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OCT 24 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 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 increasing the monthly service charge. LG&E wants to raise the monthly electric service charge by 53% (from \$8.50 to \$13.00) and the kWh price by only 3.7% (from 7.242 cents to 7.513 cents).

It wants to raise the monthly gas service charge by 24% (from \$12.50 to \$15.50) and lower the CCF (hundred cubic feet) price by 6.4% (from \$.62023 to \$.58025).

Any rate increase should be put on the unit of energy ("volumetric pricing"), not the monthly service charge. LG&E already enjoys a monopoly and guaranteed profit. It doesn't need a higher monthly service charge. Increasing the monthly service charge instead of the per-unit of energy price:

- 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 bad public policy. A public utility with a grant of monopoly and near-certain profit 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,

Signature Kathy Little

Name Kathy Little

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