Public Comment Opposing KU's Proposed Residential Rate Increase Case No. 2025-00113

Submitted by Kyle R.
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To the Kentucky Public Service Commission:

I write to oppose the proposed 13.6% increase in base electric rates for residential customers by Kentucky Utilities (KU), as filed in Case No. 2025-00113. This increase as proposed is unreasonable, unjustified by financial necessity, and places an unfair burden on the very customers least able to afford it.

1. PPL's Stock Performance Demonstrates Increasing Profitability Without Rate Hikes

Ratemaking processes in Kentucky, per regulations outlined in KRS 278, must be "fair, just, and reasonable." Utilities are entitled to the opportunity for a return on their investment (profit).

PPL Corporation (the parent company of KU, an investor-owned utility) has seen strong financial performance over the past year. In 2024, PPL delivered a 24% increase in share price, one of its best years in recent history[1]. As of June 2025, the company is already up over 5% year-to-date, and continues to pay out healthy dividends to shareholders. This financial strength was achieved **without** a residential rate hike in Kentucky[2], demonstrating clearly that KU and PPL can maintain strong profits and shareholder returns under current rate structures. Ratepayers should not be penalized with steep increases just to pad investor gains.

Under current rates, KU has achieved a fair profit from their services rendered. Increased rates as proposed in the filing would place an undue burden on consumers to enlarge the profit in a manner which is not reasonable to consumers given the recent financial success of the corporation. Therefore, the "fair, just, and reasonable" component of the rate increase request is not satisfied.

2. Residential Customers Bear an Unfair Share of the Burden

Residential customers face the largest percentage increase, 13.55% on average, compared to 9-11% for most commercial and industrial classes. This is unfair and

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[1] According to PPL investor reports from their website, it appears that ~50% of their portfolio is from Power Utilities and generation in Kentucky. They also are the parent company for regulated utilities in Rhode Island and Pennsylvania.
[2] The last rate hike being four years ago in 2021

regressive. Larger commercial and industrial customers are better positioned to absorb increased utility costs. By contrast, individual families and low-income households have no such leverage and are already struggling with inflation and stagnant wages. An average increase of $18.15 per month per residential household is a serious blow to working families across Lexington and the Commonwealth.

To better position themselves to provide electric service to high demand customers and new high demand industries such as data centers, KU should focus on increasing that rate type and utilizing development fees from these high demand customers to improve the grid. Residential customers should not be called upon to subsidize these development projects that degrade the grid and its reliability with their heavy demand, nor should they be forced to foot the bill for construction of electric generation units where the new supply would be used primarily by new high demand industries.

3. Daily Basic Service Charge Increase Punishes Conservation and Efficiency

KU's proposal to raise the daily basic service charge from $0.53 to $0.64 (an increase of over 20%, or a $40.15 increase per year) is particularly concerning. This flat fee applies regardless of how much energy a customer uses. It penalizes households such as mine that have invested in energy-efficient appliances and upgrades throughout their home, and sustainability focused customers who actively practice energy conservation to reduce their energy demand. It disincentivises and pushes consumers away from eco-friendly options and behaviors that could reduce unnecessary electricity usage and waste.

It also punishes those, including low-income customers, who have no choice but to pay the daily basic service charge regardless of how much daily energy they use. A mandatory $40 annual increase just to receive the necessary electric service is felt disproportionately more by those living paycheck to paycheck or on a fixed income.

The proposed increase to the daily basic service charge unfairly penalizes residents of smaller, higher-density housing, such as multi-family apartment buildings, by treating them the same as residents of larger, detached single-family homes. Every household, regardless of size or energy usage, pays the same daily fee. This means that a 15-unit apartment building generates 15 times the daily service charge revenue for KU as a single-family home, even though the infrastructure cost to serve those 15 units, located in the same building and drawing from shared wiring, is significantly lower on a per-household basis. In contrast, a large single-family home typically demands more energy and requires a greater investment in infrastructure to serve (e.g., individual lines, poles, transformers). Yet it pays the same single daily charge as each small apartment. The result is a system that disproportionately charges dense, efficient housing more per unit, despite its lower per-customer cost to the utility. It should also not be lost that many of the folks who are living in denser, smaller apartments (such as senior living apartments) are also the same lower-income individuals on fixed incomes that are unfairly impacted by the basic service charge increase as described above.

This pricing structure discourages urban density, punishes energy- and land-efficient living arrangements, and undermines principles of fairness and cost-reflective rate design. When considering a city such as Lexington, which is a land-constrained city given the desire to protect the surrounding farmland, increases to rate structures that disincentivise density are counter-productive to overall urban planning goals towards building more housing in the city.

A fairer rate increase proposal would focus on an increase in the per-kWh "energy charge" instead. This would tie rate increases to actual usage, not a flat fee. An increase based on actual energy usage would preserve the incentive to conserve, and may inspire more people in the commonwealth to be more sustainable with their energy usage. By lowering/economizing demand, it could also lower KU's long-term production and infrastructure costs and benefit the environment while aligning with broader energy goals. Flat increases to the basic charge discourage responsible energy behavior - this is counterproductive policy. **The proposal should be revised to focus any rate increase towards the per-kWh charge and away from the daily service fee.**

4. I Support Grid Resiliency - but Not on the Backs of Customers Alone

I understand and support KU's goal to harden the grid, invest in resiliency, and prepare for more frequent extreme weather events. This is a smart and necessary long-term strategy. As demonstrated by somewhat recent events in Texas, a poorly maintained and designed grid can lead to blackout and deaths when infrastructure and poor policy choices fail during (increasingly common!) extreme climate events. However, KU should not rely solely on ratepayers to fund this work, especially not through regressive billing structures. KU and its parent PPL should explore alternative funding sources, including strategic use of shareholder earnings, infrastructure grants or federal funding, and/or phased investments matched to specific milestones, not blanket hikes.

KU should publicly provide the specific cost estimates and locations of the proposed needed infrastructure improvements so that they can be compared to the revenue increases they are proposing. The information should be presented and summarized in clear, simple terms that are easy to understand for the general public. This would allow the PSC and the public/customers to see with this proposal what percentage of the rate increase would go towards service and infrastructure improvements vs profits for PPL shareholders. Investment in the Kentucky grid should be a partnership between customers and KU, and increased transparency on what KU would do with the additional revenue would increase my support for rate hikes if it was clearly demonstrated as being for the betterment of all Kentuckians, not just the PPL shareholders.

5. **In Support of Eco-Friendly Paperless Billing Change**

   I am in support of the proposal to allow KU to use paperless billing as its default for new customers with an email address. This would allow for decreasing the admin cost of mailing a bill monthly and is overall better for the environment.

In all, the proposed residential rate increase is unnecessary based on KU's current financial health, unfairly targeted, and punishes energy efficiency and sustainably-focused customers. The proposed rate increases for residential customers are not "fair, just, and reasonable." I urge the Commission to reject the current rate increase proposal as written, require KU to revise the structure to avoid increases in the basic service charge, and encourage KU to explore alternative capital sources that don't burden residential ratepayers disproportionately to improve the grid.

Thank you for your consideration of my comments on the matter.

Respectfully,

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