

Chairman David Armstrong  
Opening Remarks  
PSC 75<sup>th</sup> Anniversary Celebration  
October 14, 2009

Good afternoon. Welcome to the Kentucky Public Service Commission and the celebrations of this agency's 75 years of service to the citizens and regulated utilities of the Commonwealth. For those of you who are visiting the PSC for the first time in this millennium, I would especially like to welcome you to this wonderful building, which the PSC moved to in 2000. I hope you will take the time to tour it later this afternoon.

It is my privilege to serve on this Commission with two knowledgeable, experienced and dedicated gentlemen. They are but the latest in a long line of illustrious public servants who have been members of this commission.

First, Vice Chairman Jim Gardner. He comes to the PSC from Lexington, where, in addition to distinguished legal career, he served his community as a city councilman and school board chairman. So he not only knows the law, but he also appreciates the interaction between government and the people it serves.

Our third commissioner joined the PSC after a 18 years representing northeast Kentucky in the state senate. Charlie Borders also worked for Ashland Inc. for 22 years and as a health care executive for 16 years, so he knows his way around both business and state government. We're fortunate to have him.

The PSC was created in 1934 through an act of the Kentucky General Assembly that took effect on June 14. On July 6, Gov. Ruby Laffoon appointed the first commissioners - Lloyd Clark of Barren County, William D. Cochran of Mason County and Wilbur K. Miller of Daviess County. Miller was the first chairman, and he set the bar high for the 24 of us who have followed him in chairing the Commission. He later served 31 years on the U.S. Court of Appeals for the D.C. Circuit, the nation's second-highest court.

Only 10 days after the first Commissioners were seated, on July 16, 1934, the PSC issued its first orders. It granted 11 Kentucky municipalities permission to finance, construct and operate water systems. There are doubtlessly some among you who wonder why we don't act with such blinding speed any longer.

Despite the PSC's swift resolution of these first cases, in its next session in 1936, the Kentucky General Assembly removed municipal utilities from PSC jurisdiction. That was but the first of many changes the PSC has seen in its jurisdiction over the last 75 years.

Over time, the PSC's jurisdiction has expanded in some areas and contracted in others. Streetcar companies were removed from PSC jurisdiction in 1950. Of course, they had all gone out of business by then.

Water districts came under PSC jurisdiction in 1964, water associations followed in 1972, and private sewer companies were added in 1975. But county sanitation districts were removed in 1987.

The PSC responsibilities also have changed in response to changes at the federal level. The progressive deregulation of wholesale natural gas prices has transformed the way the PSC regulates natural gas prices at the retail level.

In no sector have the changes been more profound than in telecommunications. Beginning with the breakup of AT&T in 1984 and continuing through the Telecommunications Act of 1996 – and with rapidly evolving technology always pushing at the boundaries of regulation – the regulatory landscape for wireline and wireless services, both voice and data, has been utterly transformed over the last quarter century. Keeping pace has been one of the PSC's greatest recent challenges. Through this and every other change, the PSC's central goal has remained unchanged – safe and reliable utility service at fair, just and reasonable rates for all Kentuckians.

That will remain our goal as we look to the challenges ahead. None looms larger than changing energy policy at the state, national and global levels. While much is unknown, future constraints on carbon emissions seem to be a near certainty. Limits on carbon are bound to affect Kentucky, with our dependence on coal for electric generation, and are likely to diminish the economic advantages we now have as the result of our low electric rates.

The PSC has been fully engaged in the discussions over the direction of both federal and state energy policies over the last several years, and will continue to offer both our

expertise and our assessments going forward. We work closely with the Energy and Environment Cabinet and with the office of the Governor to develop policies that will serve Kentucky's best interests.

Although Governor Beshear could not be with us today, he graciously sent us a letter to mark this occasion. I'd like to call upon our executive director, Jeff Derouen, to read the governor's letter.

And now it is time for the portion of the program I have been looking forward to the most. In the PSC's 75 years, some 66 people have served as commissioners. We have more than a quarter of them with us here today. You have already met the three current members. Let me introduce you to those past members who have joined us and whose service we celebrate today. I'll begin with the most recent:

John W. Clay – 2006 to 2009

Mark David Goss – Chairman – 2004 to 2008

W. Gregory Coker - 2004 to 2006

Teresa J. Hill – 2005 to 2006

Ellen Williams – 2004 to 2005

Gary Gillis – 2001 to 2004

Martin J. Huelsmann – Chairman – 2000 to 2004

Thomas Dorman – 1999-2000

Brenda J. Helton – Chairwoman – 1997 to 2000

Linda Breathitt – Chairwoman – 1995 to 1997

Edward J. Holmes – 1995 to 2001

Robert M. Davis – 1988 to 1997

Richard S. Taylor – 1975 to 1980 – Chairman from 1979 to 1980

Charles H. Lambert – 1977 to 1979

Wells T. Lovett – 1959 to 1967 – Chairman from 1963 to 1967

Mr. Taylor and Mr. Lambert served during one of the odder periods in the Commission's history. Their tenure coincided with the years that the Commission was split by the General Assembly into a full-time energy regulatory commission overseeing electric and gas utilities and a part-time utility regulatory commission overseeing everything else. That experiment lasted only two years before it was undone by Governor John Y. Brown through an executive order.

As I noted earlier, the PSC has seen many changes in its 75 years.

One of the constants, however, has been the quality of the Commission staff. Over the years, the PSC's staff has earned a well-deserved reputation as among the most professional, effective and efficient organizations in state government. In my time here, I have come to appreciate very much the service they provide to the Commission and to the people of Kentucky.

The PSC is such a good place to work that I am somewhat surprised that anyone ever leaves. However, some are able to tear themselves away. At this time, I would like to

welcome and recognize the former PSC staff members who are with us today. If you would please stand.

Finally, I would like to thank the members of our current staff who have worked so hard to make this 75<sup>th</sup> anniversary commemoration such a success. If you would please stand.

And if the other current PSC staff members would join them in standing. We thank you for all that you do every day.

Thank you again everyone for coming. Enjoy the rest of the afternoon.