Melnykovych, Andrew (PSC)

From: Melnykovych, Andrew (PSC)
Sent: Tuesday, November 27, 2012 10:34 AM
To: [redacted]
Subject: your comments in case number 2012-00222 - Louisville Gas & Electric rate adjustment

Dear Mr. Thacker:

Thank you for your comments regarding the rate increase proposed by 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 number in this matter is 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 Melnykovych
Director of Communications
Kentucky Public Service Commission
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Frankfort, KY 40601
502-564-3940 x208 cell:502-330-5981

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By Kentucky Public Service Commission at 10:38 am, Nov 27, 2012

From: PSC - Public Information Officer
Sent: Tuesday, November 27, 2012 9:32 AM
To: Melnykovych, Andrew (PSC)
Subject: FW: Comment on Case # 2012-00222

From: Ike Thacker[S[redacted]
Sent: Tuesday, November 27, 2012 9:31:33 AM
To: PSC - Public Information Officer
Subject: Comment on Case # 2012-00222
Auto forwarded by a Rule

Dear Sirs:

Please put the following comment, which is below and attached, in the official record after considering it carefully. It is on the referenced Case #, a rate increase proposed y L G & E.

THANK YOU!

A View from the 99%: "Just Because" It's Almost 2013
(A Comment on Case # 2012-00222)

by Isaac Marion Thacker IV (Ike Thacker)

[redacted]

My name is Ike Thacker and I am an all-electric L G & E customer who lives near the Mid-City Mall on Bardstown Road in Louisville, one of the 17 counties served by L G & E, which is under its third owner in less than five years, the Fortune-500 multinational corporation (MNC) PPL, which used to be called Pennsylvania Power and Light but has ended that fiction as its interests have spread around the globe from Montana to Wales and beyond. I am a proud member of the Kentucky Alliance Against Racist and Political Repression (KAARPR, or "the [Kentucky] Alliance"), the Fellowship of Reconciliation's Louisville Chapter (FOR), and of Occupy Louisville, but speak only for myself here.

I cannot attend today because I am trying to get help paying my L G & E bill. Much of what follows is an approximation of what I said in addressing the Public Service Commissioners (PSC or "the Commissioners") on November 20 at Durrett Auditorium on Preston Highway in Louisville, but there are several added and slightly-modified arguments and emphases. After Occupy, I call this "A View from the 99%"—the 99% of us Louisvillians who join with 16 other L G & E counties. As you will see, *numbers* tell much of the story I here weave, with some new points right at the start. My position is simply that NO rate increase is justified.

This rate increase, it seems to me, comes not from any real need but just because it's almost January 1, 2013, the date before which PPL agreed not to raise base rates when its purchase of L G & E was okayed in 2010. The magic day is coming soon, and voila, the company has suddenly found a "need" to raise electricity rates by 8.6% for us residential electric customers (lowered to 4.8% in a subsequent settlement agreement between the company and formal interveners). Odd, first of all, that L G & E can suddenly make do with much less than it claimed to need; and second, that this "need" comes up on the very first day it legally could—though the company tried to get it for August 2012, a request that has apparently been "suspended" until the legal date.

This rate increase is much more of a one-time “hit” for us customers than the more ballyhooed 18.3%-over-five-years one recently approved, since reduced to 12.3% in a welcome and very responsible move by L G & E, but has received little attention. Those of us with low incomes noticed, though, and simply can’t afford, in these near-Depression economic times, even the $4.31/mth (that’s more than $50/year!) now under consideration.

And whatever reasons are being claimed for this increase, I personally believe, are simply a smokescreen for the fact that 1/1/13 is almost upon us. There has been very little talk in the media as to *why* this coincidental rate increase is needed—which leads me to believe it isn’t. There is no Trimble County plant or environmental cleanup this time—just *pure*, understandable greed. L G & E is proposing this rate increase simply because it can. Some things are just costs of doing business! No company (more on this later) should in essence be guaranteed a hefty profit, especially on utility bills almost all of us have to pay to a monopoly.

One final new point before I go into things most of which I raised a week ago: too much of the proposed rate increase, as solar energy and other groups have pointed out, is in the flat-rate charge for having service. This increases from $8.50 to $10.75 under the settlement, an increase of $2.25, or more than half of the total. And it was only $5.00 before another recent agreement, which means it has gone up 115% (!) in a very short time—especially unfortunate because this ***penalizes*** people who conserve energy and help save our very planet (increasing the per-kwh rate puts more of the cost where it should logically and morally be, on those who use more electricity [or gas]).

Now to re-emphasize my arguments of last Tuesday, in doing which, as then, I mostly limit myself to the area where I have “standing:” L G & E residential electric rates.

First, in the agreement that allowed PPL to purchase L G & E in 2010, they (for the first five years or until the first rate increase, which guess officially is this one) were ***allowed*** to make a whopping 10.75% rate of return (and half of what they clear above that!), and 10.62% even on forced environmental upgrades. I will be brief: this is patently absurd, especially the latter rate, and quite simply makes a mockery of the idea that L G & E is a “regulated” utility. More than one of every ten dollars we pay for utilities, as certain and unfortunate as death and taxes, is allowed to go to mostly-rich investors in a Fortune-500 MNC with very few ties to Louisville and interests around the planet! 'Nuff said.

Second, the rate increase is 4.8%. This is less than half the 10.75% allowed profit. So obviously if you could just eliminate the profit you could avoid not only this rate increase, but another one of the same large size and ***still*** have 1.15% left over. More on this later.

Third, the real rate increase is 17.1% or so during the next five years, because of the 12.3% environmental increase already mentioned. With L G & E electricity revenue yearly at about $702 million—the $33.7 million increase documented in the *Courier-Journal* on November 20, divided by 4.8%--this is an annual increase by 2016/2017 of almost exactly $120 million flying away from Louisville to PPL and thus Wales or Pennsylvania or Montana (or wherever)!

And it would be the result of a price increase THAT PEOPLE JUST CAN"T AFFORD of $52 yearly for this rate increase and about $133 for the environmental one, or $185 yearly (which is more than $15/mth). In these perilous times, people just don't have that to spare—and it would go, not for service improvements or reducing the number of the dreaded "brown bills" or decreasing reliance on fossil fuels like coal, or (except a measly $187,500) even to help economically poor folks *pay* their higher utility bills, but rather into the deep pockets of mostly-rich shareholders of a Fortune-500 MNC with far-flung global interests. What kind of public policy, of "regulation," is ***THAT***??

So, what do we need?

First, to remember that some things are just costs of doing business and should not generate rate increases! No company providing a service as essential as electricity (or natural gas) should get a return of 10.75% or 10.62%!

Second, to therefore totally reject the current proposed settlement increase of 4.8% and reject or rescind (as legally necessary) the earlier 12.3% one based on environmental upgrades.

Third, to institute LOCAL, PUBLIC OWNERSHIP of L G & E. Without the need for profits, we could, as my friend Walter Tillow has pointed out, save ratepayers a huge amount calculated simply as

Declared Profits ($930 million for PPL in 2009)

\# of ratepayers (397,000 L G & E electric).

And the fact that huge sums can be saved has been proven. According to the DOE's Energy Information Administration, there are (as of 2000) some 2,009 publicly owned electric utilities already in the U.S., versus only 240 investor-owned (!). But those 240 had $170 billion in revenue versus only $33 billion for the 2,009 private ones. **THE COMPANIES CHERRY-PICK**, taking densely-populated areas like Louisville and leaving the unprofitable spoils for public entities.

Despite this cherry-picking, public electric utilities were more than 7% cheaper (6.4cents per kwh versus 6.9 cents) than private ones, even under the status quo. And research cited by Dr. Tom Lambert has shown that the savings could be as much as 33% with a more equitable general climate!

Time to conclude, I guess. We are talking about rent and utilities here, folks—almost everyone has to pay them! Please, please, Commissioners, give us a break in these near-Depression economic times!

Viva the 99 Percent!

--
Ike Thacker
[redacted]