

Melnykovich, Andrew (PSC)

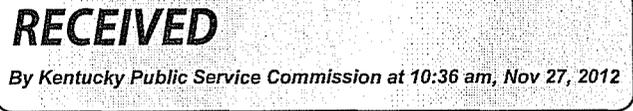
From: Melnykovich, Andrew (PSC)
Sent: Tuesday, November 27, 2012 10:33 AM
To: [REDACTED]
Subject: your comments in case number 2012-00221/2 - Louisville Gas & Electric rate adjustment

Dear Mr. FitzGerald:

Thank you for your comments regarding the rate increase proposed by Kentucky Utilities Co./Louisville Gas & Electric Co. Your comments will be placed into the case file for the Commission's review as it considers this matter. As you noted, the case numbers in this matter are 2012-00221 and 2012-00222. Please cite it in any future correspondence regarding this case so that your comments may be readily directed to the case file.

Thank you again for your interest.

Andrew Melnykovich
Director of Communications
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601
502-564-3940 x208 cell:502-330-5981



From: [REDACTED]
Sent: Tuesday, November 27, 2012 9:45 AM
To: Melnykovich, Andrew (PSC)
Subject: AARP Comments

Andrew:

Please find attached, in word and pdf format, the comments of the AARP concerning the LGE/KU Rate Case Settlement. Please forward these for filing in the record of the case. Thanks in advance.

Tom FitzGerald

Our hearts are not pure; our hearts are filled with need and greed as much as with love and grace; and we wrestle with our hearts all the time. The wrestling is who we are. How we wrestle is who we are. What we want to be is never what we are. Not yet. Maybe that's why we have these relentless engines in our chests, driving us forward toward what we might be. Brian Doyle, Essayist



November 27, 2012

RECEIVED

NOV 27 2012

PUBLIC SERVICE
COMMISSION

Chairman David L. Armstrong
Vice Chairman James W. Gardner
Commissioner Linda Breathitt
Kentucky Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

Re: Dockets No. 2012-00221 and 2012-00222, Kentucky Utilities and Louisville Gas and Electric Rate Cases

Dear Commissioners:

AARP submits the following comments in opposition to the rate increases proposed under the settlement recently filed by Kentucky Utilities (KU), Louisville Gas and Electric (LG&E) and other parties in the above referenced dockets. AARP members in Kentucky include customers of KU and LG&E who would be affected by these cases.

AARP appreciates that the overall increase in revenue requirement for both utilities will be lower under the settlement than under the filed applications. However, under the settlement residential customers will continue to receive a larger percentage rate increase than other customer groups.

Not only will residential customers receive a higher percentage rate increase, most of the rate increase will be placed on the monthly service charge. Rather than increasing the monthly electric service charge from \$8.50 to \$13.00 (with minimal increase in per kWh charges) as proposed by the Companies, the settlement would increase the customer charge to \$10.75. Such a significant increase to the monthly service charge is bad policy for ratepayers. A hefty increase in the service charge puts a larger rate increase on those customers with the lowest usage—who are often lower income or older customers. Increasing the customer charge also sends the wrong message—it does not discourage wasteful energy usage. Finally, guaranteeing a utility's revenue recovery through an increased monthly charge reduces a utility's risk, which should be reflected in a reduction in the allowed return on equity.

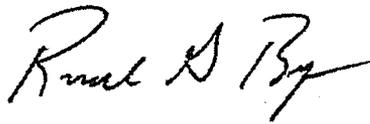
Page 2

Although the overall rate increase is reduced under the settlement, the agreed-to rate design is unfair to residential customers and should be rejected. In particular, seniors and others who use less than average amounts of electricity will incur larger percentage rate increases.

With regard to gas service, in addition to a 7.29% rate increase for residential customers, the settling parties concur with LG&E's proposal to add a new \$2.35 monthly surcharge for replacement of gas infrastructure. While additional investment may be necessary to ensure safety, AARP questions why a surcharge should be the preferred method of cost recovery. Surcharges benefit the utility, which is guaranteed revenue flow and collects revenue while avoiding full regulatory review. However, surcharges often shift risk to consumers. AARP has recently sponsored a report ("Increasing Use of Surcharges on Consumer Utility Bills" Prepared by Larkin and Associates for AARP, May 2012, available at aarp.org) relating to the increasing use of surcharges and the impact on consumers.

Thank you for your attention. Please contact Cathy Allgood-Murphy at 502-394-3427 if you have questions or need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Ron Bridges". The signature is written in a cursive style with a large initial "R" and "B".

Ron Bridges
AARP Kentucky
State Director