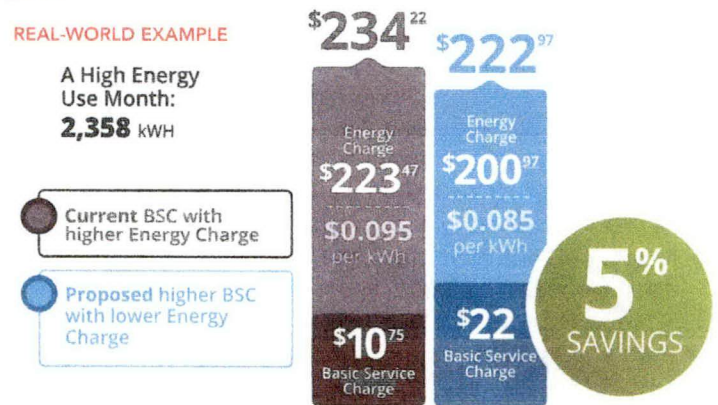
### What is a basic service charge?

The BSC is a fixed minimum charge that helps defray some of the monthly administrative and fixed system costs involved in providing service to each customer, regardless of how much or how little energy is used. These costs include, but are not limited to, maintaining the meter (meter rental, reading and processing), service lines, billing and payment processing. For each meter, this charge is a fixed amount per month. The charge becomes effective when each meter is activated.

### Real-world example

Let's look at the chart in the following column to see how a proposed

### REAL-WORLD EXAMPLE



higher BSC and a lower cents-per-kWh energy charge compares to what a customer would pay under a scenario that keeps the BSC at its current level, with a higher energy charge (\$0.095 per kWh) in a month where a customer's energy use may have doubled due to extreme temperatures.

### Lessening the impact

As shown in the graph, KU's proposal would move a portion of the fixed costs (e.g. – expenses related to maintaining meters, service lines, customer service, billing and processing) into the basic service charge from where they are currently – in a customer's energy charge. This move would allow the utility to lower a customer's cents-per-kWh energy charge, which can help mitigate the bill impacts of extreme hot and cold temperatures.

Visit our website at [lge-ku.com/rate-adjustment](http://lge-ku.com/rate-adjustment) for more information about the investments LG&E and KU are making to improve safety and service.

## LOOKING TO THE SUN TO PROVIDE NEW ENERGY OPPORTUNITIES

Although sunlight in Kentucky can't produce power 24/7, at KU and its sister utility LG&E, we have made – and are making – investments in that area to learn more about how solar energy can work in combination with always-available power sources like coal and natural gas.

### E.W. Brown Generating Station

Less than a year ago (June 2016) the state's largest universal solar facility – constructed at our E.W. Brown plant near Harrodsburg – became fully operational. With nearly 45,000 solar panels situated on 50 acres, the facility is meeting its expectation of producing 19,000 megawatt-hours a year, enough to provide energy for 1,500 homes using an average of 1,000 kilowatt hours a month.

### Solar Share

The Solar Share facility, given the go-ahead by the Kentucky Public Service Commission last fall, will provide residential, business and industrial customers the chance to share in local solar energy and receive credits on their monthly bills.

Solar Share will be located on 35 acres along Interstate 64 in Shelby County in KU's service area. It is large enough to accommodate a four-megawatt field, but it is being built in 500-kilowatt sections

based on customer interest. Construction will begin as soon as the first section is 100-percent subscribed. Solar Share is now accepting enrollments; call **800-356-5467** and press 1,4. Or visit [lge-ku.com/solar-share](http://lge-ku.com/solar-share) to enroll online.

### Industrial and Commercial-Scale Solar

This service is available to business and industrial customers interested in solar energy. KU will build, own and operate individual solar facilities on the properties of interested customers. The company is partnering with Kentucky-based Solar Energy Solutions, LLC, to provide this offering.

Individual customer systems can be ground-based or rooftop arrays and can range from 30 kilowatts to five megawatts. Each customized project must be approved by the Kentucky Public Service Commission.

Visit [lge-ku.com](http://lge-ku.com) to learn more about our investments in solar energy.

**THERE'S MORE**

**Go to [lge-ku.com](http://lge-ku.com) to:**

- » Watch "Our Energy Matters" videos highlighting our commitment to safe, reliable, low-cost energy
- » Learn about career opportunities for veterans
- » Bookmark our outage map



**COMPARISONS OF KU PROPOSED REVISED PRICING USING ACTUAL kWh USAGE AT 187 JESSELIN DR, LEXINGTON  
REFERENCING THE FORMAT ON KU'S ENCLOSURE TO ITS FEBRUARY 10 BILLING STATEMENT**

		D	E	F	H	I	J	L	M	N	
		CURRENT PRICING			KU EXAMPLE PRICING			PROPOSED PRICING			
	kWh	Cost @	Basic Srv	D + E	Cost @	Basic Srv	H + I	Cost @	Basic Srv	L + M	
		\$0.0887	Charge	Consumer	\$0.095	Charge	Consumer	\$0.085	Charge	Consumer	
Mar '16	632	\$56.06	\$10.75	\$66.81	\$60.04	\$10.75	\$70.79	\$53.72	\$22.00	\$75.72	
	721	\$63.95	\$10.75	\$74.70	\$68.50	\$10.75	\$79.25	\$61.29	\$22.00	\$83.29	
	538	\$47.72	\$10.75	\$58.47	\$51.11	\$10.75	\$61.86	\$45.73	\$22.00	\$67.73	
	644	\$57.12	\$10.75	\$67.87	\$61.18	\$10.75	\$71.93	\$54.74	\$22.00	\$76.74	
	1097	\$97.30	\$10.75	\$108.05	\$104.22	\$10.75	\$114.97	\$93.25	\$22.00	\$115.25	
	924	\$81.96	\$10.75	\$92.71	\$87.78	\$10.75	\$98.53	\$78.54	\$22.00	\$100.54	
	1022	\$90.65	\$10.75	\$101.40	\$97.09	\$10.75	\$107.84	\$86.87	\$22.00	\$108.87	
	592	\$52.51	\$10.75	\$63.26	\$56.24	\$10.75	\$66.99	\$50.32	\$22.00	\$72.32	
	494	\$43.82	\$10.75	\$54.57	\$46.93	\$10.75	\$57.68	\$41.99	\$22.00	\$63.99	
	593	\$52.60	\$10.75	\$63.35	\$56.34	\$10.75	\$67.09	\$50.41	\$22.00	\$72.41	
	712	\$63.15	\$10.75	\$73.90	\$67.64	\$10.75	\$78.39	\$60.52	\$22.00	\$82.52	
Feb '17	586	\$51.98	\$10.75	\$62.73	\$55.67	\$10.75	\$66.42	\$49.81	\$22.00	\$71.81	
	8555	\$758.83	\$129.00	\$887.83	\$812.73	\$129.00	\$941.73	0	\$727.18	\$264.00	\$991.18
				\$887.83			\$941.73	6.07%			
				\$887.83						\$991.18	11.64%
							\$941.73			\$991.18	5.25%

William Wheeler  
03/10/2017

**COMPARISONS OF KU PROPOSED REVISED PRICING USING DOUBLE kWh USAGE AT 187 JESSELIN DR, LEXINGTON  
REFERENCING THE FORMAT ON KU'S ENCLOSURE TO ITS FEBRUARY 10 BILLING STATEMENT**

	DOUBLE JESSELIN kWh	D Cost @ \$0.0887	E Basic Srv Charge	F D + E Consumer	H Cost @ \$0.095	I Basic Srv Charge	J H + I Consumer	L Cost @ \$0.085	M Basic Srv Charge	N L + M Consumer	
		CURRENT PRICING			KU EXAMPLE PRICING			PROPOSED PRICING			
Mar '16	1264	\$112.12	\$10.75	\$122.87	\$120.08	\$10.75	\$130.83	\$107.44	\$22.00	\$129.44	
	1442	\$127.91	\$10.75	\$138.66	\$136.99	\$10.75	\$147.74	\$122.57	\$22.00	\$144.57	
	1076	\$95.44	\$10.75	\$106.19	\$102.22	\$10.75	\$112.97	\$91.46	\$22.00	\$113.46	
	1288	\$114.25	\$10.75	\$125.00	\$122.36	\$10.75	\$133.11	\$109.48	\$22.00	\$131.48	
	2194	\$194.61	\$10.75	\$205.36	\$208.43	\$10.75	\$219.18	\$186.49	\$22.00	\$208.49	
	1848	\$163.92	\$10.75	\$174.67	\$175.56	\$10.75	\$186.31	\$157.08	\$22.00	\$179.08	
	2044	\$181.30	\$10.75	\$192.05	\$194.18	\$10.75	\$204.93	\$173.74	\$22.00	\$195.74	
	1184	\$105.02	\$10.75	\$115.77	\$112.48	\$10.75	\$123.23	\$100.64	\$22.00	\$122.64	
	988	\$87.64	\$10.75	\$98.39	\$93.86	\$10.75	\$104.61	\$83.98	\$22.00	\$105.98	
	1186	\$105.20	\$10.75	\$115.95	\$112.67	\$10.75	\$123.42	\$100.81	\$22.00	\$122.81	
	1424	\$126.31	\$10.75	\$137.06	\$135.28	\$10.75	\$146.03	\$121.04	\$22.00	\$143.04	
Feb '17	1172	\$103.96	\$10.75	\$114.71	\$111.34	\$10.75	\$122.09	\$99.62	\$22.00	\$121.62	
	17110	\$1,517.66	\$129.00	\$1,646.66	\$1,625.45	\$129.00	\$1,754.45	\$1,454.35	\$264.00	\$1,718.35	
		Column J % increase over Colum			\$1,646.66		\$1,754.45	6.55%			
		Column N % increase over Colum			\$1,646.66					\$1,718.35	4.35%
		Column N % savings vs Column J.					\$1,754.45			\$1,718.35	-2.06%

William Wheeler  
03/09/2017

**COMPARISONS OF KU PROPOSED REVISED PRICING USING KU ENCLOSURE EXAMPLE kWh MONTH COMPARED TO JESSELIN HIGH MONTH  
REFERENCING THE FORMAT ON KU'S ENCLOSURE TO ITS FEBRUARY 10 BILLING STATEMENT**

Re: use KU enclosure month as high		D	E	F	H	I	J	L	M	N	
		CURRENT PRICING			KU EXAMPLE PRICING			KU PROPOSED PRICING			
		Cost @	Basic Srv	D + E	Cost @	Basic Srv	H + I	Cost @	Basic Srv	L + M	
		\$0.0887	Charge	Consumer	\$0.095	Charge	Consumer	\$0.085	Charge	Consumer	
Mar '16	1385	\$122.85	\$10.75	\$133.60	\$131.58	\$10.75	\$142.33	\$117.73	\$22.00	\$139.73	
	1550	\$137.49	\$10.75	\$148.24	\$147.25	\$10.75	\$158.00	\$131.75	\$22.00	\$153.75	
	1156	\$102.54	\$10.75	\$113.29	\$109.82	\$10.75	\$120.57	\$98.26	\$22.00	\$120.26	
	1384	\$122.76	\$10.75	\$133.51	\$131.48	\$10.75	\$142.23	\$117.64	\$22.00	\$139.64	
	<b>2358</b>	\$209.15	\$10.75	\$219.90	\$224.01	\$10.75	\$234.76	\$200.43	\$22.00	\$222.43	
	1986	\$176.16	\$10.75	\$186.91	\$188.67	\$10.75	\$199.42	\$168.81	\$22.00	\$190.81	
	2197	\$194.87	\$10.75	\$205.62	\$208.72	\$10.75	\$219.47	\$186.75	\$22.00	\$208.75	
	1273	\$112.92	\$10.75	\$123.67	\$120.94	\$10.75	\$131.69	\$108.21	\$22.00	\$130.21	
	1062	\$94.20	\$10.75	\$104.95	\$100.89	\$10.75	\$111.64	\$90.27	\$22.00	\$112.27	
	1275	\$113.09	\$10.75	\$123.84	\$121.13	\$10.75	\$131.88	\$108.38	\$22.00	\$130.38	
	1530	\$135.71	\$10.75	\$146.46	\$145.35	\$10.75	\$156.10	\$130.05	\$22.00	\$152.05	
	Feb '17	1260	\$111.76	\$10.75	\$122.51	\$119.70	\$10.75	\$130.45	\$107.10	\$22.00	\$129.10
		18416	\$1,633.50	\$129.00	\$1,762.50	\$1,749.52	\$129.00	\$1,878.52	\$1,565.36	\$264.00	\$1,829.36
Column J % increase over Column F				\$1,762.50				\$1,878.52	6.07%		
Column N % increase over Column F				\$1,762.50					\$1,829.36	3.79%	
Column N % savings vs Column J.								\$1,878.52	\$1,829.36	<b>-2.62%</b>	

William Wheeler  
03/10/2017