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PUBLIC SERVICE COMMISSION

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FRANKFORT, KY 40601

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After reviewing KU's proposed electric rates, I am dismayed. I have residential service. In anticipation of rate hikes, I have been insulating, sealing, changing habits, and scrutinizing all of our electric usage. Now I learn that the electric rate is only going up 2.2% (I am assuming the newspaper is off by one decimal point when it says the proposed rate is \$0.006566 per kWh.) But the "Customer Charge" will go up 300%.

Where is the incentive to reduce electric usage when the increase is in the fee and not the rate? KU's website says,

"To help offset the increases, customers are encouraged to take advantage of the Smart Saver energy efficiency programs designed to help customers to reduce their energy consumption and, in turn, lower their bills, lessening the impact on the environment and delay the building of new generation.

"If customers take advantage of these programs, we expect to reduce the need for 550 megawatts of previously planned new generation by 2017," Staffieri added.

"And, in turn, customers can save money and help improve the environment.""

If our goals are to lessen the impact on the environment and delay building of new generation, then why are they raising the fee instead of the rate?

Please take this into consideration before approving KU's proposal. Lessening the impact on the environment and delaying building of new generation will be best incentivized by eliminating the current \$5 customer charge and increasing the rate by however much they need to make ends meet.

Sincerely,

STEVEN B THOMPSON