

RECEIVED

OCT 26 2012

PUBLIC SERVICE
COMMISSION

TO: Commissioners
Kentucky Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601
Fax 502-564-3460

RE: Case No. 2012-00222 – Opposition to Proposed Rate Increases and Unjust Allocations to Residential Monthly Service Charges

Dear Commissioners:

I am a customer of LG&E. I write to oppose LG&E's requested rate increases on electric and gas service. Present rates are fair, just and reasonable. In these difficult times, LG&E already enjoys a secure and healthy rate of return on its capital.

If the Commission finds any increase merited, I oppose the allocation of any increase to the monthly service charges. LG&E wants to raise the monthly electric service charge by 53% (from \$8.50 to \$13.00) and the kWh rate by only 3.7% (from 7.242 cents to 7.513 cents). It seeks to raise the monthly gas service charge by 24% (from \$12.50 to \$15.50) and to **lower** the CCF price by 6.4% (from \$.62023 to \$.58025).

This proposed rate system violates fundamental rules of free market economics. Any rate increase should be allocated to the unit of energy, not to the monthly service charge. LG&E already enjoys a monopoly. Allocating this (or any) rate increase to the monthly service charge:

- Unfairly and unjustly diminishes the returns of prior investors in efficiency;
- Unreasonably discourages future 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, LG&E's proposed allocation is terrible public policy. A public utility with a grant of monopoly should not and need not engage in such conduct. I pray the Commission will not allow it, either after hearing or within any proposed settlement.

Very truly yours,

Signature



Name

J. SMITH

Address

4602 SPRING BRANCH CT
40241