



Steven L. Beshear  
Governor

Leonard K. Peters  
Secretary  
Energy and Environment Cabinet

Commonwealth of Kentucky  
**Public Service Commission**  
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David L. Armstrong  
Chairman

James W. Gardner  
Vice Chairman

Charles R. Borders  
Commissioner

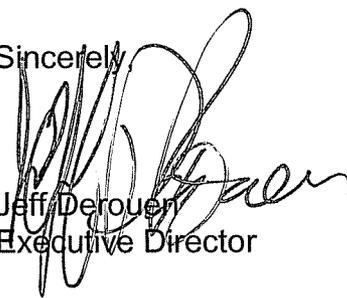
June 2, 2010

TO: Division of Filings

RE: Case No. 2009-00548  
Application of Kentucky Utilities Company for  
An Adjustment of Base Rates

Please file in the administrative record of the above referenced case the enclosed public meeting notes, which were recorded by Commission Staff at the public meeting in Harlan, Kentucky on April 27, 2010.

Sincerely,



Jeff Derouen  
Executive Director

Enclosures

cc: Parties of Record

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In The Matter of:**

<b>APPLICATION OF KENTUCKY</b>	)	
<b>UTILITIES COMPANY FOR AN</b>	)	<b>CASE NO: 2009-00548</b>
<b>ADJUSTMENT OF BASE RATES</b>	)	

**MINUTES OF THE LOCAL PUBLIC MEETING**  
**SOUTHEAST KENTUCKY COMMUNITY AND**  
**TECHNICAL COLLEGE AUDITORIUM**  
**HARLAN, KENTUCKY**  
**APRIL 27, 2010, 5:00 PM**

Vice Chairman James W. Gardner called the meeting to Order at 5:00 PM EDT. Vice Chairman Gardner explained that Chairman David Armstrong was unable to attend this Public Hearing due to a previous engagement, and introduced Commissioner Charles R. Borders and the PSC Staff in attendance. Vice Chairman Gardner gave a brief introductory statement explaining the purpose of the Public Meeting, which was to hear and receive public comments on the Kentucky Utilities application for a base rate increase. He informed the attendees that they could make public comments of up to five minutes in duration, could also file written comments with the Commission and that forms for such comments were available at the reception table. Vice Chairman Gardner also noted that the Meeting was being recorded on video tape. After explaining the purpose of the Kentucky Utilities Application and the procedure and protocol for the Public Meeting, Vice Chairman Gardner invited those who had signed up to speak to come forward to give their comments, and each speaker was allowed five (5) minutes to speak.

The following individuals addressed the Commission: State Representative Rick Nelson, Letcher County Magistrate Wayne Fleming, Harlan County Judge Executive Joe Grieshop, James L. Casey, Danny Noe, Romell Johnson, Geraldine McKnight, Anne Hensley, Carl W. Sheys, Betty Goss, Stanley Sturgill, James Miracle, Danny Castle, and Sara Hobbs.

A brief summary of the speakers comments are as follows:

1. Rep. Rick Nelson of Bell and Harlan Counties: Give Kentucky Utilities no increase. Many utilities are currently asking for double digit increases. Those

utilities should be limited to the Fuel Adjustment Charge, and the Environmental Surcharge. E.ON, the owner of Kentucky Utilities, has increased dividends to shareholder by 17% each year for the last several years. KU wants 13.5%, yet Social Security recipients have received no increase for inflation. KU failed to expend the necessary funds for vegetation control prior to hurricane Ike and the Ice Storm.

2. Letcher County Magistrate Wayne Fleming: "Put all the utilities in a pot, stir them up, and they're all the same." The people of Eastern Kentucky have been "victimized" by the utilities. Mr. Fleming stated that he was "Disappointed" in Attorney General Conway. He asserted that the Attorney General has accepted campaign money from the Public Utilities and therefore should not be allowed "any contact" with the Public Service Commission regarding public utility rate increase cases.
3. Harlan County judge Executive Joe Grieshop: The price of coal has not gone up, so how have KU's costs gone up? If part of this rate increase request is for an increased cost of "renewable" power sources it should not be granted; the people want power from coal! Why did KU not carry insurance for events like Hurricane Ike and the Ice Storm? State employees only got a 1% pay raise, and Social Security recipients got 0%, so KU should not get any increase in rates.
4. James L. Casey, Cranks, Ky.: His Social Security check arrives after his utility bill each month, so he ends up paying a late fee each month. Why? Do not give them an increase.
5. Danny Noe, Cranks, Ky.: Strongly opposes any increase. How much profit did KU make last year? KU is at fault for most of their outages because KU did not cut the vegetation and that caused much of their outages.
6. Romell Johnson, Middlesboro, Ky.: Ms. Johnson "strongly opposes" the requested rate increase as being "too high". She states that it would be "unduly burdensome" on the citizens of Middlesboro. Ms. Romell provided the PSC with a written copy of her full remarks, which are attached hereto.
7. Geraldine McKnight, Alice, Ky.: Ms. McKnight is on a budget plan with KU, and is supposed to pay \$79.00 per month. She has replaced all incandescent light bulbs with CFLs, has lowered the temperature in her home, and has done other things to lower electric consumption. Nonetheless, her bill has gone up to \$101.00 per month. She cannot afford this increase already in place. She is on a fixed income. As the widow of a coal miner, Ms. McKnight points out that power is definitely not cheap.
8. Anne Hensley, Harlan, Ky.: Ms. Hensley strongly objects to any rate increase, and states that others have made the points she was going to make.
9. Carl Shope, Benham, Ky.: He objects to the rate increase request. None of the requested rate increases make any sense.
10. Betty Goss, Harlan, Ky.: The proposed increase would be a "terrible burden" on the people. Her bill is already double what it was last year. If this increase is approved people won't be able to maintain their homes or live independently.

11. Stanley Sturgill, Lynch, Ky.: Mr. Sturgill feels like "we are being done wrong". He is retired and on a fixed income. He can not afford this rate increase. He is opposed. There was no cost of living increase in Social Security last year. He has friends in other states whose electric bills are lower than his. KU needs to cut its costs and be more efficient.
12. James Miracle, Harlan, Ky.: How does the PSC make its decision on KU's rate increase request: Profit ion investment for KU or burden on ratepayers? What was KU's profit in 2008?
13. Danny Castle, Harlan, Ky.: Mr. Castle is retired and on a fixed income. He had a heat bill that was \$500.20 one month last year. When is enough enough?
14. Sara Hobbes, Wallins, Ky.: Two months ago her KU bill was \$429.00 for an 1800 sq ft. home. 13.5% is simply too high for a rat increase. Even 3% would be high in economic times such as these. It's just not good for Harlan County.

Prior to opening the Meeting, all those in attendance had been asked to sign-in and provide their address. That sign-in list is attached hereto.

At the conclusion of the meeting, which was approximately six o'clock PM, Vice Chairman Gardner thanked all in attendance for their participation and the meeting was adjourned. Members of the Commission Staff and employees of Kentucky Utilities were available after the meeting for individual questions.

**COMMONWEALTH OF KENTUCKY  
HOUSE OF REPRESENTATIVES**



**Representative Rick Nelson  
87th Legislative District**

**Home Address:**

117 Gumwood Road  
Middlesboro, KY 40965  
Phone: (606) 248 8828  
Email: Rick.Nelson@lrc.ky.gov

**Office Address:**

Room 358 Capitol Annex  
Frankfort KY 40601  
(502) 564-8100 Ext. 612  
Message Line: 800-372-7181

April 23, 2010

Via Hand-Delivery  
Chairman David L. Armstrong, Chairman  
KY Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40602

RE: Case No. 2009-00548

Dear Chairman Armstrong:

Kentucky Utilities Company, a subsidiary of E.on US LLC, has filed a request to increase in their residential electric rates by 13.5 percent.

Kentucky Utilities request comes at a time when we find ourselves in the deepest recession since the Great Depression. The burden on Kentuckians of this kind of increase is not justified and should be refused by the Public Service Commissioners.

A 13.5 percent increase in residential electric rates upon the backs of some of the poorest Kentuckians in the Commonwealth is unconscionable at this time.

In addition to their request for a rate increase of nearly 13.5 percent for residential customers, Kentucky Utilities also requests rate increases for all classes of customers at 11.5 percent. This large rate increase will be detrimental to the manufacturing base and jobs in Kentucky. Kentucky would lose its economic advantage of a low-cost electricity state if these large rate increases were granted.

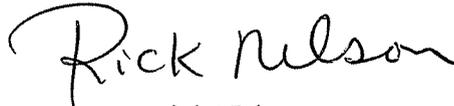
Since 2003 E.on, the German based parent company for E.onUS and Kentucky Utilities has increased its dividends to its share holders an average of 17.5% each year, an exceptionally strong showing in this deep recession. Kentucky Utilities rate request would guarantee a profit higher than any business can legitimately expect during these difficult economic times.

As an investor owned utility, Kentucky Utilities has an obligation to its stockholders. However, the Kentucky Public Service Commission has a duty to the ratepayers of Kentucky. As a state which regulates utilities through the Public Service Commission, it is the role of the Public Service Commission to maintain fair, just, reasonable and "affordable" electric rates for Kentucky ratepayers.

Never in the existence of the Kentucky Public Service Commission has this role been more important. In this time of economic uncertainty, more than ever, we Kentuckians look to the Kentucky Public Service Commission to exercise the power granted by KRS Chapter 278 to protect Kentuckians from an outrageous rate increase of nearly 13.5 percent for residential and nearly 10 percent for businesses and manufacturers.

There are no grounds to grant such rate increases.

Sincerely,

A handwritten signature in black ink that reads "Rick Nelson". The signature is written in a cursive style with a large, prominent "R" at the beginning.

Rep. Rick Nelson  
State Representative

April 27, 2010

**GOOD AFTERNOON, Mr. Armstrong, Mr. Gardner and Mr. Borders:**

My name is Romell Johnson, P.O. Box 1557, 114 Park Manor, Middlesboro, Kentucky 40965. I am a customer of the Kentucky Utilities Co. ("KU") and have been in excess of 15 years.

First, let me take this opportunity to thank the PSC for holding this public meeting to provide us, the customers affected by the proposed rate increase, an opportunity to speak directly with you.

I strongly oppose KU's proposed request for a rate increase in order to generate additional revenue per year, and I would ask that a copy of my comments be incorporated into the record of Case No. 2009-00548.

I join with the opposing intervenors the Kentucky Attorney General, the Community Action Council, Inc., the Kentucky Cable Telecommunications Association, Kentucky Industrial Utility Customers, Inc., the Kentucky School Boards Association, The Kroger Company and Wal-Mart Stores East, LP **in an attempt to get the message across to the PSC that this proposed rate increase, if granted, will greatly impact us all to our detriment.**

Let me emphatically state that I oppose the rate increase requested by KU for the following reasons:

a. A rate increase of such magnitude in our troubled economy is unduly burdensome to the residents and businesses of Middlesboro, Kentucky.

(1) **The City of Middlesboro, with a population of 10,389, has lost approx. 20 businesses in the last two (2) years, along with a car dealership in our county, Bell County.**

The Mayor of the City of Middlesboro, the Hon. Ben Hickman, has written you a letter dated February 11, 2010 in which he states:

"We would like to go on record as being totally opposed to such a large increase...due to the present economy our citizens simply cannot afford to pay higher utility bills; particularly a raise like the one proposed."

The Mayor's budget for fiscal year 2009-2010 outlines total revenue of \$8,775,000, which includes a beginning cash balance of \$995,000, total expenditures of \$8,752,350, with a projected balance of a **mere \$22,650**. This does not paint a "rosy" picture but a true picture of our City's economy.

- (2) When I spoke with you last August, 2009, the jobless rate in Bell County (not available for just the City of Middlesboro) was currently 13.3% for the month of June, 2009. February, 2010's unemployment rate has risen to 14.5%. In our downtown area, there are 20 unoccupied store fronts. In our mall, there are 8 unoccupied store fronts.
- (3) When I spoke with you last August, I informed you that an indicator of the economic conditions in the City of Middlesboro was that the Middlesboro Independent School District provided district-wide free lunch to 69% of its school population. The Middlesboro School District has seen a drop in its enrollment from approx. 1,630 students to 1,514, but the District has experienced an increase to the point that 79% of its students are now receiving free and reduced lunch. **79% of the District!**
- (4) As the intervenor, the Community Action Council, provides social services, including energy assistance and related services, to numerous low income residents in KU's service territory, we have our Middlesboro counterpart, the Cooperative Christian Ministry ("CCM"). In 2009, CCM provided \$17,148 for energy assistance to 361 households and in 2010, CCM has already provided \$6,260.54 for energy assistance to 76 households. To understand the magnitude of CCM's outreach, you have to understand that CCM's min. amount is \$50/household and its max. is \$100/household (i.e., w/a 6-mo. interval). Climbing a step further, the Bell-Whitley Community Services Agency, Inc. during 2008-2009 FY provided \$1,812,801 in energy assistance to 9,890 families and during 2009-2010 FY provided \$1,924,663 in energy assistance to 9,928 families. Even though approx. \$2 million a year has been spent, both CCM and Bell-Whitley could have served more families in Middlesboro and Bell County had there been more funding. The need for energy assistance is truly great! **How are people to survive faced with an increase?**
- (5) When I spoke with you last August, I informed you that there are two (2) industrial parks located in the city limits of Middlesboro. There is still only one (1) industry located in one of these industrial parks and none in the

other. Two of the items that industry looks at in choosing a site to locate to are (i) the availability of utilities and their respective costs and (ii) the opinion of existing industries. These industrial parks may remain literally empty resulting in part or in whole due to the combined 29.5% existing water rate increase and the granting of the proposed KU rate increase. **Empty, Empty, Empty!** It is also highly possible that such rate increases may deter existing industries from expanding or, at the least, lead them to consider moving to a friendlier economic area.

- (b) Finally, as a citizen of Middlesboro, I oppose the rate increase as excessive and object to the negative financial impact it places on myself and other Middlesboro residents.

In the PSC's April 16, 2010 Press Release, Mr. Armstrong was quoted, "These meetings will allow the PSC to hear directly from the public as it prepares to consider whether the proposed new rates are fair, just and reasonable."

As I have mentioned, I stood before you in August, 2009, and asked that you not grant the Water Service Corporation ("WSCK") the requested rate increase. Thankfully you did not. However, you did grant them a 29.5% rate increase, which they took, closed their office and left town.

I stand here today not only for myself but for the common every day man and woman who is struggling to get by and who just happens to live in Middlesboro, Kentucky. Should you grant KU their proposed 13.5% residential rate increase, the PSC will have allowed to be placed upon the residents of Middlesboro, Kentucky a total 43% rate increase on our utilities in less than a year. I am certain that none of our salaries have increased by 13.5%, and currently Social Security recipients are not even receiving a cost of living increase.

**Gentlemen of the PSC, THE KU RATE INCREASE IS NOT FAIR, IT IS NOT JUST, AND IT IS DEFINITELY NOT REASONABLE especially considering our present economic conditions.**

While I have your ear and before I take my seat, I remind you that the PSC's charge is to protect responsibly the public's interest. So, please consider that if you grant the KU rate increase of 13.5%, and grant Delta Natural Gas's proposed rate increase of 15.9%, along with the existing 29.5% you have already granted WSCK, you will have placed upon the citizens of Middlesboro, Kentucky a 58.9% utilities rate increase in less than a year. I do not know but I feel certain these utility companies are showing a profit, so please do not continue to place the burdens of these utilities on the backs of their customers. Thank you.

# PUBLIC MEETING - SIGN-IN SHEET

Kentucky Utilities Co. - Case No. 2009-00548

Harlan - April 27, 2010

PLEASE PRINT LEGIBLY

Name	Address	Magistrate	DO YOU WISH TO SPEAK?
1 ✓ Wayne Fleming	PO Box 232 Burdine Ky		<input checked="" type="radio"/> YES <input type="radio"/> NO
2 OPAL MIRACLE	1428 IVY HILL HARLAN KY 40831		YES <input checked="" type="radio"/> NO
3 ✓ JAMES II			YES? <input type="radio"/> NO
4 ✓ James L Casey	P.O. Box 68 Cranks, Ky 40820		<input checked="" type="radio"/> YES <input type="radio"/> NO
5 ✓ Danny Noel	CRANKS, KY 40820		<input checked="" type="radio"/> YES <input type="radio"/> NO
6 Donald Skidmore	Cranks / Ky 40820		<input checked="" type="radio"/> YES <input type="radio"/> NO
7 Don Drubbs	Cranks KY 40820		YES <input type="radio"/> NO
8 LUTHER BANTON	L WALLS KY 40823		YES <input checked="" type="radio"/> NO
9 Lorene Farmer	569 Ready mix Rd Harlan, Ky. 40831		YES <input checked="" type="radio"/> NO
10 ✓ Rick Nelson	117 Gumwood RD		<input checked="" type="radio"/> YES <input type="radio"/> NO

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**PUBLIC MEETING - SIGN-IN SHEET**

Kentucky Utilities Co. - Case No. 2009-00548

Harlan - April 27, 2010

PLEASE PRINT LEGIBLY

Name	Address	DO YOU WISH TO SPEAK?
1 <u>Sammy Castle</u>	<u>Harlan, Ky</u>	YES? NO
2 <u>Wanda Wheeler</u>	<u>" "</u>	YES? NO
3 <u>Richard Hakomb</u>	<u>" "</u>	YES? NO
4 <u>Dennis Howard Jr</u>	<u>1097 Foycroft</u>	YES NO
5 <u>Sammy James</u>	<u>569 Ready mix Rd. Harlan, Ky. 40831-2229</u>	YES NO
6 <u>Kyle Burnette</u>	<u>201 East Mound Harlan 40831</u>	YES NO
7 <u>Ronell Johnson</u>	<u>POB 1557 Middleboro, KY 40965</u>	YES NO
8 <u>Sammy Calvin</u>	<u>Harlan KY</u>	YES NO
9 <u>Michael Corriston</u>	<u>TOTZ KY</u>	YES NO
10 <u>Erik Saylor</u>	<u>Loyall, KY</u>	YES NO

# PUBLIC MEETING - SIGN-IN SHEET

Kentucky Utilities Co. - Case No. 2009-00548

Harlan - April 27, 2010

PLEASE PRINT LEGIBLY

Name	Address	DO YOU WISH TO SPEAK?
1 Robert Warr	Lexington - 80/24 & E	YES <input type="radio"/> NO <input checked="" type="radio"/>
2 Lonnie Bellum	Louisville - " "	YES <input type="radio"/> NO <input checked="" type="radio"/>
3 Robert Conroy	Kentucky - " "	YES <input type="radio"/> NO <input checked="" type="radio"/>
4 SUE WYATT	Middlesboro	YES <input type="radio"/> NO <input checked="" type="radio"/>
5 Dawnere Long	Middlesboro KY	YES <input type="radio"/> NO <input checked="" type="radio"/>
6 Dewey Sogin	Wallins KY	YES <input type="radio"/> NO <input checked="" type="radio"/>
7 Geraldine McKnight	McKnight	YES <input type="radio"/> NO <input checked="" type="radio"/>
8 Ann Menden	Hensley P.O. Box 863, Harlan, KY	YES <input type="radio"/> NO <input checked="" type="radio"/>
9 Joe D. Mieshop	Dieshop P.O. Box 1492 Harlan Ky 40330	YES <input type="radio"/> NO <input checked="" type="radio"/>
10 Carl W. Shays	P.O. Box 185 Beulah, Ky. 40807	YES <input type="radio"/> NO <input checked="" type="radio"/>

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**PUBLIC MEETING - SIGN-IN SHEET**

Kentucky Utilities Co. - Case No. 2009-00548

Harlan - April 27, 2010

PLEASE PRINT LEGIBLY

DO YOU WISH  
TO SPEAK?

Name

Address

YES NO

1 Betty Goss 268 Jung Hill YES

2 Jason Edwards 94 Reyer Rd YES

3 Ed Teltner 1255 S. Hwy Collins YES

4 Sam Hobbs PO Box 474 Wallers Ky 40893 YES

5 Colleen Unroe PO Box 463 Whitesburg, KY 41858 YES

6 CHARLITE HATMAKER P.O. Box 204 Harlan, KY 40831 YES

7 Bobby Kelly P.O. Box 734 Letcher Ky 40823 YES

8 YES NO

9 YES NO

10 YES NO

5

**PUBLIC MEETING - SIGN-IN SHEET**

Kentucky Utilities Co. - Case No. 2009-00548

Harlan - April 27, 2010

PLEASE PRINT LEGIBLY

DO YOU WISH  
TO SPEAK?

Name

Address

	DO YOU WISH TO SPEAK?
1 Stanley Sturgill	YES NO
2 Brent Backer 5600 Cloverlick Rd. Cumberland, KY 40823	YES NO
3 _____	YES NO
4 _____	YES NO
5 _____	YES NO
6 _____	YES NO
7 _____	YES NO
8 _____	YES NO
9 _____	YES NO
10 _____	YES NO

5

**PUBLIC MEETING - SIGN-IN SHEET**

**Kentucky Utilities Co. - Case No. 2009-00548**

*Harlan - April 27, 2010*

**PLEASE PRINT LEGIBLY**

Name	Address	DO YOU WISH TO SPEAK?
1 <i>Mary E. Smith</i>	_____	YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>
2	_____	YES <input type="checkbox"/> NO <input type="checkbox"/>
3	_____	YES <input type="checkbox"/> NO <input type="checkbox"/>
4	_____	YES <input type="checkbox"/> NO <input type="checkbox"/>
5	_____	YES <input type="checkbox"/> NO <input type="checkbox"/>
6	_____	YES <input type="checkbox"/> NO <input type="checkbox"/>
7	_____	YES <input type="checkbox"/> NO <input type="checkbox"/>
8	_____	YES <input type="checkbox"/> NO <input type="checkbox"/>
9	_____	YES <input type="checkbox"/> NO <input type="checkbox"/>
10	_____	YES <input type="checkbox"/> NO <input type="checkbox"/>