

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

JUL 02 2013

PUBLIC SERVICE
COMMISSION

In the Matter of:

APPLICATION OF BIG RIVERS)
ELECTRIC CORPORATION, INC.)
FOR AN ADJUSTMENT OF RATES)

Case No. 2012-00535

Comments by AARP Kentucky

AARP Kentucky submits the following public comments regarding the electric rate increase proposed by Big Rivers Electric Corporation. AARP is a nonprofit, nonpartisan membership organization with over 460,000 members in Kentucky, dedicated to making life better for people 50 and over. We provide information and resources; engage in legislative, regulatory and legal advocacy.

Big Rivers is proposing a 19% increase in residential electric rates. For the average residential customer, that means paying almost \$22 more a month for electric. AARP believes that this proposed increase in electric rates will negatively impact all electric utility customers, but particularly residential electric customers, including those on fixed and limited incomes. Older consumers are particularly vulnerable to rapid increases in energy prices. Although they typically consume less energy than younger people do, any increase for older persons represents a higher percentage of spending dedicated to energy costs in their budget. Too often, low-income older people must choose between risking their health and nutrition by cutting back on energy expenditures and reducing spending for other basic necessities. We need to ensure that older

consumers are not caught between paying their next electric bill and taking their needed medications every day or eating sufficiently.

AARP agrees with the testimony filed by the Office of Rate Intervention of the Kentucky Office of the Attorney General in this docket. Specifically, AARP agrees with the following:

- The rate increases proposed for residential consumers are not fair, just and reasonable since they include Big Rivers' proposal to make their remaining customers responsible for paying the costs of another customer, Century, leaving the system. Big Rivers customers should not have to pay the costs of maintaining excess capacity.
- The Office of the Attorney General's calculations show that Big Rivers has a revenue surplus and, therefore, the Commission should not approve any rate increase.
- Contrary to the best interest of their customers, Big Rivers awarded significant pay increases of about \$4.4 million to Officers and employees (with individual pay increases reaching 70%), placing a priority on its own pay increases as it continued to defer necessary maintenance.
- The rate design proposed by Big Rivers places the greatest increase on the fixed component of the bill, which will unduly hurt residential customers.

AARP Kentucky asks the Commission not to approve the rate increase proposed by Big Rivers because it is unnecessary and unfair. We ask the Commission to consider these comments, as well as the other public hearing comments, as it deliberates on Big Rivers' proposed rate increase and its impact on Kentuckians.

Sincerely,



State Director

Kentucky State Office