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TO: Commissioners
 Kentucky Public Service Commission
 211 Sower Blvd.
 Frankfort, KY 40601

NOV 19 2012

PUBLIC SERVICE
COMMISSION

Fax 502-564-3460

RE: Case No. 2012-00221 – Opposition to **Kentucky Utilities'** Proposed Rate
 Increases and Improper Structure

Dear Commissioners:

I am a residential customer of KU. I write to oppose KU's rate increases on electric service. Present rates are fair, just and reasonable. In these difficult times, KU already enjoys a secure and generous rate of return on its capital.

If any increase is due, I oppose increasing the monthly service charges. KU wants to raise the monthly electric service charge by 53% (from \$8.50 to \$13.00) and the kWh rate by only 3.5% (from 6.987 cents to 7.253 cents). This follows a 70% increase in 2010, from \$5.00 to \$8.50.

Any rate increase should be put on the kilowatt-hour, not the monthly service charge. KU enjoys a monopoly and guaranteed profit. It doesn't need a higher monthly service charge to ensure adequate revenues. Increasing the monthly service charge instead of the kilowatt-hour:

- Unfairly and unjustly lowers the returns of prior private investors in efficiency;
- Unreasonably discourages future private investments in efficiency;
- Unreasonably rewards wasteful users of energy;
- Unjustly and unfairly impacts those who use energy sparingly (i.e. – the poor, the elderly and the efficiency-minded), and;
- Unreasonably impairs deployment of renewables and distributed generation;

In short, KU's proposed structure is bad public policy. A public utility with monopoly and guaranteed profit should not employ such structure. I pray the Commission will not allow it, either after hearing or in any proposed settlement.

Very truly yours,

Signature



(Please print clearly)

Name

RON WATTS

Address

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