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The  
ARK  
Group

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Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602

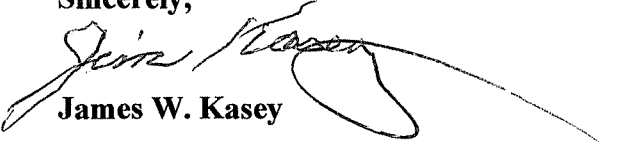
Dear Sirs:

I am currently a customer and rate payer of Louisville Gas and Electric Company and would like to comment on the Environmental Surcharge along with some ancillary comments. I believe that environmental issues confronting the industry should be addressed in the following manner:

- A certificate of necessity should be filed with the PSC by the Utility just as done in the case of a generating facility.
- The recovery of the fixed assets of the environmental infrastructure should be recovered in a full base rate case so that the cost will be verified as fair and reasonable and charges in the form of a return on capital will be based on the capital structure of the utility with a just and reasonable return on that capital. The only cost that should be surcharged should be variable cost based on market prices (just as the fuel adjustment is currently done) to be passed through to the rate payers.
- In addition, I believe that all Demand Side Management fixed cost to be recovered should be through rate cases and not surcharges, since those cost need to be justified and rate payer participants in the DSM programs should receive at least 75% of the avoided generating cost by allowing DSM controls be put on equipment of rate payers.
- Bad debt expense should be part of the energy charges determined to be fair and reasonable in a rate case and home energy assistance should be a legislative charge and not be a form of a forced donation. All forms of welfare should be paid by all taxpayers and not be subject to surcharges on utility bills.

Thank you for the opportunity to address you on these incredibly important issues confronting our industry.

Sincerely,

  
James W. Kasey

**James W. Kasey** is the Principal Member of The ARK Group, LLC which provides consulting services to analyze the energy needs of utility, commercial and industrial customers, by evaluating alternatives for meeting those energy needs and to arrange for procurement of electric power and natural gas to implement the selected alternative. Kasey also, provides services for the development of power plants within The ARK Group to multiple owners and operators of proposed and existing power plants and provides consulting services on contract negotiating and other regulatory services.

Prior to February 1999, Jim Kasey served as Senior Vice President—Sales of LG&E Energy Marketing. In this role he was responsible for originator activities at all national sales offices for the 5<sup>th</sup> largest domestic power marketer. Mr. Kasey has over 50 years experience in the electric generation, transmission and distribution business. Many of those years have been closely associated with the pricing and sales of retail and wholesale power products. With Mr. Kasey's leadership, LG&E secured agreements to provide power to retail loads beyond LG&E's control area prior to retail open access. Further, under Mr. Kasey's guidance and prior to open transmission access, LG&E provided power to East Coast and Canadian markets.

Prior to his responsibilities with LG&E Energy Marketing, Mr. Kasey managed the Electric Products Group of Louisville Gas and Electric Company, directing retail and wholesale product development and transactions. Mr. Kasey also was associated with cost-of-service, load research, regulatory, rates and tariffs, demand-side-management and forecasting. Mr. Kasey is a graduate of the University of Louisville with a Bachelor of Science in the School of Business.