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MAY 08 2017

PUBLIC SERVICE
COMMISSION

William H. Wheeler
187 Jesselin Drive
Lexington, KY 40503
[REDACTED]

May 6, 2017

Mr. Michael J. Schmitt
Chairman
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40502-0615

Dear Mr. Schmitt:

Re: Kentucky Utilities Company Hearing

I am pleased to have met you at the Lexington PSC Meeting. Enclosed is a chart, updated from the version I gave you at the meeting.

I hope the Commission will lean heavily on the code "Just, Fair and Reasonable" at the Kentucky Utilities Company Hearing.

Sincerely,

William H. Wheeler

William H. Wheeler

Encl: One Chart

CASE 2016-00370

RE: KENTUCKY UTILITIES COMPANY REVENUE INCREASE FILED NOVEMBER 16, 2016 WITH KENTUCKY PUBLIC SERVICE COMMISSION AND REVISED FILING WITH SETTLEMENT APRIL 19, 2017 FOR EFFECTIVE DATES JULY 1, 2017 AND JULY 1, 2018*

COMPARISONS OF KU SETTLEMENT REVISED PRICING FOR 7/1/2018 AND KU INITIAL FILING 11/16/2016 TO CURRENT PRICING

SHOWING THE FIXED CHARGE SHARE OF KU TOTAL CHARGES : COLUMNS H, N, U

SHOWING THE MONTHLY INCREASE COMPARED TO CURRENT PRICING : COLUMNS O, V

SHOWING COMBINED (kWh RATE + FIXED CHARGE) USAGE RATE : COLUMNS G, M, T to COLUMN D

(14,148 is AVERAGE ANNUAL USAGE FOR KU RESIDENTIAL CUSTOMERS)

D	E F G			H	I	K L M			N	O	P	R S T			U	V	W
ANNUAL kWh Usage	CURRENT PRICING			Ratio	Comb-	KU SETTLEMENT PRICING			Ratio	Comb-	Monthly Bill Increase	KU NOVEMBER 16 PRICING			Ratio	Comb-	Monthly Bill Increase
	kWh Cost @	Fixed Charge	E + F KU Total Charges	Column F to G %	ined Usage Rate	kWh Cost @	Fixed Charge	K + L KU Total Charges	Column L to M %	ined Usage Rate		kWh Cost @	Fixed Charge	R + S KU Total Charges	Column S to T %	ined Usage Rate	
26,000	\$2,306	\$129	\$2,435	5%	\$094	\$2,366	\$147	\$2,513	6%	\$097	\$6.48	\$2,210	\$264	\$2,474	11%	\$095	\$3.23
22,000	\$1,951	\$129	\$2,080	6%	\$095	\$2,002	\$147	\$2,149	7%	\$098	\$5.72	\$1,870	\$264	\$2,134	12%	\$097	\$4.47
18,000	\$1,597	\$129	\$1,726	7%	\$096	\$1,638	\$147	\$1,785	8%	\$099	\$4.95	\$1,530	\$264	\$1,794	15%	\$100	\$5.70
14,148	\$1,255	\$129	\$1,384	9%	\$098	\$1,287	\$147	\$1,434	10%	\$101	\$4.21	\$1,203	\$264	\$1,467	18%	\$104	\$6.89
10,000	\$887	\$129	\$1,016	13%	\$102	\$910	\$147	\$1,057	14%	\$106	\$3.42	\$850	\$264	\$1,114	24%	\$111	\$8.17
6,000	\$532	\$129	\$661	20%	\$110	\$546	\$147	\$693	21%	\$116	\$2.65	\$510	\$264	\$774	34%	\$129	\$9.40

The message in this chart is the unfairness of fixed charges on utility bills. Three "pricing" charts are shown: (1) *CURRENT PRICING* using the kilowatt (\$.0887) and fixed charge (\$10.75) rates in place now on KU bills. (2) *KU SETTLEMENT PRICING* using the kilowatt (\$.091) and fixed charge (\$12.25) rates agreed upon by KU and the intervenors April 19 effective July 1, 2017 and July 1, 2018.* (3) *KU NOVEMBER 16 PRICING* announcement using proposed kilowatt (\$.085) and fixed charge (\$22.00) rates effective July 1, 2017. Fixed charges result in low users subsidizing high users and are not fair, just or reasonable.

The green columns show the fixed charge effect that causes low usage customers to bear a higher percentage of the total KU charge. The orange columns translate the green columns into a combined rate in currency with a high effective rate paid by low users. Blue column P shows the Settlement billing increase and column W shows the billing requested by KU's \$22.00 fixed charge.

* On April 19, 2017, KU revised its November 16, 2016 rate changes request increasing the kilowatt hour rate from 8.5 cents to 9.1 cents, and reducing the fixed charge from \$22.00 to \$11.50 for July 1, 2017 and increasing to \$12.25 for July 01, 2018.