

February 5, 2010

Damon R. Pence  
3590 Troy Pike  
Versailles, KY 40383

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PUBLIC SERVICE  
COMMISSION

Mr. David L. Armstrong, Chairman  
Kentucky Public Service Commission  
211 Sower Boulevard, P. O. Box 615  
Frankfort, KY 40601

Dear Mr. Armstrong,

In my recent Kentucky Utilities bill, which was over \$300, I received a notice that KU is requesting a rate increase of 13.54% for residential customers, effective March 1, 2010, and I would like to voice my opposition to such an exorbitant increase. When the current unemployment rate in Kentucky is reported as being 10.7% in December, the latest U.S. census per capita income rating places Kentucky at number 46, and I am currently having to pursue a job with over a 30% decrease in pay just to be able to obtain employment, it is ridiculous to even try to comprehend the rationale behind the illogical thinking of such a proposal. KU is apparently basing their request on an Edison Electric Institute assessment, in which KU rated second lowest, with only Old Dominion Power in Virginia rating lower, as far as cost per 1,000 kWh; I tried to download a copy of the report from the EEI website, but apparently it costs \$150 just to download it. Did anyone ever pause for a few seconds and realize that maybe with high unemployment, low per capita income, and decreasing wages, there is a justifiable reason for the lower electric rates in Kentucky? It is also an interesting fact that EEI has requested, on behalf of its member companies, of which KU is a member, that the dividend tax rate of 15% be extended for an additional two years past 2011.

In 2003, KU was bought by E.ON, a German company headquartered in Dusseldorf, which paid stockholders a 5.77% dividend in 2008 and is now recommending a 9.5% increase in the dividend to be paid out on May 7, 2010. Apparently E.ON is having no problem turning a profit, yet I am having to accept a decrease in pay just to obtain employment, and I am certain that many individuals in Kentucky are facing similar circumstances, if they can even find employment. It was interesting that I opened a package by mistake a couple of days ago which was addressed to my neighbor/or Current Resident, that contained four fluorescent light bulbs from KU, an *e-on* company, which were clearly marked on the box as "Made In China". I honestly don't believe that either the Germans or the Chinese are doing anything whatsoever to improve economic circumstances in Kentucky or throughout our country, whereas I on the other hand, along with my fellow Americans, are bearing the brunt of the financial responsibilities of trying to support a State Treasury and U.S. Treasury that continue to post negative numbers.

I would think that in the current economic times, governments, companies, and employers would be more sympathetic to the plight of most average American citizens. Over the past two years, I have changed all possible lighting in my home to fluorescent, installed new energy efficient heat pumps, and added insulation, and I am now being rewarded for my actions by KU expecting me to pay an additional 13.54% in electrical energy cost. It is no wonder that people are tired of hearing about

energy conservation, because it doesn't seem to matter what a person does, energy costs continue to escalate. I am optimistic that the PSC of KY will exercise some degree of logic and rationalization when reviewing the proposed rate adjustments recommended by Kentucky Utilities. After all, if the "Debt-Based Economic Policies" and the "Too Big To Fail Philosophy" continue to propagate in our country, where over compensated CEOs continue to be rewarded with bonuses and stock options while making bad business decisions and leading their companies in the direction of insolvency, then as a Nation, I believe we are headed for an inconceivable economic outcome, the results of which would be incomprehensible.

Sincerely,

A handwritten signature in black ink that reads "Damon R. Pence". The signature is fluid and cursive, with the first name being the most prominent.

Damon R. Pence

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cc: Governor Steve Beshear  
President Barack Obama