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January 20, 2004

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

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COMMISSION

Subject: Kentucky Utilities' Request for Rate Increases

KU's request for rate increases is very bothersome to this household. Specifically:

- 1.) The monthly service charge for residential customers will be raised from \$2.82 to \$9.00 per month. This is more than a 300% increase. We hope you study this part of their petition very carefully. Just what has happened to cause this large increase? I suspect a lot of the increase is due to KUY being the "only game in town" and they think they can get away with the increase.
- 2.) The previous rate schedule afforded to residential customers who use electrical service for their entire homes will be eliminated and they will be forced into the standard – and more costly - rate structure. This is particularly bothersome because the prior rate structure was used as an enticement for homeowners to buy all electrical appliances. These homeowners will probably regret their decision when the KU bill comes next month.
- 3.) Those individuals who utilize electric space heaters will also fall under the residential rate structure and lose their Electric Space Heating Rider. Again, more expense to the consumer.
- 4.) The proposed changes have the greatest impact upon the residential customer with an increase in rates totaling 9.56%. That increase is about 1% larger than the increases planned for commercial customers. It seems that commercial customers should bear the brunt of this increase proposal. Businesses will pass their costs on to the public in any event. Why not eliminate the middleman – the residential customer – in this increase process and let business involve us through price adjustments.

The four points above come from KU's proposal directly. There is no embellishment on my part. The part I don't grasp and am suspicious of is KU's contention that the average residential bill will increase by \$5.15 per month. The increase in the residential customer's monthly service charge accounts for a larger monthly increase than that.



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