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RECEIVED

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PUBLIC SERVICE  
COMMISSION

Kentucky Public Service Commission  
P. O. Box 615  
211 Sower Boulevard  
Frankfort, KY 40602-0615

RE: Opposition to the requested rate increases by;  
Kentucky American Water Company &  
Kentucky utilities Company

2010-00036  
2009-00548

Dear Members of The Public Service Commission,

I am a homeowner in Lexington and a life long resident of Fayette County. I also am fortunate enough to have a job and the ability to pay my bills. In this worsening economy, it is however becoming more difficult by the day to keep those bills paid. And some of my neighbors are already at the point where they can't. Over 10% of Kentuckians are unemployed, and prices continue to rise at a much faster rate than income.

I understand that KAWC and KU have both requested a rate increase of 37% and 11.5% respectively. I further understand that KAWC states their reason for this to be the need for a new water treatment plant in Owen County and a new storage tank in Franklin County. KU states as their reasons the "investments in our infrastructure", a new generating plant in Trimble County, and repairs of the damage caused by the ice and wind storms and an increase in customers.

This raises many questions in my mind. First, are these not the cost of doing business? Investments in "infrastructure", new equipment, new facilities and repairs are things all businesses face. And to whine about having too many new customers is unfathomable to me. Other businesses would love to have that problem.

If I own a lawn care service and am fortunate enough to have a growing customer base, I may find that my push mower will no longer meet my needs. If, to keep pace with the growing customer list, (which equals greater revenue), I need to buy a larger mower. How do I pay for that? Can I simply double my price to all my customers? No, because I have competitors who would put me out of business if I did that. Only a monopoly could try such a strategy. No, in the real world, I keep my prices where they are, buy the new mower on credit, maybe even hire another person, and work hard to pay off that new mower. Only then can I expect to increase my income. Yes, I may be able to raise my prices as the market allows. People are entitled to make a living, and should be able to increase their income as time goes by.

But I know of no one who has received a raise of 11.5%, such as KU is requesting, even in the last year or two combined years. And I seriously doubt that any working person has received an increase of 55% in the last year, which is what KAWC would get with the 37% now being requested on top of the 18% already given them last year.

And about the repairs from the ice storm and wind storm, whose problem is that? Am I as a resident responsible for trimming the trees through which KU runs their power lines? Is KU not responsible for doing that? And if they had done that before the storms, as in

regular maintenance, would not the problem have been lessened or perhaps even eliminated? Why then should their customers have to pay for their negligence? Would it not have been a good preventative business move for KU to have hired a few extra crews to keep the limbs clear of their lines, and thus eliminated the need for much of the repair work they had to do?

And is KU, or the company which actually owns it, EON U.S., a European conglomerate, really doing all that bad financially? In the last 10 years, EON U. S. stock has gone from 14.50 to 26.85, or an 85% increase. "Since the 2003 financial year, the dividend has thus increased from EUR0.67 to EUR1.50, which represents an average of 17.5 percent per year". My retirement savings evaporated by about 25% in the last year and a half. And I don't get even a third of their 17.5 % as a return on what money I do have left.

Stock of American Water Works, parent company of Kentucky American Water, went from about \$17.00 per share to \$21.00 per share in the past year. That is an increase of around 25%, I wish my net worth had gone up even one tenth of that in the last year. American Water Works has also paid dividends to it's stock holders every quarter for the last nine. Their web site says that their adjusted earnings per share of stock grew by 70% as of their 2008 financial statement. They even state on their web site that "Since 2006, *granted rate increases* as well as increased revenue from our non-regulated businesses *have helped to grow adjusted net income.*" Did you get that? Thanks to the rate increases they get, they have increased their net income! Go here and read it for yourself. <http://www.amwaterannualreport.com/video-library/financial-summary/5.aspx> On March 1, 2010, American Water Works announced that their **Net** income for the last quarter was \$36.4 million and a 13.6% year over year increase in earnings per share. As shown at <http://pr.amwater.com/PressReleases/releasedetail.cfm?ReleaseID=447773>

Gentlemen of the Public Service Commission, both of these requests to me seem outrageous. Companies, like individuals should be expected to increase their wealth by hard work, good planning and cost containment, not by gifts made to them by the State which have been extracted from the public and for which no value has been given to the public. That one statement on the American Water Works site is the most arrogant and offensive I can imagine. They request rate increases so as to be able to apply them directly to their bottom line and increase their net income. They state it openly as if it is their right to ask for whatever they want so as to increase their profit by however much they want. Does their *need* or *want* demand that the public be further burdened in order to provide it? And will that redistribution of wealth from the pockets of the already over burdened public to the bottom line of the monopolistic utility companies be sanctioned by the State?

I would ask that you Gentlemen remember that it is in fact the *Public Service Commission*, and not the *Utility Service Commission* on which you sit. I would further ask that you carefully consider the facts and arguments I have presented above, and then I ask that you deny any increase to these already more than sufficiently profitable utility companies. If they want to increase their profits, let them work harder and smarter.

Thank you in advance for your thoughtful consideration, and hopefully for your just and reasonable decisions.

Sincerely,



Robert Norton