



A Service of The City of Cincinnati

**GREATER CINCINNATI
WATER WORKS**

Cathy Bernardino Bailey, Director

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MAR 05 2018

PUBLIC SERVICE
COMMISSION

March 2, 2018

Michael Schmitt, PSC Chairman
Kentucky Public Service Commission
P.O. Box 615
Frankford, KY 40602

RE: Case # 2017-00321 Duke Kentucky Rate Case

Dear Mr. Schmitt,

Greater Cincinnati Water Works (GCWW) would like to thank you for the opportunity to provide comments on the proposed Duke Kentucky Rate Case. GCWW water serves over 34,000 residential and commercial customers of the Boone-Florence Water District in Northern Kentucky.

GCWW has two facilities in the Duke Kentucky Service Area, one which uses significant energy (over 8.1 Million KWH annually at a cost of approximately \$410K) to pump potable water to the Boone-Florence Water District. The proposed rate increase is projected to cost GCWW over \$50,000 annually, a 10-12% increase of the total electric cost for our service to Northern Kentucky.¹ In addition, based on the comments heard during the February 8, 2018 PSC public meeting at Boone County High School, Duke proposes a residential electric rate increase of approximately 17%. The exceptional size of these rate increases, all occurring simultaneously, is likely to cause financial strain for our customers.

We realize that generation and distribution expenses increase, and appreciate Duke's efforts to enhance reliability through infrastructure improvements (i.e., power line replacement and advanced metering technology) as well as regulatory enhancements in coal ash disposal. We do, however, seriously question if all items included in the rate case will occur simultaneously, such that a more gradual rate increase schedule could ease the transition for our customers and more accurately timing of such program implementation costs to Duke. We also question whether the assumption that the Duke improvements proposed in the rate case should lead to rate increases over the next five years as the proposed Solar installation, East Bend Power Plant purchase, stable natural gas and coal fuel costs and infrastructure upgrades may result in stabilizing of Duke's future costs.

¹ Based on the literature from the Duke Kentucky website and rate schedules downloaded from the PSC proceedings.

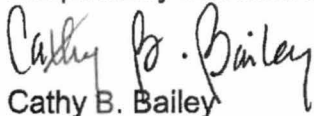


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Michael Schmitt
Public Service Commission

As a utility that operates in the Kentucky Service Area and provides water services to a significant number of customers, we suggest that Duke consider implementing a more gradual rate increase (i.e. 2-3% over several years) to ease the impact on residential and commercial customers. Our experience has shown sudden and significant rate increases to be difficult for low income and fixed-income residential customers.

Acknowledging that costs do have to increase over time, we recommend that the PSC suggest that Duke reduce and gradually implement the requested rate increase over several years.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Cathy B. Bailey". The signature is written in black ink and is positioned above the printed name and title.

Cathy B. Bailey
Director