

July 8, 2011

1937 Alexandria Drive  
Lexington, KY 40504

Mr. Jeff Deroven  
Executive Director  
KY Public Service Commission  
211 Sower Blvd.  
Frankfort KY 40602

RECEIVED

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PUBLIC SERVICE  
COMMISSION

RE: Case No. 2011-00161  
Environmental Surcharge for KU Customers

Dear Mr. Deroven:

I am a KU customer and received their notice of proposed surcharge letter, dated May 2011 to the KY Public Service Commission (KY PSC). This letter states that KU is proposing a substantial increase from 1.5% increase in 2012 with a maximum increase of 12.2% in 2016. As a KY residential customer already paying an environmental surcharge of 3.460%, this additional increase will be a hardship on all KU customers.

The letter explains states that this increase is to comply with the environmental federal clean air act and for the installation of a Particulate Matter Control Systems at the Ghent and Burgin KY plants. The cost is 1.1 billion dollars. In addition KU states that additional costs will be "additional operations and maintenance expenses."

I am petitioning the KY PSC to look into all projected costs for this project (installation costs of 1.1 billion) and proposed operations and maintenance expenses. Current customers are paying a 3.460% environmental surcharge. If this existing surcharge has covered the installation of environmental controls that they have been installed and the costs recovered, then this current rate should go down. Is the KY PSC tracking when other past environmental controls have been installed and the installation costs have been recovered?

All projected costs for this proposed increase should be referred to a third party for review of projected costs. Past installed environmental controls and recovered costs also should be tracked. A third party independent auditor or qualified KY PSC employee should oversee an audit of this proposed increase since the PSC is the final say on costs increases.

Sincerely Yours

Dan Violette

