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To: Public Service Commission  
Concerning: Case No. 2009-00459 KPCo. Rate Increase Proposal

FEB - 4 2010

PUBLIC SERVICE  
COMMISSION

As a concerned citizen I request that this proposal by Kentucky Power Company be revised or preferably denied to protect the residential customers of Kentucky. This proposal comes at a time when most Kentuckians are feeling the crunch of a slow economy. As you know unemployment is at all time highs and many people are struggling to keep up with their mortgage and other bills. This increase would further burden the budget of so many residents who are already out of work or otherwise struggling.

This proposal would put the brunt of the burden on residential customers. Residential customers would see a 34.95% or 33.43% increase in their monthly bills, while Commercial & Industrial Power Time of Day customers would only see a 13.12% or 11.85 percent. Quantity Power customers would only see a 16.67% or 15.35% increase. Municipal Waterworks would only see an 18.11% or 16.77% increase. Large and Medium General Service would only see an increase of roughly 21 or 20%. Kentucky Power wants to raise the rates of those who use less-more, and those who use more-less.

I will concede to the argument that it costs much more to provide and maintain service for thousands of residential customers each at a different location, as compared to the fewer larger customers. However, this should not be reflected in the current rate hikes. The rates should go up an equal percentage for all customers in my opinion. Kentucky Power has been providing electric service for a long time. KPCo. should have already accounted for the added costs to provide service to residential customers. And if they have, why are they hiking the rates much more for residential? It seems that an across-the-board, same-percentage increase for every type of customer would be most fair, if an increase in rates is necessary. Generally speaking, the customers that use the most electricity get a cheaper rate per KWH already. The proposed rate changes would further widen this gap between rates while unnecessarily burdening already troubled residents. This is why I propose we keep the ratio of the rates between all the different types of services the same, by raising all rates the same percentage. This would equally burden all customers.

In the spreadsheet I have prepared, I first show the KPCo proposal. The second chart shows that an across-the-board rate increase of 24.252% (without the transmission adjustment) or 22.871% (with the transmission adjustment) would provide the same total revenue KPCo is seeking. Notice that all the rate increases are less than the average, except residential, which is 10% higher than the average!

Don't let the transmission adjustment distract you from the staggering rate hike on residential customers. While KPCo. is proposing to raise residential service costs 34.95% they are boasting of the savings to customers with the transmission adjustment. This savings would be less than \$2 a month for the average residential customer according to KPCo.'s figures in the notice mailed to customers. This adjustment is rather minute.

As shown on the spreadsheet, under my proposal, the average residential customer would see a \$27.79 increase in his/her monthly bill, as compared to the \$40.05



<b>Current KPCo Proposal</b>							
Customer Classification	Current Revenue	Without Transmission Adjustment			With Transmission Adjustment		
		Proposed Revenue	Proposed Increase	Percent Change	Proposed Revenue	Proposed Increase	Percent Change
RS	\$196,964,517	\$265,806,203	\$68,841,686	34.95%	\$262,804,281	\$65,839,764	33.43%
SGS	\$14,551,918	\$17,806,165	\$3,254,247	22.36%	\$17,605,064	\$3,053,146	20.98%
MGS	\$51,640,578	\$62,538,275	\$10,897,697	21.10%	\$61,831,958	\$10,191,380	19.74%
LGS	\$58,995,442	\$71,576,186	\$12,580,744	21.32%	\$70,767,800	\$11,772,358	19.95%
MW	\$582,698	\$688,182	\$105,484	18.10%	\$680,410	\$97,712	16.77%
QP	\$54,976,107	\$64,138,780	\$9,162,673	16.67%	\$63,414,389	\$8,438,282	15.35%
C.I.P.T.O.D.	\$124,336,206	\$140,655,061	\$16,318,855	13.12%	\$139,066,487	\$14,730,281	11.85%
OL	\$6,588,349	\$8,818,681	\$2,230,332	33.85%	\$8,818,681	\$2,230,332	33.85%
SL	\$1,129,448	\$1,363,743	\$234,295	20.74%	\$1,363,743	\$234,295	20.74%
<b>Total</b>	<b>\$509,765,263</b>	<b>\$633,391,276</b>	<b>\$123,626,013</b>	<b>24.252%</b>	<b>\$626,352,813</b>	<b>\$116,587,550</b>	<b>22.871%</b>

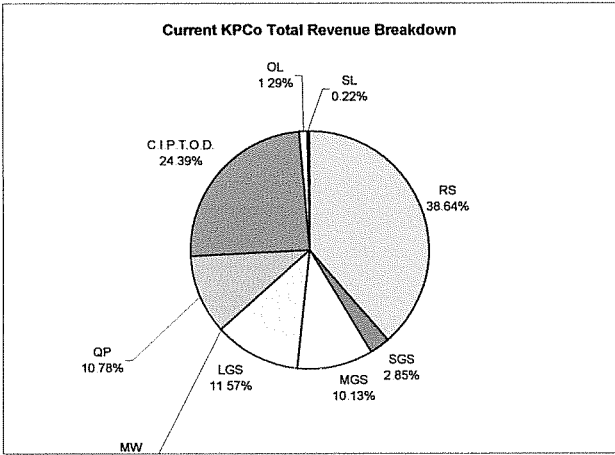
<b>Independent Residential Customer Alternative Proposal</b>							
Customer Classification	Current Revenue	Without Transmission Adjustment			With Transmission Adjustment		
		Proposed Revenue	Proposed Increase	Percent Change	Proposed Revenue	Proposed Increase	Percent Change
RS	\$196,964,517	\$244,732,352	\$47,767,835	24.252%	\$242,012,272	\$45,047,755	22.871%
SGS	\$14,551,918	\$18,081,049	\$3,529,131	24.252%	\$17,880,087	\$3,328,169	22.871%
MGS	\$51,640,578	\$64,164,451	\$12,523,873	24.252%	\$63,451,295	\$11,810,717	22.871%
LGS	\$58,995,442	\$73,303,017	\$14,307,575	24.252%	\$72,488,290	\$13,492,848	22.871%
MW	\$582,698	\$724,014	\$141,316	24.252%	\$715,967	\$133,269	22.871%
QP	\$54,976,107	\$68,308,912	\$13,332,805	24.252%	\$67,549,692	\$12,573,585	22.871%
C.I.P.T.O.D.	\$124,336,206	\$154,490,223	\$30,154,017	24.252%	\$152,773,140	\$28,436,934	22.871%
OL	\$6,588,349	\$8,186,155	\$1,597,806	24.252%	\$8,095,170	\$1,506,821	22.871%
SL	\$1,129,448	\$1,403,362	\$273,914	24.252%	\$1,387,764	\$258,316	22.871%
<b>Total</b>	<b>\$509,765,263</b>	<b>\$633,393,535</b>	<b>\$123,628,272</b>	<b>24.252%</b>	<b>\$626,353,676</b>	<b>\$116,588,413</b>	<b>22.871%</b>

Current KPCo Proposal									
Tarriff Class	Average Customer KWH	Average Customer Demand KW	Present Average Billing	Without Transmission Adjustment			With Transmission Adjustment		
				Proposed Average Billing	Average Billing Change	Average Percent Change	Proposed Average Revenue	Average Billing Change	Average Percent Change
RS	1,427		\$114.57	\$154.62	\$40.05	34.96%	\$152.87	\$38.30	33.43%
SGS	508		\$53.60	\$65.59	\$11.99	22.37%	\$64.85	\$11.25	20.99%
MGS	6,247		\$557.43	\$675.06	\$117.63	21.10%	\$667.44	\$110.01	19.74%
LGS	73,192	2	\$5,650.90	\$6,855.95	\$1,205.05	21.32%	\$6,778.52	\$1,127.62	19.95%
MW	32,589	224	\$2,427.91	\$2,867.43	\$439.52	18.10%	\$2,835.04	\$407.13	16.77%
QP	859,815		\$52,659.11	\$61,435.61	\$8,776.50	16.67%	\$60,741.76	\$8,082.65	15.35%
CIPTOD	1,072,430	2,096	\$575,630.58	\$651,180.83	\$75,550.25	13.12%	\$643,826.33	\$68,195.75	11.85%
OL	75	20,770	\$11.30	\$15.13	\$3.83	33.89%	\$15.13	\$3.83	33.89%
SL	11,406		\$1,518.08	\$1,832.99	\$314.91	20.74%	\$1,832.99	\$314.91	20.74%
Totals	2,057,689	23,092	\$638,623.48	\$725,083.21	\$86,459.73	13.538%	\$716,914.93	\$78,291.45	12.259%

Independent Residential Customer Alternative Proposal									
Tarriff Class	Average Customer KWH	Average Customer Demand KW	Present Average Billing	Without Transmission Adjustment			With Transmission Adjustment		
				Proposed Average Billing	Average Billing Change	Average Percent Change	Proposed Average Revenue	Average Billing Change	Average Percent Change
RS	1,427		\$114.57	\$142.36	\$27.79	24.252%	\$140.77	\$26.20	22.871%
SGS	508		\$53.60	\$66.60	\$13.00	24.252%	\$65.86	\$12.26	22.871%
MGS	6,247		\$557.43	\$692.62	\$135.19	24.252%	\$684.92	\$127.49	22.871%
LGS	73,192	2	\$5,650.90	\$7,021.36	\$1,370.46	24.252%	\$6,943.32	\$1,292.42	22.871%
MW	32,589	224	\$2,427.91	\$3,016.73	\$588.82	24.252%	\$2,983.20	\$555.29	22.871%
QP	859,815		\$52,659.11	\$65,430.00	\$12,770.89	24.252%	\$64,702.78	\$12,043.67	22.871%
CIPTOD	1,072,430	2,096	\$575,630.58	\$715,232.51	\$139,601.93	24.252%	\$707,283.05	\$131,652.47	22.871%
OL	75	20,770	\$11.30	\$14.04	\$2.74	24.252%	\$13.88	\$2.58	22.871%
SL	11,406		\$1,518.08	\$1,886.24	\$368.16	24.252%	\$1,865.28	\$347.20	22.871%
Totals	2,057,689	23,092	\$638,623.48	\$793,502.45	\$154,878.97	24.252%	\$784,683.06	\$146,059.58	

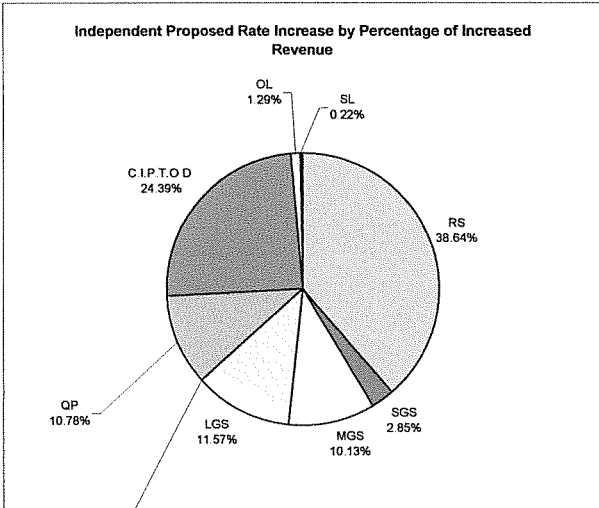
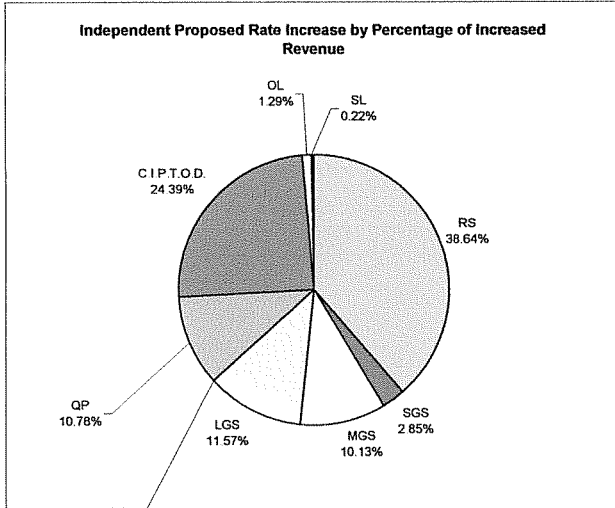
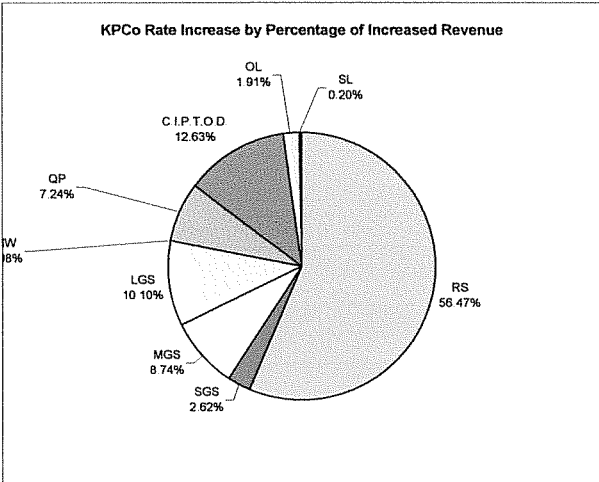
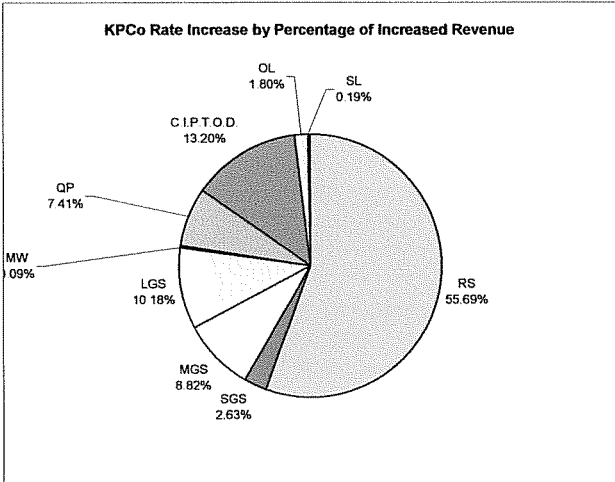
Tarriff Class	Average Customer KWH	Average Customer Demand KW	Present Average Billing	Cost per KWH
RS	1,427		\$114.57	\$0.08028732
SGS	508		\$53.60	\$0.10551181
MGS	6,247		\$557.43	\$0.08923163
LGS	73,192	2	\$5,650.90	\$0.07720653
MW	32,589	224	\$2,427.91	\$0.07450091
QP	859,815		\$52,659.11	\$0.06124470
CIPTOD	1,072,430	2,096	\$575,630.58	\$0.53675352
OL	75	20,770	\$11.30	\$0.15066667
SL	11,406		\$1,518.08	\$0.13309486

All figures within these documents are derived from the KPCo Rate proposal mailed to my house. I believe all the figures herein to be true and accurate, however I do not guarantee that there are no mistakes. Even if the figures were to be wrong the basis for this letter is still true. The brunt of the burden is being proposed for residential customers.



Without Transmission Adjustment

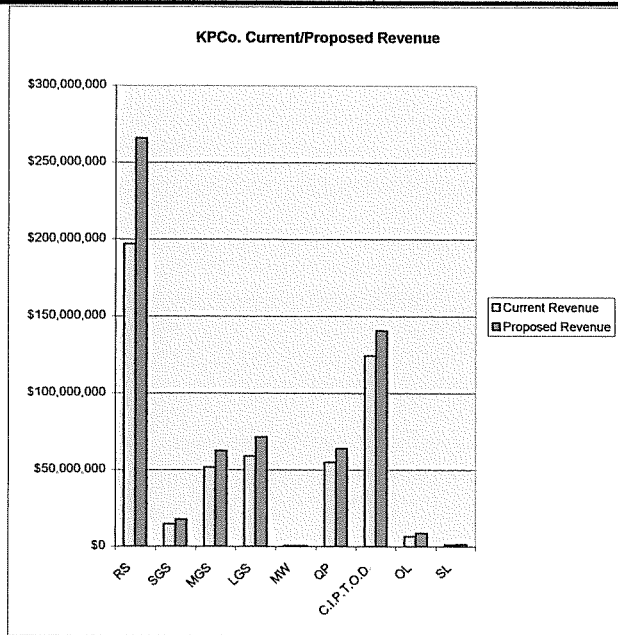
With Transmission Adjustment



The top chart shows where the total revenue currently comes from. The middle two charts show the percentage of the burden of the increased rates proposed by KPCo. The bottom two show my plan for the percentage of the increased rates. Because I propose to increase at the same percentage, it looks just like the current rate chart at the top. In other words, residential customers are currently 38.64% of KPCo's total revenue. KPCo wants this 38.64% to get over 55% of the increase, making the total revenue from

residential nearly 42% of KPCo's total revenue

Without Transmission Adjustment



With Transmission Adjustment

