

November 5, 2012

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

Fax 502-564-3460

RE: Case No. 2012-00222

Dear Commissioners:

I am a residential customer of LG&E. I write to oppose LG&E's 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 generous rate of return on its capital.

If any increase is due, I oppose allocating the increase to 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 (volumetric pricing), not to the monthly service charge. LG&E already enjoys a monopoly and guaranteed profits. It doesn't need a higher monthly service charge. 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 private investments in efficiency;
- Unreasonably rewards wasteful users of energy;
- Unjustly and unfairly impacts those who use energy sparingly (i.e. the elderly and the efficiency-minded), and;
- Unreasonably impairs deployment of renewables and distributed generation.

In short, LG&E's proposed structure is terrible public policy. A public utility with a grant of monopoly should not employ such a pricing structure. I pray the Commission will not allow it, either after hearing or in any proposed settlement.

Very truly yours,


Mark Wright
7402 Singletree Lane
Louisville, KY 40291

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