

MAR 07 2018

PUBLIC SERVICE
COMMISSION

March 5, 2018

Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602-0615

Re: Duke Kentucky Rate Case 2017-00321

Dear Chairman Schmitt, Vice Chairman Cicero, and Commissioner Mathews,

The Northern Kentucky Water District has reviewed the impact of the proposed Duke rate increase on the operating budget, and we estimate that our electric costs would increase approximately \$325,000 a year. The majority of our power costs are associated with pumping water through the treatment process and to distribute water throughout the service area.

We continually look for ways to become more energy efficient, and we have made many improvements over the years where we have replaced aging equipment with more energy efficient equipment. Examples include installing variable frequency drives and more efficient motors that use less power for pumping, as well as replacing lighting fixtures with ones using lower wattage bulbs. In the last 5 years alone, we estimate that we completed projects that are saving at least \$160,000 a year in electricity through the replacement of less efficient equipment or the selection of higher efficiency equipment when adding new processes. Were it not for a long history of such careful decisions, the impact of the pending Duke rate increase would be even higher.

We understand the PSC has suspended Duke's energy efficiency programs. Last year we received a \$15,500 rebate for replacing the lighting in our main office that is estimated to save us \$9,200 a year in electricity. The payback period with the rebate is less than 3 years, and the rebate was definitely an incentive for doing the \$40,000 project. Such programs allow both utilities to better leverage our collective resources, and, in turn, save the rate payers money. Not doing the project would have further compounded the impact of a proposed rate increase from Duke.

As part of the rate setting process, we respectfully request that the Commission consider the impact on Duke's revenue that will be achieved through the replacement of older meters. As reported by multiple customers at the public meeting held in Boone County on February 8, 2018, the older meters used for the test year may be under registering customer usage. If the new meters have greater accuracy, this could lead to a higher revenue stream than was previously calculated.

As a not-for-profit public entity that is providing a critical service to the region, we appreciate anything that the Commission can do to mitigate the impact of the proposed electrical rate increase. Please feel free to contact me at [REDACTED], if you have questions.

Sincerely,

A handwritten signature in black ink that reads "Amy Kramer". The signature is written in a cursive, flowing style.

Amy K. Kramer, P.E.
V.P. of Engineering, Production & Distribution