

William Robert Detherage  
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March 8, 2010

Public Service Commission  
211 Sower Blvd.  
P O Box 615  
Frankfort, KY 40601

RE: LG & E Rate Increase

To Whom It May Concern:

I have received a notice from LG&E regarding their application to your agency for a rate increase. They request an increase of 12.19% on the Electric Service and 8.75% on the Gas Service. Please consider my statements as you deliberate their request.

Louisville Gas & Electric should never have been allowed to become a publicly traded corporation because they are a public utility. However that is water over the Hydroelectric Dam and with the acquisition of LG&E by Eon, the new owner gets to pass the cost of their acquisition along to the customer in the form of higher fees. Also, Eon has reduced the number of employees by over 50% through the practice of subcontracting services to other companies, most of whom are not Kentucky companies.

I suspect that most of the Electric Rate increase, they will contend, is based on the expenses incurred from storm damage of 2009. Let me figure this out; an international utility company, with 1,000's of employees all over the globe, does not have a risk manager, or insurance, or is not smart enough to figure out "Hey, we need to have a reserve or insurance for a catastrophe like an Ice Storm"? LG&E does have a Risk Manager in Louisville and they probably have a past Risk Manager that works for their local insurance agent. I think the storm scenario is an invalid basis to request a rate increase for a company as large and sophisticated as Eon.

If they failed to expect the unexpected, then their stock price should be diminished accordingly and not pumped up by rate increases at the expense of the customer. This makes the customer an unwilling capital resource responsible for a Public Utility's bottom line. The customer does not have an option to purchase the services from another market and is making up for the poor management of a publicly traded company. Let them sell more stock and invest some of their assets in order to survive. My gas rate and electric rate is already indexed to their actual cost plus fees and the infrastructure is the responsibility of the corporation.

The more likely scenario is they want to bolster the bottom line and dividend, making the company more attractive to a potential buyer. Eon is trying to sell their US holdings aren't they? When Eon sells is the customer going to be told we need to pay higher rates to the new owner, helping to cover their cost of acquisition?

All public utilities that are necessary, water, sewer, gas and electric should always be owned by the municipality and not be publicly traded companies.

Respectfully,

W. Robert Detherage

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