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PUBLIC SERVICE COMMISSION

From: Chris Abner
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To: Public Service Commission
Commonwealth of Kentucky
P.O. Box 615
211 Sower Blvd.
Frankfort, KY 40602-0615

Re: Duke Energy Residential Electric Rate Increase Proposal Case # 2017-00321

Dear Commissioner:

On the heels of a recent exorbitant gas rate increase request by Duke Energy, I was astonished to see huge rate increases being demanded again. This time the amount per bill is even more than the previous 100%+ increase request, with one aspect (base customer charge) being close to triple. Triple!

I ask the PSC to inquire as to why in a low inflation environment this company cannot seem to function without large price hikes. I have identified several areas where costs can be cut and render these repeated pleas for consumers to be hurt unnecessary.

- Stop making huge political donations such as the 10-million-dollar loan to a political party that was later forgiven and a 4.14 million donation to a political fund in just in one election cycle
- Cease sponsorship of event complex(s). Advertising is simply not needed for monopolies
- Do not hand out large guaranteed contracts for CEOs; subsequently saving the expense of being sued by shareholders for firing them after a day on the job, plus having to pay the severance
- Cut administrative pay since cost containment must be an issue, instead of doubling CEO pay from 6.5 to 13 million as was done not too long ago by this company. CEO pay and resulting company performance are not positively linked anyway, per research studies
- Keep existing digital meters and not foist unnecessary smart meters on customers
- Freeze or even cut the dividend paid to shareholders since this must be a trying time for a company asking for huge rate increases. These large dividends support shares for options based executive compensation as well

Smart meters have been touted by the company as a means for consumers to see their bill part way through the month. People already know how to save energy, they either choose not to or simply cannot afford upgrades. The latter reason will be even more so after an enormous increase in their bills is granted. If anything, installing these meters should decrease costs over time as Duke has stated they will no longer need a technician to start or stop service. That alone should mitigate the cost of these meters and not create a need for an increase for that reason. This is a puzzling situation to begin with since the old meters seem to function well. The ability to change your billing due date does not ease your life any if the bill has gone way up.

The requested raise of 17.4% mentioned in the company press release outlined reasons as to why it was necessary. The talking points raised are nonstarters and gloss over how the concerns actually benefit consumers. Natural gas costs have remained steady and coal is well off from historical highs. Nationally the trend is for consumers to be asked to offset profit decreases caused by rising energy efficiency. The utility industry seems to think they are entitled to continuing to make a certain amount of money and appear to be making a coordinated effort to demand these old rates of return. No other industry is guaranteed this, as changing times cause fortunes to rise and fall. The natural course of economics is for new businesses to replace the outdated or for current entities to evolve what they offer into what the market is demanding. All within the confines of the free market.

In a normal relationship, consumers could vote with their wallets against things they do not agree with or go with cheaper options. The business would be limited to whatever rates the market would allow. Money carelessly spent in that paradigm is money lost the business cannot get back by simply raising rates. As it stands here, the PSC is our only way to voice objection. Without intervention, this company can continue to spend money without consequence. Already in the last few years alone money far above what the average person will ever see has gone out the door in a questionable manner.

The notions that the consumer should pay to build out a solar project and also to update a coal ash facility are uncompelling. These are business costs that can and should be supported by the company's current revenue stream. Duke Energy repeatedly has shown it possesses the deep pockets needed to throw tens of millions of dollars around on largess and miscues instead of reinvesting in their core business. Just how much has this regulated business been able to profit from it's current monopoly rates in order to afford the expenditures I uncovered in only a few minutes? What other issues could be unearthed?

A completely insulting addition is for consumers to bankroll Duke's buyout of a joint venture. The bulk of the 12.4-million-dollar price tag could have been obtained by simply not donating 10 million to a political party. It is as if reliance on the PSC to approve an increase is the primary thought in adding this asset to their balance sheet, thereby giving them a free revenue generator. Duke even added Cinergy to their portfolio, paying vast sums for it and some associated shady transgressions with the existing rate structure.

I stopped to consider if this was a too heavy-handed assessment. Then I noticed another shareholder lawsuit was settled for 146 million dollars. This coupled with the one I previously knew about for 27 million, on top of the 44 million paid for a day on the job to one person is enough to convince me this group does not need any more money from those that can least afford it. The company has claimed these settlements will be paid by shareholders and not customers. Yet after some time has passed for the public to forget about these expenditures and pledges to not cost customers, an increase request comes in looking like just that is taking place. Please hold them to their pledge.

Thank You,

Chris Abner

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