

104 Pleasant View Way
Richmond, KY 40475
January 6, 2004

Public Service Commission
P.O. Box 615
Frankfort, KY 40601

JAN 01
2003-434

Dear Sirs and Madams:

I am writing in response to the proposed "adjustment" of electric rates by Kentucky Utilities, as printed in the Richmond Register, to take effect on February 1st, 2004.

The current Full Electric Service Rate, which my household is charged, is proposed to be incorporated into the proposed rate for Residential Service (\$9.00 / month plus \$00.04145 / kwh). I took my most recent electric bill, for the month of December, 2003, and calculated the charges using the proposed new rate. The new charge for energy would be \$170.45 for 3,895 kwh used, or \$13.26 more than the current charge, which represents an 8.44% increase. Assuming other adjustments, surcharges, surcredits and taxes remain the same, my total bill would increase to \$182.55 over the current \$168.89, representing an 8.09% increase. However, K.U.'s estimated increase in revenue derived from the Residential Service customer class is 9.56%; is the remaining 1.47% going to come from increased fuel adjustment rates and/or other surcharges? Or does K.U. believe its increases for other services (e.g., decorative street lighting, private outdoor lighting, returned check charges, etc.) will make up the difference? This is not made clear.

K.U. estimates the average monthly bill for Residential Service customers will increase by \$5.15, or 9.6%. \$5.15 is 9.6% of \$54 (roughly). I am surprised that the average electric bill is only \$54 per month! Over the last 14 electric bills, my charge has averaged \$114 / month, more than double K.U.'s stated average! My home may be larger than many at about 3,000 sq. ft., but it is less than two years old, was well-constructed with vinyl-clad, double-pane wood windows and is zoned with two, high-quality heat pumps that get semi-annual checkups. Also, my family consists of two adults and two children and we practice reasonable energy conservation, so I can't chalk up the larger costs to a large family. I suggest you look closely at K.U.'s data on average monthly bills; as it is presented in the newspapers, the \$5.15 doesn't seem like much.

K.U. states that 9.56% of the increase in its revenues will come from residential customers. Therefore, the Residential Service class will be paying the highest increase of all the service classes; the next highest percentage, 9.49%, will be paid by street lighting. Business gets a substantial break: Large Commercial/Industrial pays 7.99%; Coal Mining Power pays 8.49%; and Total Large Mining Power Time of Day pays 8.49%. It appears K.U. wants to enrich itself on the backs of those who can least afford it at a time in our state's budget when we can least afford it. I am tired of the corporate welfare the State of Kentucky has been doling out for years in the form of tax giveaways and, apparently, other forms of largess such as this. K.U.'s proposed rate increases cannot be justified solely on the basis of keeping up with inflation, either.

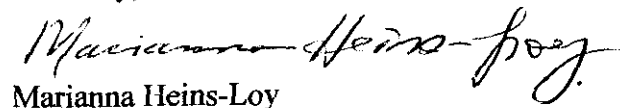
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I urge the Public Service Commission to scrutinize Kentucky Utilities' request for this rate increase. No increase should be granted that is not based entirely on documented increases in the cost of doing business. Also, rate categories should be changed to reflect more fairly business's share of the burden.

Thank you for considering my thoughts and opinions.

Sincerely,

A handwritten signature in cursive script that reads "Marianna Heins-Loy". The signature is written in black ink and is positioned above the printed name.

Marianna Heins-Loy

cc: Rep. Harry Moberly
Sen. Ed Worley