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Comment Letter

Opposing the LG&E/KU Residential Rate Restructuring

Reference cases **2014-00372** and **2014-00371**

I ask the Kentucky Public Service Commission (PSC) to reject the filings by LG&E and KU which propose a 67 percent increase in the residential customer fixed charge, from \$10.75 per month to \$18.00 per month. (Case numbers **2014-00372** and **2014-00371**). This restructuring of rates and charges will stifle energy efficiency and clean renewable energy.

Increasing the residential customer charge by 67 percent, as LG&E and KU propose to do, will impose inordinate increases on those customers who use the least electricity: low-income households who are forced to conserve and on those who have incorporated energy efficiency or renewable energy measures for economic or environmental reasons. A higher customer charge will also short-circuit utility efficiency programs and stifle the growth of the many businesses who manufacture, install or service energy efficiency and renewable energy technologies.

Rates can be structured to ensure both adequate returns to the utility and, at the same time, send price signals to the rate payer that encourage efficiency, demand-control, and adoption of renewable forms of energy. Increasing the customer fixed charge is the antithesis of any such enlightened rate structuring approaches, especially when coupled with a reduction in the per KWh charge, as LG&E proposes.

While the original intent of the fixed customer charge was to pay only the costs associated with metering and sending bills, these utilities now seek to expand the customer charge far beyond its original purpose. Expanding the customer charge, as LG&E and KU seek to do, is both misguided and abusive of the regulatory structure.

Further, increasing the proportion of fixed costs in a bill promotes a tendency of higher energy users to be even more wasteful in their usage. As we look to a future that includes the EPA's Clean Power Plan, this is exactly the path our utilities should NOT be taking.

I therefore urgently ask the PSC to deny this large increase in the fixed residential customer charge proposed by LG&E and KU, and firmly request that a more just rate structure be preserved.

Sincerely,

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