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Kentucky Public Service Commission

Public Service
Commission

P.O. Box 615

Frankfort, KY 40602

Dear Sirs:

Ref. 2016-00370

Included with my latest Kentucky Utilities bill was the February 2017 Power Source which described a "service charge with benefits". This proposed increase in monthly charges includes a change in the basic service charge (BSC) from \$10.75 to \$22.00 and a reduction in the kWh charge from \$0.089 to \$0.085. The "real world" example given suggests a 5% monthly savings during high consumption months. I complement their use of a selective and positive example but they fail to look at increased costs to those consumers who have lower consumption requirements. In fact, those customers will experience significantly greater costs. They also provided an alternative plan which requests a kWh increase from \$0.089 to \$0.095 which I can only assume would yield the same net increase.

In my case, the minimum monthly usage over the past year was 376 kWh while the high was 1075 kWh. If I use both sets of the proposed changes, the new charges for the low use month would be \$42.21 vs \$53.96 and for the high month \$106.43 vs \$113.38. In both the low and high use months, my costs would be greater if the proposed increase in the BSC is approved and both months would experience no savings. I did not include fuel adjustment, environmental surcharge and home energy assist. fund charges in either example. The bottom line is that for customers who have low monthly electrical consumption, the proposed BSC change will significantly increase annual costs compared to a simple increase in kWh from \$0.089 to \$0.095. In my own case, based on the past 13 months' usage, it would be \$913.70 vs \$800.07. I maintain the proposed increase disproportionately benefits high use customers who probably already have greater resources than low use customers who will see increased costs under either condition but a much greater percent increase during lower use months. In addition, the argument of reducing cost during high energy months is weak because customers already can use the option of equal payments over the entire year.

Thus, the low use customers who more than likely already have greater financial challenges will experience a disproportional increase in monthly charges. I understand the necessity of KU covering increased costs but an increase to \$0.095 kWh would be more equitable than a more than doubling the BSC that every customer would pay, regardless of the actual use of electricity.

Sincerely,



Douglas L. Dahlman