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Governor

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Kent A. Chandler
Chairman

Angie Hatton
Vice Chairman

Mary Pat Regan
Commissioner

November 17, 2023

PARTIES OF RECORD

Re: Case No. 2023-00159

Notice is given to all parties that the attached documents from the November 9th, 2023, public comment meeting has been filed into the record of this proceeding.

If you have any comments you would like to make regarding the contents of the document, please do so within five days of receipt of this letter. If you have any questions, please contact J.E.B Pinney, Executive Advisor at jeb.pinney@ky.gov.

Sincerely,

Linda C. Bridwell, PE
Executive Director

Attachment: Document

UTILITYDIVE

AEP aims to sell retail, distributed energy and solar operations by mid-2024

American Electric Power also plans to soon launch a sale process for its stakes in two transmission companies and make a decision on selling its share of Transource Energy, CEO Julie Sloat said.

Published Nov. 6, 2023

Ethan Howland
Senior Reporter

American Electric Power expects to sell its solar business in New Mexico, which it co-owns with PNM Resources, as soon as this quarter, CEO Julie Sloat said Nov. 2. Mona Makela via Getty Images

In its effort to focus on its regulated utilities, American Electric Power aims to sell its solar business in New Mexico, which it co-owns with PNM Resources, as soon as this quarter, the utility company said last week.

AEP also expects it will finish the sale process for AEP Energy and AEP Onsite Partners in the first half of next year, the company said Nov. 2. The retail and distributed resources subsidiaries have a $244 million and $353 million net book value, respectively, according to the Columbus, Ohio-based company's third quarter report filed with the U.S. Securities and Exchange Commission.

244
353
597 million

The utility company also expects to soon launch a sale process for its stakes in two transmission companies — Pioneer Transmission and Prairie Wind Transmission — and expects to decide by the end of this year whether to sell Transource Energy, Julie Sloat, AEP chair, president and CEO, said during an earnings conference call.

AEP's portion of rate base associated with Pioneer Transmission and Prairie Wind Transmission was $107 million, according to Sloat. 107 million

AEP in August sold its 1,365-MW unregulated renewable energy portfolio to IRG Acquisition Holdings, a partnership owned by Invenergy, pension fund Caisse de dépôt et placement du Québec, and funds managed by Blackstone Infrastructure. 1.5 billion

"While our industry continues to transform amid this dynamic environment characterized by more extreme weather, rising interest rates and supply chain constraints, AEP has continued to adapt," Sloat said.

While AEP is selling non-core assets, the company's utilities are building out their renewable energy fleet.

State utility commissions have approved plans by AEP utilities to buy about 2,811 MW of owned renewable generation facilities, totaling about $6.6 billion, in addition to 557 MW of renewable energy power purchase agreements, according to the company's SEC report.

AEP's utilities have pending solicitations seeking 3,750 MW of wind and solar capacity. Indiana Michigan Power is seeking 1,650 MW, Kentucky Power is asking for 1,300 MW and Appalachian Power wants 800 MW, according to AEP.

Taking advantage of tax credit transfer provisions in the Inflation Reduction Act, AEP — on behalf of Public Service Co. of Oklahoma and Southwestern Electric Power Co. — agreed to sell about $80 million in production tax credits, the company said. AEP said it expects to explore additional tax credit transfers.

Meanwhile, AEP and the SEC are in talks about a possible resolution of the federal agency's investigation and potential claims related to Ohio's H.B. 6 legislative bribery scandal, AEP said in its quarterly report. The company's management does not believe AEP was involved in wrongful conduct in connection with the passage of HB 6, the company said.

$1.50 fee on customers. Generates 50 million a year.

AEP management doesn't believe results from the SEC investigation will have a significant effect on the company's operations, cash flows or financial condition, according to the filing.

AEP is planning for interest rates to remain higher for longer than initially expected, according to Charles Zebula, AEP chief financial officer. "We've clearly been able to overcome those headwinds this year, but they will persist," he said. "So our plan is to sensibly finance this company [and] continue to remain committed to mid-grade investment-grade credit."

AEP's interest expense grew by $28 million in the third quarter and by $88 million in the first nine months this year, mainly due to higher long-term debt balances and interest rates, the company said.

AEP's weather-normalized retail sales grew 2.1% from the year-ago period. Weather-normalized residential sales increased 0.6%, commercial sales jumped 7.5% and industrial sales fell 1.1% compared to the year-ago period, according to an earnings presentation.

Load growth in the commercial sector was driven by data centers in Ohio, Texas and Indiana, while the drop in industrial electricity use was caused by a pullback by chemical, plastic and tire producers as well as downstream participants in the energy industry, according to Zebula.

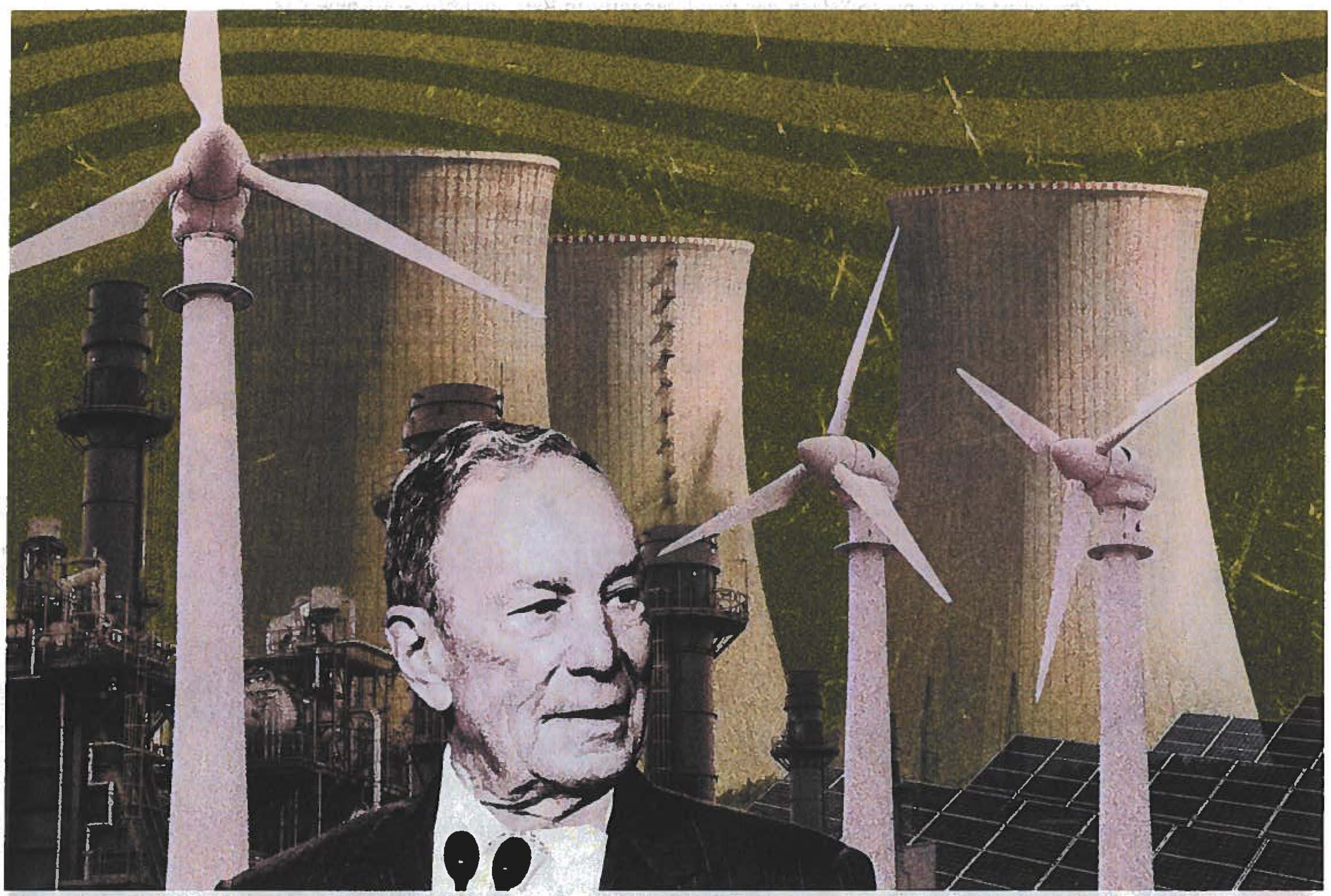
"This reflects some of the softness in manufacturing nationally as producers have slowed activity in response to uncertainty around the economic outlook," he said.

AEP expects industrial load will grow in the months ahead because recent inflation and jobs data have reduced the probability of a recession in the next year, Zebula said.

The proposed ky. Power sale was for 2.6 billion.

Behind a $500 Million Donation to 'Finish the Job on Coal'

Many wind and solar advocates argue that shutting down coal and gas plants is worth the risk and the cost because it'll stop global warming.



(Illustration by The Epoch Times, Shutterstock, Getty Images)

By Kevin Stocklin | Nov 05, 2023 Updated: Nov 05, 2023

Billionaire philanthropist and former New York Mayor Michael Bloomberg pledged $500 million in September toward shifting electricity production in the

United States to wind and solar energy and shutting down its coal- and gas-fired plants.

However, some experts say that Bloomberg's millions, together with the billions being spent by the Biden administration, are paving a road to ruin.

The donation from Bloomberg Philanthropies, which adds to the $500 million Mr. Bloomberg pledged in 2019, aims to "finish the job on coal" and "accelerate the clean energy transition to reach the goal of 80 percent of total electricity generation" from renewables, according to an official statement.

"With 372 of 530 coal plants announced to retire or closed to date—more than 70 percent of the country's coal fleet—this next phase will shut down every last U.S. coal plant," Bloomberg Philanthropies stated.

The effort also aims to "slash gas plant capacity in half, and block all new gas plants."

Many of those who study America's electric infrastructure say this is taking us down a dangerous path.

Then-Democratic presidential candidate and former New York City Mayor Mike Bloomberg waits to be introduced during a campaign rally held at Minglewood Hall in Memphis, Tenn., on Feb. 28, 2020. (Joe Raedle/Getty Images)

"We're following people here that are pied pipers," physicist and energy analyst John Droz told The Epoch Times, referring to the literary character who led children to their doom through delusive enticement.

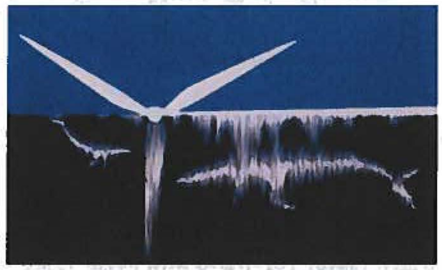
"This whole business of promoting renewables as a solution is completely unproven, scientifically."

The transition is destabilizing America's power grid, which could damage transformers and cause long-term outages, according to Steven Milloy, energy expert, news commentator, and publisher of Junkscience.com.

"We are in this nonsensical, headlong rush to wreck our grid," he told The Epoch Times.

What's overlooked in this drive to close coal and gas plants is America's ability to keep the lights on. And while neither the Biden administration nor Mr. Bloomberg has produced a cost-benefit analysis for their plans, analysts say we can look to places such as Germany and Texas, which have taken the lead in transitioning to wind and solar, for a preview of what's in store.

More Articles



Are Wind Turbines Killing These 100,000 Pound Mammals?

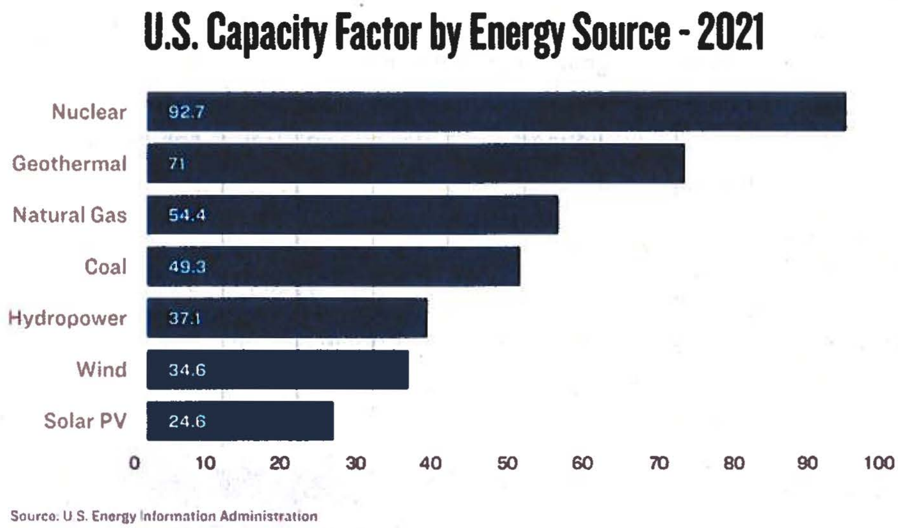
Era of 'Unquestioned and Unchallenged' Climate Change Claims Is Over

German energy economist Lars Schernikau has assessed the results of his country's "Energiewende" (energy transition) and warns Americans to not follow Germany's example.

"Wind and solar do not seem to work; otherwise, after 20 years of 'Energiewende,' power prices would be lower and Germany would not be in trouble," he told The Epoch Times.

Germany spent hundreds of billions of euros to build wind and solar facilities since 2002, doubling its power generation capacity and boosting the share of renewables to 60 percent from about 10 percent. However, its electricity production has been flat, while the cost of electricity skyrocketed.

Wind and solar don't increase output proportionately because of their significantly lower "capacity factor," or the percentage that's actually generated versus capacity built.



The capacity factor for wind and solar is significantly lower than that for nuclear or fossil fuels. (Energy Information Administration)

The capacity factor for wind and solar is about 35 percent and 25 percent, respectively, compared to roughly 92 percent for nuclear and 50 percent for coal and natural gas. That many utilities prioritize buying power from wind and solar facilities rather than from coal and gas plants artificially inflates the capacity factor for wind and solar, even from these low levels.

For all the billions spent, Germany's "Energiewende" has delivered an increasingly unreliable electric system at a cost to consumers that's higher than virtually every other developed country.

The process of shuttering coal and nuclear plants has left the country at the whim of the weather and unfriendly neighbors, such as Russia, and also dangerously short of dependable power that can be adjusted to meet fluctuations in demand.

People line up for ice cream at Glens Custard in the shadow of the GenOns Cheswick Power Station, which still burns coal to produce 637 megawatts of electricity for the region, in Cheswick, Pa., on June 7, 2021. (Jeff Swensen/Getty Images)

Before the current trend of closing coal plants, electric utilities in the West typically ran their power generation systems with a 20 percent installed reserve margin over expected peak demand, to ensure that they could always meet consumers' needs.

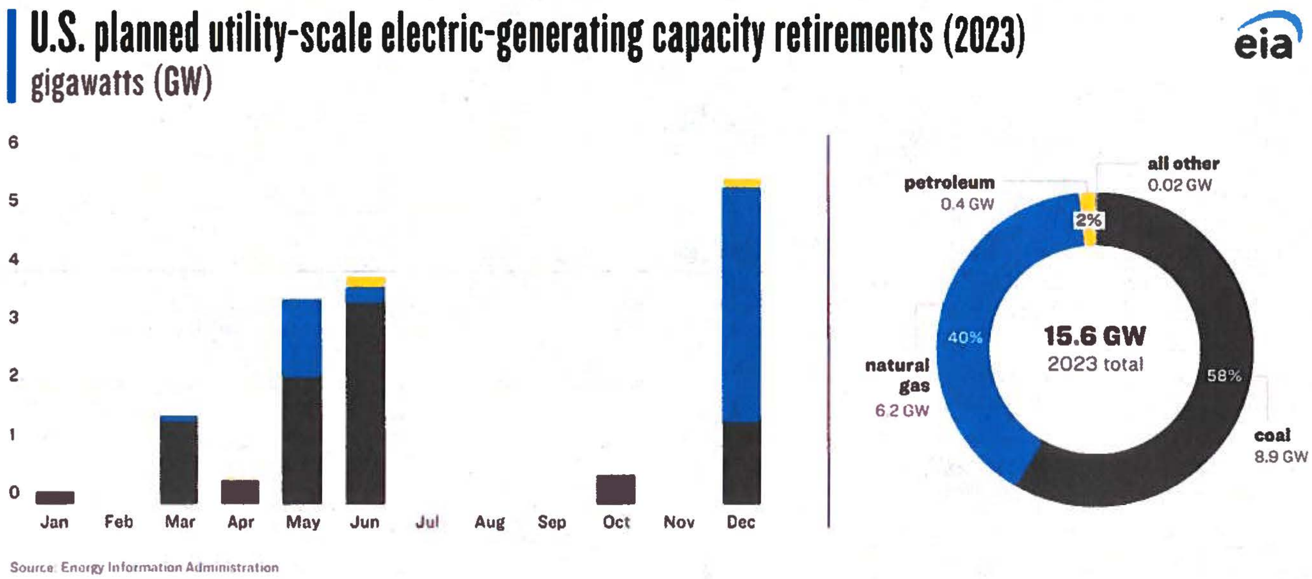
That margin ensured that the electric grid would still function even during unpredicted events, such as a winter freeze in Texas or a summer heat wave in California.

Depleting Reserves to Balance Renewables

The transition to renewables is now eroding that safety margin. Germany, where peak demand is around 80 gigawatts, once had about 100 gigawatts of reliable, dispatchable capacity; now, reliable capacity is down to 80 to 85 gigawatts, according to Mr. Schernikau.

"That means they are actually at the margin," he said. "As soon as you get close to the margin, whether your reliable power supply equals or is barely above your peak power demand, you're running into trouble, which is exactly what Texas has done."

Electric utilities in the United States, one by one, are following in Germany's footsteps, and we're already seeing similar results. The U.S. Energy Information Administration reported that coal and natural gas plants will account for 98 percent of plant closures in 2023 and that U.S. utilities have halted an average of 11 gigawatts of coal-fired capacity per year since 2015.



Utilities are rapidly shutting down coal and gas plants. (Energy Information Administration)

The problem for the electric grid as a whole is that the electricity supply must always match the demand. If the system goes out of equilibrium, substantial damage to the grid's hardware could result, leading to long-term outages.

"Wind comes and goes, and you can't operate off of something that's an unpredictable source; you need an auxiliary source of power to balance it out," Mr. Droz said. "Something like 99 percent of that balancing power is gas.

"When these people say wind, that is deceptive because there is no such thing as wind by itself. What they should be saying is a wind-plus-gas package."

What many U.S. utilities are doing is expanding their wind and solar capacity but not adding reliable backup facilities to match it, he said. Instead, the utilities "just dump any excess need for balancing onto the system," hoping that they can draw on other regions when there's a shortfall.

Increasingly, they're also drawing on the emergency reserve.

"The wind developers are using the reserve as the auxiliary, and that's not supposed to be what happens," Mr. Droz said. "They should not be allowed to take from the emergency reserve to balance their wind projects."

Workers at Gainesville Regional Utilities pinpoint a solar panel installation on the city's electrical grid map, in Gainesville, Fla., on April 15, 2009. That year, the city of Gainesville became the first city in the nation to have a solar feed-in tariff ordinance, allowing owners of solar photovoltaic systems to receive 32 cents per kilowatt hour of electricity produced by the system over the next 20 years. (Joe Raedle/Getty Images)

'Reliability Chicken'

Brent Bennett, policy director at the Texas Public Policy Foundation, refers to this process as "reliability chicken."

"They're having to play a lot of games now in order to justify building more wind and solar," he told The Epoch Times.

Among the utilities, Mr. Bennett said, "everybody is pointing at each other and saying, 'We're going to get energy back from these guys,' and these guys over here say, 'We're going to get energy back from those guys.'"

As long as there's only a small percentage of wind and solar in the system, "they can get away with that," according to Mr. Droz.

"But when you get a more severe case, like the Texas freeze, all of a sudden that reserve that was built in for emergencies is completely gone," he said.

Texas's winter storm Uri in 2021 caused hundreds of deaths, many from hypothermia, when power outages prevented Texans from heating their homes. In that case, utilities in the state came within minutes of collapsing the grid for weeks or longer.

Karla Perez and Esperanza Gonzalez warm up by a barbecue grill during a power outage caused by winter storm Uri in Houston on Feb. 16, 2021. (Go Nakamura/Getty Images)

Ultimately, Texas electricity operators were able to implement emergency rolling blackouts and shed enough load to rebalance the system in time to prevent an even greater catastrophe. However, experts warn that operating so close to the margin is a very dangerous game to play.

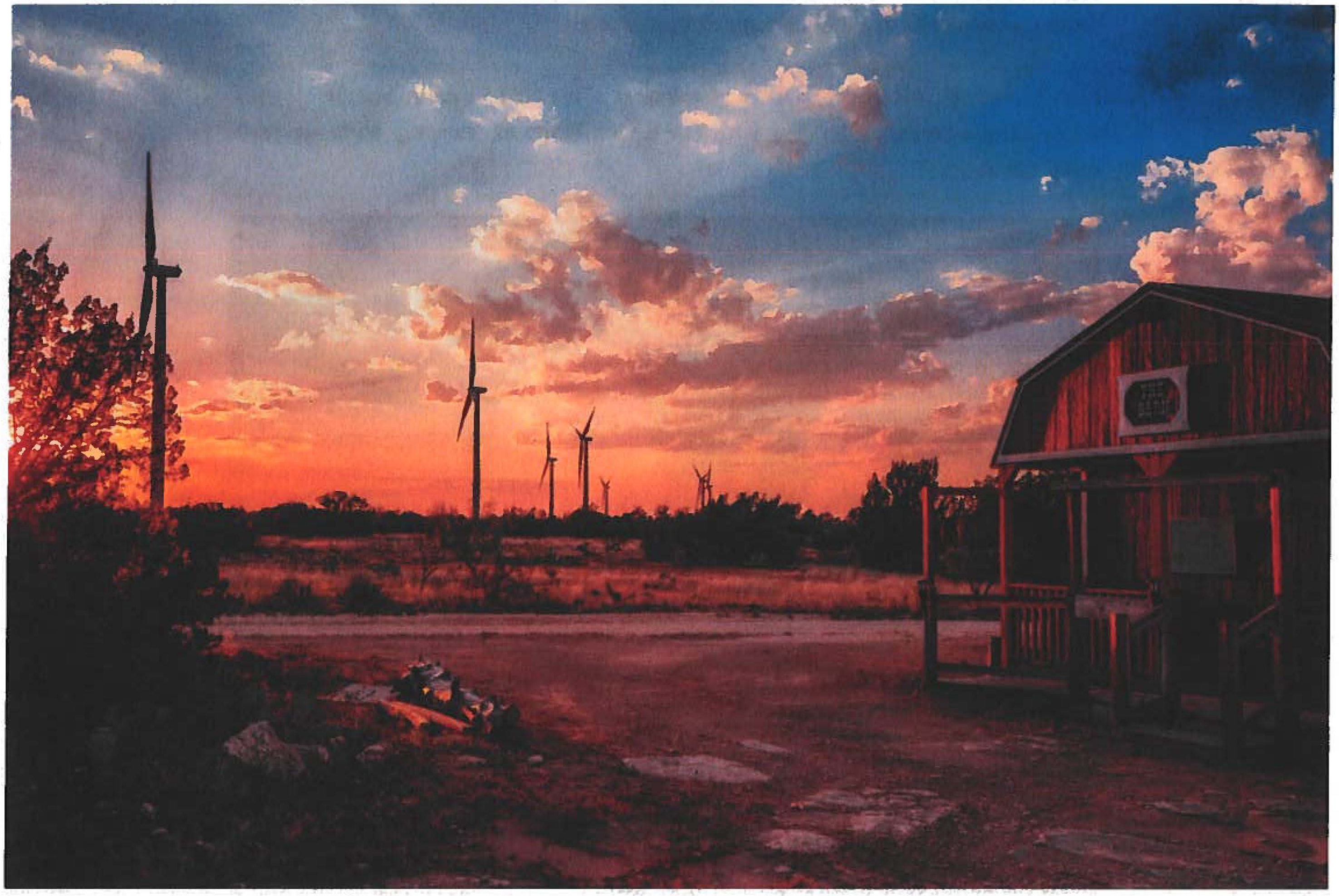
Testifying before the U.S. Senate in 2015, former CIA Director James Woolsey was asked what would happen to Americans if the electric grid went down for an extended period.

"There are essentially two estimates on how many people would die from hunger, from starvation, from lack of water, and from social disruption," he said.

"One estimate is that within a year or so, two-thirds of the United States population would die. The other estimate is that within a year or so, 90 percent of the U.S. population would die."

Despite that risk, government policies are pushing utilities to move faster to shut down coal and gas plants.

"All the incentives are for utilities to build more wind and solar," Mr. Bennett said.



Wind turbines in Big Spring, Texas, on Sept. 19, 2023. (Brandon Bell/Getty Images)

Among these are the incentives in the Inflation Reduction Act that provide nearly $400 billion in grants, loans, and investment tax credits to build facilities and production tax credits to subsidize the energy they produce. On top of that are state laws that, in many cases, compel utilities to prioritize the purchase of wind and solar output over coal and gas.

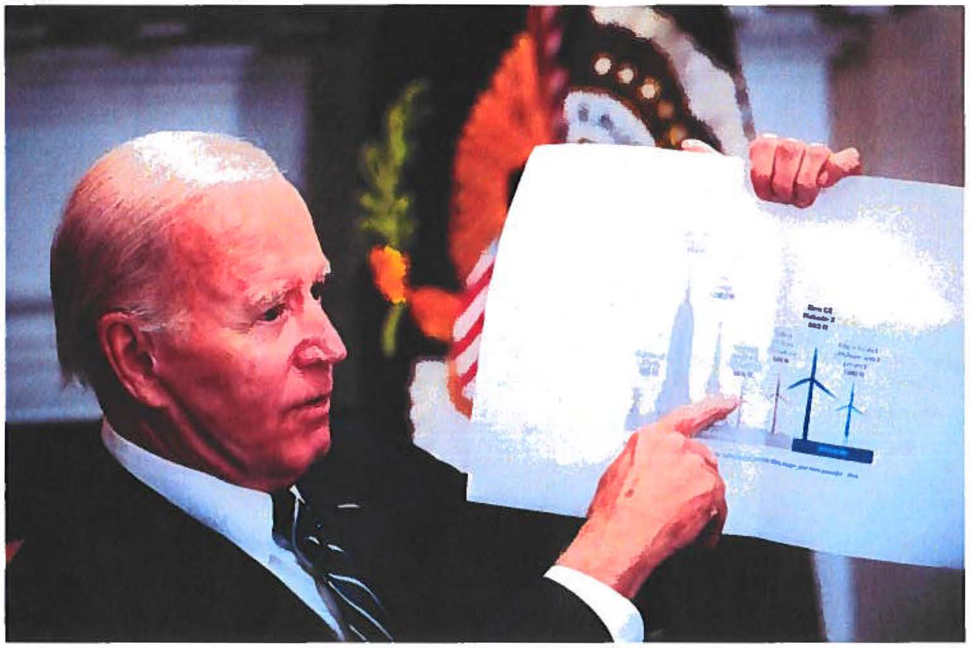
New Environmental Protection Agency (EPA) rules mandate carbon dioxide (CO2) emissions limits and carbon capture requirements that will, in sum, force utilities to transition away from coal and gas.

"President Biden has set an ambitious U.S. goal of achieving a carbon pollution-free power sector by 2035 and net zero emissions economy by no later than 2050," the White House announced in April.

"As a result of the historic investments in the Inflation Reduction Act and Bipartisan Infrastructure Law as well as other actions the Administration is taking, the United States is on a clear path to achieve this goal, while reducing costs for consumers, lowering harmful pollutants, mitigating climate change, and creating new economic opportunities."

However, a recent report by the North American Energy Regulatory Corp. (NERC), which monitors America's grid reliability, has warned about large segments of U.S. electricity infrastructure becoming unstable because of a too-rapid retirement of dispatchable fossil fuel plants.

John Moura, director of reliability assessment at the NERC, described the situation in a January interview with The Epoch Times as "running while we're tying our shoes."



President Joe Biden points to a wind turbine size comparison chart during a meeting about the Federal-State Offshore Wind Implementation Partnership in the Roosevelt Room of the White House on June 23, 2022. (Drew Angerer/Getty Images)

Despite the risks, which now even federal regulators are highlighting, "you have the EPA coming out and saying, 'You're not moving fast enough, you've got to move faster,'" according to Mr. Bennett.

Amid promises that wind and solar generation will reduce energy costs, many studies predict the opposite.

Skyrocketing Costs

"The transformation of the global economy needed to achieve net-zero emissions by 2050 would be universal and significant, requiring $9.2 trillion in annual average spending on physical assets, $3.5 trillion more than today," the management consultancy McKinsey stated in a 2022 study.

As the transition to renewables accelerates, consumers continue to see their electric bills rise.

As one U.S. regional utility, North Carolina-based Duke Energy, set in motion its plan to retire coal plants and build out a renewable infrastructure, utility bills quickly jumped by 20 percent.

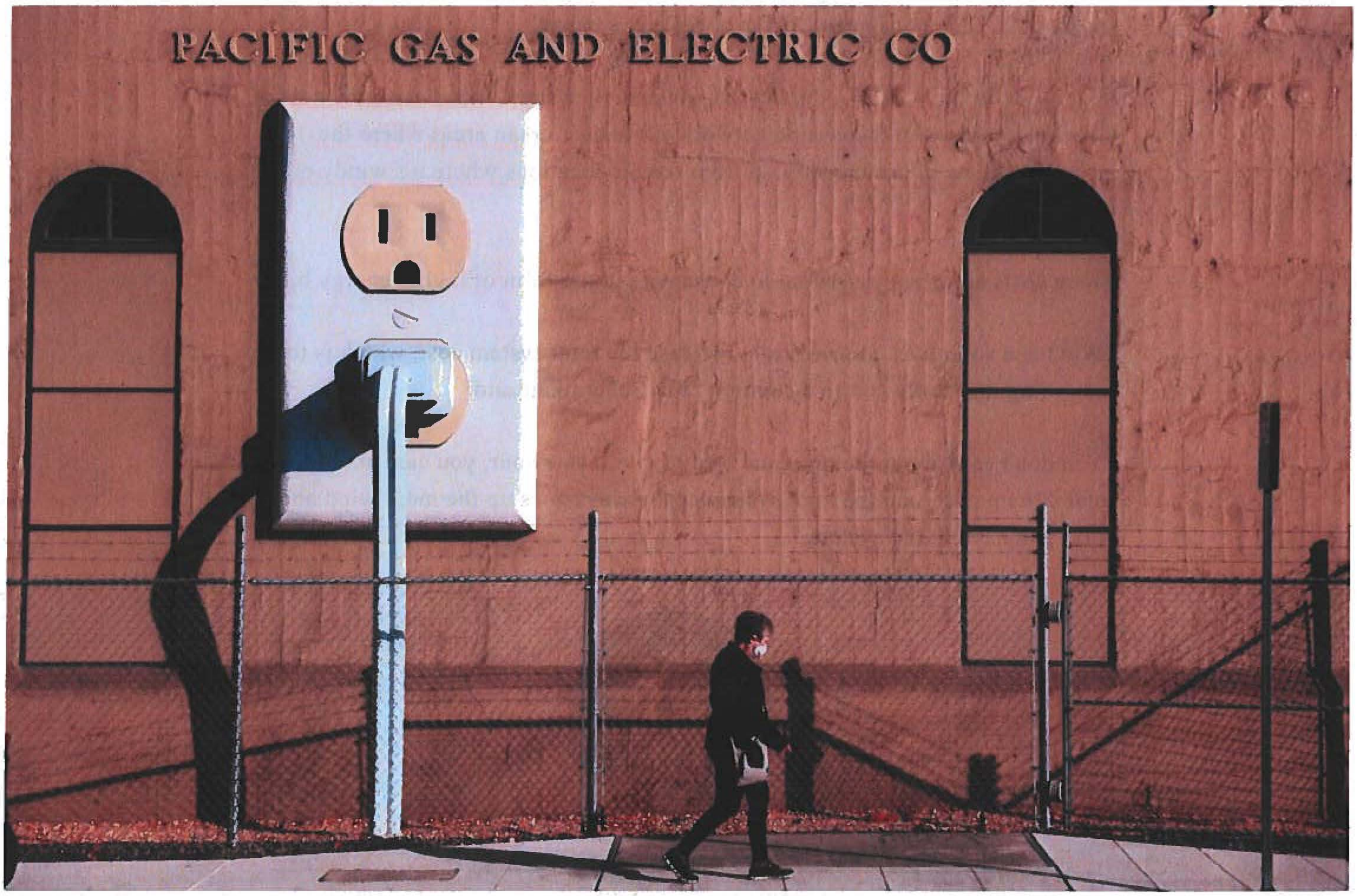
Wyoming residents have gathered at public meetings in recent weeks to protest a 29 percent boost in their electric bills, as their utility, Rocky Mountain Power, also transitions to renewables.

$9.2 TRILLION

Achieving net-zero emissions by 2050 would require $9.2 trillion in annual average spending on physical assets, according to a McKinsey study.

The state, which is one of America's top coal producers, saw the share of coal-plant production drop in 2022 to 71 percent of its electricity generation from 97 percent. At the same time, the share of wind power rose to 22 percent, making up most of the difference.

Rocky Mountain Power claims that the price increases are because of higher coal and gas prices. Similarly, Texas's Southwestern Electric Power Co. (SWEPCO) also cited rising coal prices for its decision to shutter the Pirkey coal plant before the end of its useful life.



A pedestrian walks by a Pacific Gas & Electric electrical substation in Petaluma, Calif., on Jan. 26, 2022. The Department of Homeland Security has warned that domestic extremists have been developing specific plans to target electrical infrastructure in the United States. (Justin Sullivan/Getty Images)

Explaining a Plant Closure

"The ongoing operating costs and the high cost of lignite [coal] were the primary reasons for retiring the plant," SWEPCO spokesman Scott Blake told The Epoch Times.

"Pirkey's fuel costs have been rising for more than 15 years and were expected to remain higher than other similar SWEPCO plants.

"The analysis that led to the decision in 2020 to retire the Pirkey plant showed that avoiding compliance costs and higher ongoing operating and fuel costs would save customers an estimated $740 million to $1.2 billion."

Texas currently leads the United States in transitioning to renewables, with wind and solar increasing to today's combined 45 percent of generation from virtually nil in 2008. As Texas shutters coal plants, it has been replacing them almost exclusively with wind and solar.

Utilities argue that, because the marginal costs of producing wind and solar are lower than that for oil and gas, electricity will become cheaper. However, critics are skeptical that consumers will ever see any savings.

In addition to the cost of a duplicative generation system, there's also the cost of building a massive transmission network to connect urban areas where the electricity demand is concentrated from remote locations where it's windy or sunny. NIMBY

These costs are often passed on to consumers in the form of higher energy bills.

"Wind and solar will, at grid scale, increase the total system cost, which is the only thing that's relevant to a country," Mr. Schernikau said.

"You don't care about the marginal cost of a kilowatt-hour, you care about the total system cost, and the total system cost always goes up the more wind and solar you have in the system."

Wind and solar will, at grid scale, increase the total system cost, which is the only thing that's relevant to a country.

Lars Schernikau, energy economist

(co2coalition.org)

Wind and solar advocates also claim that building battery storage systems will solve that problem, eliminating the need for backup generation systems, which is disputed by many analysts.

"The cost to store energy in grid-scale batteries is about 200-fold more than the cost to store natural gas to generate electricity when it is needed," reads a report by Mark Mills, a senior fellow at the Manhattan Institute.

He said that "$200,000 worth of Tesla batteries, which collectively weigh over 20,000 pounds, are needed to store the energy equivalent of one barrel of oil."

"Even a 200 percent improvement in underlying battery economies and technology won't close such a gap," Mr. Mills said.

Solar panels and energy storage containers with lithium ion batteries on the campus of the University of California–San Diego on Sept. 16, 2022. (SANDY HUFFAKER/AFP via Getty Images)

Industries Leaving Germany

Higher electricity prices aren't just affecting consumers. They're also affecting companies, driving up production costs and making them less competitive.

As a result of Germany's Energiewende, many manufacturing companies are relocating facilities to Asia, according to Mr. Schernikau.

"Heavy industry is leaving the country," he said. "I'm speaking to industrialists and family businesses, who say, 'I have to look at alternatives; the cost of power is too high and the reliability is decreasing; you cannot run industrial organizations like this.'"

Many wind and solar advocates argue that shutting down coal and gas plants is worth the risk and the cost because it'll stop global warming. However, achieving that goal appears unlikely.

Since 2006, the United States has reduced its CO_2 emissions to 5 billion tons per year in 2022, or about the same level as 1979, from about 6 billion.

Meanwhile, China nearly doubled its CO2 emissions to 11.5 billion tons from 6.5 billion over the same period and has announced plans for 100 new coal-fired plants in the coming years.

India also doubled its CO2 emissions during this time, to a current level of 2.5 billion tons.

While the West's success in reducing emissions is overwhelmed by the rapid growth in developing countries, also not taken into account in green accounting are CO2 emissions from mining and producing wind turbines and solar panels.

Nor is there an accounting for the environmental damage from using often pristine land and seascapes to install and operate wind turbines and solar panels.

Workers prepare to pour ductile iron casting molten iron into a mould at the Siempelkamp Giesserei foundry in Krefeld, Germany, on April 21, 2022. The company has faced multifold price increases for its raw materials, including scrap iron, nickel, and aluminum, due to EU sanctions against Russia. A company spokesman said that a disruption to Germany's natural gas supply would bring much of the foundry's manufacturing ability to a halt. (Sascha Schuermann/Getty Images)

"Power plants and transmission lines will be located in areas not accustomed to industrial development, potentially creating opposition," a report by the left-leaning think tank Brookings Institution reads.

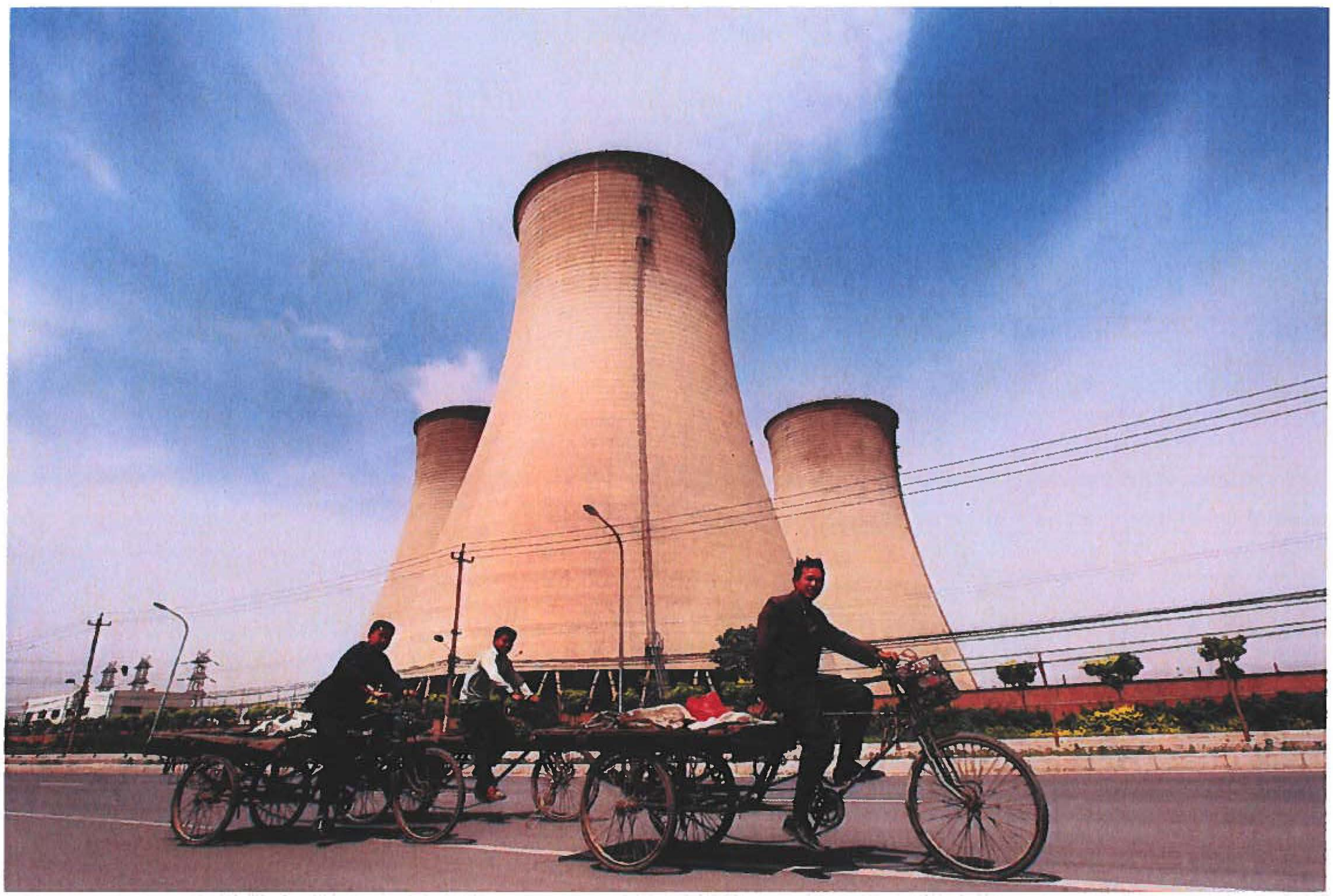
"Wind and solar generation require at least 10 times as much land per unit of power produced than coal or natural gas-fired power plants, including land disturbed to produce and transport the fossil fuels."

Retreat from Net-Zero Mandates

Germany was forced to restart or delay the closure of about 20 coal-fired plants last year because of the failure of wind and solar to deliver reliable energy, coupled with a boycott of natural gas supplies from Russia,

That's part of what appears at the moment to be a multifaceted retreat from net-zero mandates across Europe, which also includes delaying bans on internal combustion engines and gas stoves.

The share of wind and solar in total energy consumption in Germany is only about 5 percent, indicating a continuing demand for fossil fuels. Despite all government efforts throughout Europe to shift to renewables, fossil fuels still represent 70 percent of total energy consumption there.



Migrant workers ride their tricycles past water-cooling towers at a coal-fired power plant on the outskirts of Beijing on May 4, 2007. (FREDERIC J. BROWN/AFP via Getty Images)

Worldwide, fossil fuels make up 80 percent of energy consumption, and countries such as China and India are investing heavily in new coal-fired power plants.

"For me, it's not political, it's just pure logic, economically and environmentally, what is the right thing to do," Mr. Schernikau said. "And unfortunately wind and solar are not the right thing to do at grid scale.

"It doesn't mean every windmill is bad; it doesn't mean every solar panel is bad. But if you try to replace the system with this, you are running into trouble, and Germany is a perfect example."

As Europe rethinks its transition to renewables and Asia charges forward with building its coal capacity, the United States is accelerating its dependence on wind and solar generation.

"We are in a very scary place," Mr. Milloy said. "We are headed towards a brick wall and there is nobody doing anything about it."

Monday, November 06, 2023

Angry Maine residents will vote on plan to take over electric utilities in hopes of making them more accountable

Having had enough of high rates and poor customer service, some Maine voters are setting out to change who delivers their power. "Maine residents will vote Tuesday on a ballot measure that would dissolve its investor-owned utilities and replace them with a nonprofit," reports Evan Halper of **The Washington Post**. Fed-up Mainers are "joining a burgeoning national movement of consumers frustrated with power companies that they feel are unaccountable to ratepayers, and that have taken center stage in disasters such as this summer's devastating wildfires in Maui."

The ballot measure Maine voters will decide on Tuesday "calls for a hostile takeover of sorts, creating a nonprofit company called Pine Tree Power that would seize control of the state's electricity grid from **Central Maine Power** and **Versant Power**, the subsidiaries of multinational corporations that now own it," Halper explains. "The shoestring campaign is an existential threat to the industry, moving the Maine utilities to spend more than $35 million blitzing ratepayers with ads warning that the measure threatens to create massive public debt, unending legal fights and soaring bills for customers."

Mainers promote Pine Tree Power during morning traffic. *(Photo by Andrew Dickinson, WP)*

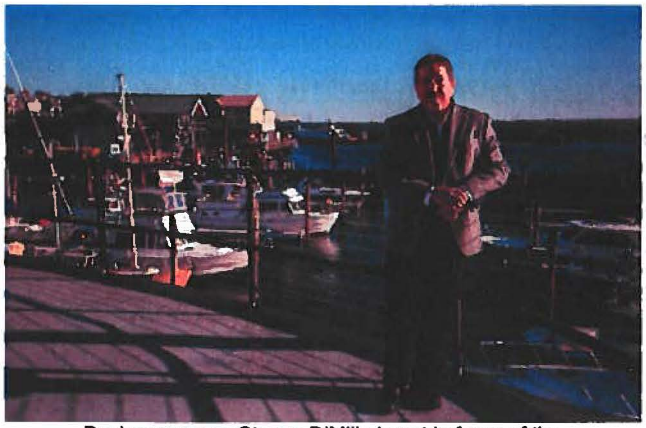
The massive ad campaign only drew more ire "giving customers one more grievance with firms they say should be investing the money in bringing them better service," Halper notes. "Pine Tree Power supporters are working with a meager $1 million budget but some high profile support, including the **Sierra Club**, Sen. Bernie Sanders (I-Vt.) and environmentalist icon Bill McKibben."

No matter which way the Maine vote goes, more consumers seem to be scrutinizing their electrical companies' delivery, customer service and spending habits at a time when those companies are already stressed by extreme weather and increased demand, Halper writes. Electrical companies are trying to respond to issues with "nimble action while operating under a dated financial and regulatory model."

"A flash point in the debate is the way corporate utilities make their profits, collecting hefty interest payments from ratepayers on the big power grid projects the companies bankroll," Harper explains. "Pine Tree Power proponents say a public utility can save ratepayers billions on such investments, as its goal would be financing projects as cheaply as possible rather than generating profits for shareholders.'

This failed but it shows how accounting practices can sway an argument.

Gov. Janet Mills, a Democrat, "is urging voters to reject the Maine proposal, warning that enmeshing the state in a decades-long battle over control of utility poles and transmission lines would be a costly mistake," Halper reports. "'The last thing we should be doing is trying to force an acquisition by eminent domain to buy something that, once we buy, we don't know how to run,' said Fred Forsely, the chief executive of **Shipyard Brewing Co.** and a public face of the opposition campaign. The sentiment is shared by the owner of another well-known business in Portland, **DiMillo's on the Water**, which for decades has served tourists lobsters in a former 206-foot-long car ferry converted



Business owner Steven DiMillo is not in favor of the takeover. *(Photo by Andrew Dickinson, WP)*

to a restaurant. 'I never look at government to fix something for us, said Steven DiMillo, who manages the business.'"

Written by Heather Close Posted at 11/06/2023 03:09:00 PM

Labels: climate change, elections, electricity, environment, foreign investment, industry, voting

Fw: Case number 2023-00159

From: Suzanne Griffith [redacted]

To: psc.comment@ky.gov

Date: Monday, July 24, 2023 at 10:02 AM EDT

American Electric Power gross profit for the twelve months ending June 30, 2023 was $12.307B, a 1.96% increase year-over-year. American Electric Power annual gross profit for 2022 was $12.542B, a 10.74% increase from 2021.

https://www.macrotrends.net › charts

Sent from Yahoo Mail for iPhone

Begin forwarded message:

On Friday, July 21, 2023, 12:07 PM, Suzanne Griffith [redacted] wrote:

This email is in reference to rate case number 2023-00159.

I am very concerned with and in opposition to the proposed Kentucky Power rate hikes (residential rate 18.3%, industrial service 8.6%, and general service 12.8%) for a variety of reasons. https://www.kentuckypower.com/lib/docs/ratesandtariffs/Kentucky/PSC_Notice_071123.pdf

The residential rate hike specifically appears to run counter to the PSC mission which is, "The mission of the Kentucky Public Service Commission is to foster the provision of safe and reliable service at a REASONABLE price to the customers of jurisdictional utilities while providing for the financial stability of those utilities by setting fair and just rates, and supporting their operational competence by overseeing regulated activities."

Specific reasons for my opposition to the rate hikes are listed below:

1. Kentucky Power has the highest average residential bill in the state at $187.56 according to the 2023 Kentucky Energy Profile. https://eec.ky.gov/Energy/KY%20Energy%20Profile/Kentucky%20Energy%20Profile%202023.pdf. An extra $35 per month would make the Kentucky Power residential bill average $222.56 which is substantially higher than any other in the state and close to $100 higher than the state average of $127.16 THIS RATE INCREASE IS NOT REASONABLE.
2. Many Kentucky Power customers are already having issues with paying their high electric bills. https://www.lex18.com/news/lex-in-depth/seniors-among-customers-struggling-with-rising-energy-bills
3. Kentucky Power has had 3 rate hikes within the past 8 years. The latest (2021) resulted in an average 15.46% bill increase. https://psc.ky.gov/agencies/psc/press/012021/0113_r01.pdf
4. Kentucky Power had over 8,000 cutoffs in 2021. https://www.biologicaldiversity.org/programs/energy-justice/pdfs/Powerless-in-the-US_Report.pdf
5. Poverty is high within Kentucky Power's service area. 18 of the 20 counties in the Kentucky Power Service area are considered to be distressed by the Appalachian Regional

Commission. https://www.arc.gov/classifying-economic-distress-in-appalachian-counties/ p

6. My state Senator, Robin Webb recently stated, "I'm not being dramatic when I say that some will die, at some point, when the threshold gets to where they've got to make decisions that affect their lives, whether it's buying medicine or buying power." https://www.weku.org/the-commonwealth/2023-07-17/eastern-kentucky-utility-seeking-hefty-rate-increase?fbclid=IwAR2mZEKYaP3lkB1eP2WJ_d_g8h7vOQOVGf31eMiCracF1rCJBHAs7hf7el8_aem_AQnzgncGIWkaQgZEmkFWBhAEnUI5HYIAbRsTIsgQAHL6hGfk5xqzKhMNOLUcCii8n9I She also made her serious concerns known during the 6/8/23 Joint Committee on Natural Resources and Energy https://www.youtube.com/live/a3WLVtunniQ?feature=share
7. My own experience in serving at my church food pantry in Westwood, KY and having frequent conversations with folks has shown me how much the high electric bills over the past few years have hurt the budgets of some residents. In the years I have served at the pantry, I have never witnessed so many people on fixed incomes or with low incomes needing food assistance specifically citing high electric bills as a factor.
8. Kentucky Power's ability to supply reliable service is in question. The Kentucky Public Service Commission (PSC) in a June 23 order alleged Kentucky Power had violated a state law that requires utilities to "furnish adequate, efficient and reasonable service" and could face fines "up to $2,500 per occurrence per party." https://kentuckylantern.com/2023/07/03/state-regulator-threatens-kentucky-power-with-fines-for-2022-winter-storm-performance/ "Sufficient generation capacity that can be used to serve the entirety of native demand acts as a physical hedge to market energy prices, and without adequate generation capacity, Kentucky Power and its customers are subject to higher prices from market purchases for at least the amount the utility is short of its native demand," the PSC order said. https://www.hazard-herald.com/news/psc-kentucky-power-has-failed-to-provide-adequate-service/article_285994b2-146f-11ee-b63e-6f88a60b2311.html. https://www.dailyindependent.com/news/state-regulator-threatens-ky-power-with-fines/article_357a6f7e-1a85-11ee-8388-a3b49440a0ff.html Before any rate hikes take place at all, Kentucky Power should secure appropriate power to fully meet ratepayers needs.
9. KY Power COO, Cindy Wiseman mentioned in the 6/8/2023 Joint Committee on Natural Resources and Energy that loss of load and population/customer decline were two of the reasons for the rate hike, especially related to fixed cost. These two reasons were also mentioned in the 2015, 2017, and 2020 rate hike cases. Things have not gone well since Kentucky Power shut down Big Sandy Unit 2. Rocky Adkins was right in 2012, in his comments before the PSC, "KENTUCKY POWER'S LEAST COST ANALYSIS IN THE CASE BEFORE YOU DOES NOT INCLUDE THE LOCAL, REGIONAL, SOCIAL AND ECONOMIC COST TO KENTUCKY AND ITS CITIZENS OF SHUTTING DOWN THE BIG SANDY UNIT 2. TO QUOTE ONE OF AEP'S OWN PRESS RELEASES, "COMMUNITIEES THAT HAVE DEPENDED ON THESE PLANTS TO PROVIDE GOOD PAYING JOBS AND SUPPORT LOCAL SERVICES WILL FACE SIGNIFICANT REDUCTIONS IN PAYROLL AND PROPERTY TAXES. THE ECONOMIC IMPACT WILL EXTEND FAR BEYOND DIRECT EMPLOYMENT OF POWER PLANTS AS THOUSANDS OF ANCILLARY JOBS ARE SUPPORTED BY EVERY COAL FUELED GENERATING UNIT." ABANDONING BIG SANDY UNIT 2 WILL MEAN THE LOSS OF MORE THAN 150 FULL TIME JOBS AT THE PLANT." What happened at the Big Sandy Plant is still to this day a tragedy. The decisions made by AEP/Kentucky Power have added to the population decline and "loss of load". https://psc.ky.gov/PSCSCF/2012%20cases/2012-

00578/Public%20Comments/20130517_Representative%20Adkins_Prepared%20Remarks%20from%20Louisa%20Public%20Hearing.pdf

10. Kentucky Power is a monopoly. Supply wise, it does have the Big Sandy natural gas plant in Louisa, KY producing 295 megawatts and the Mitchell coal fired plant in WV producing 1560 megawatts for which it owns 50%. Ratepayers are forced to pay for supply side power from the Mitchell plant in WV which uses mostly WV coal. They employ around 200+ with an annual payroll of over $26 million. This is not fair for another state to have the financial benefit of such a large share of the supply side power while the Kentucky Power ratepayers are forced to absorb the full cost of unfortunate natural disasters such as the recent flood and have less tax money for basic services. https://insideclimatenews.org/news/14082018/coal-energy-prices-appalachia-mining-electric-bill-kentucky-economy-aep-rates/ https://www.kentuckypower.com/company/about/rates/
11. High unsustainable energy costs can create a cycle which leads to population loss and then further hikes the cost of electricity. https://youtu.be/K8Utlf22oW4
12. Kentucky Power is set to leave the Mitchell plant in 2028. Supply side demand options are listed in their IRP, which is currently under review. Obviously, new energy supply requires investment that is passed on to the ratepayers triggering yet another rate hike. In the Kentucky Power IRP, the following statement is made, "5.5.2.1 New build options: Two new build CCS configurations are available for selection in AURORA, including the 650 MW ultra-supercritical coal power plant with 90% carbon capture and the 380 MW H-class combined-cycle natural gas turbine with 90% carbon capture. Both configurations are available for operation beginning in 2029." Any new builds from any supply side source should be in the Kentucky Power service area where ratepayers live and will receive an economic benefit from. https://psc.ky.gov/pscecf/2023-00092/sebishop%40aep.com/03202023030104/KPCO_2022_IRP_Volume_A-Public.pdf

I hope you will consider these comments as the rate case goes through the process.

Sincerely,
Suzanne Barker Griffith
534 Houston Ave.
Ashland, Kentucky 41102

Sent from Yahoo Mail for iPhone

EFFECT ON PROPOSED CHANGE IN CUSTOMER RATES

If approved as filed, the Company's proposed changes to its rates will result in a proposed annual increase in electric revenues for Kentucky Power of approximately 13.6%. Changes in associated rates for affected customer classes are listed in the tables below. Kentucky Power is also proposing changes in the text of some of its rate schedules and other tariff provisions, including its terms and conditions for electric service as detailed above.

The estimated amount of the annual change for each electric customer class is as follows:

Electric Rate Class	Annual Average Usage (kWh)	Annual$ Increase	Annual% Increase
Residential Service			
Residential Service	14,783	$54,999,804	18.3%
Residential Load Management Time-of-Day	19,971	$74,963	17.2%
Residential Service Time-of-Day	23,596	$3,459	20.7%
Experimental Residential Service Time-of-Day	NA	NA	NA
Residential Demand-Meter Electric Service	NA	NA	NA
General Service			
General Service	20,542	$13,346,543	12.8%
Recreational Lighting Service	16,458	$45,372	19.6%
Load Management TOD	27,673	$36,291	13.3%
Unmetered Service	3,351	$66,876	9.0%
Small General Service TOD	15,991	$96,857	6.4%
Medium General Service TOD	59,998	$165,593	12.8%
Large General Service	850,014	$6,308,543	8.9%
L.G.S. Load Management TOD	249,567	$21,037	8.0%
Large General Service TOD	1,185,583	$92,859	9.5%
Industrial Service			
Industrial General Service	30,810,612	$17,068,044	8.6%
All Other			
Municipal Waterworks	205,857	$18,624	7.4%
Outdoor Lighting	693	$1,516,832	14.8%
Street Lighting	700	$218,086	11.3%
Pole Attachments	NA	NA	NA
COGEN/SPP I	NA	NA	NA
COGEN/SPP II	NA	NA	NA
NMS	NA	NA	NA
NMS II - Residential	NA	NA	NA
NMS II – Non-Residential	NA	NA	NA

The average monthly usage and the amount of the proposed increase in the monthly bill for the average customer in each electric customer class is as follows:

Electric Rate Class	Monthly Average Usage (kWh)	Current Monthly Average Bill$	Proposed Monthly Average Bill$	Monthly$ Increase	Monthly% Increase
Residential Service					
Residential Service	1,232	$191	$225	$35	18.3%
Residential Load Management Time-of-Day	1,664	$252	$296	$43	17.2%
Residential Service Time-of-Day	1,966	$232	$281	$48	20.7%
Experimental Residential Service Time-of-Day	NA	NA	NA	NA	NA
Residential Demand-Meter Electric Service	NA	NA	NA	NA	NA
General Service					
General Service	1,712	$298	$336	$38	12.8%
Recreational Lighting Service	1,372	$224	$268	$44	19.6%
Load Management TOD	2,306	$350	$397	$47	13.3%
Unmetered Service	279	$66	$72	$6	9.0%
Small General Service TOD	1,333	$251	$268	$16	6.4%
Medium General Service TOD	5,000	$760	$858	$97	12.8%
Large General Service	70,835	$10,232	$11,140	$908	8.9%
L.G.S. Load Management TOD	20,797	$3,148	$3,398	$250	8.0%
Large General Service TOD	98,799	$11,591	$12,697	$1,105	9.5%
Industrial Service					
Industrial General Service	2,567,551	$233,071	$253,104	$20,033	8.6%
All Other					
Municipal Waterworks	17,155	$2,609	$2,803	$194	7.4%
Outdoor Lighting	58	$16	$18	$2	14.8%
Street Lighting	58	$13	$15	$2	11.3%
Pole Attachments	NA	NA	NA	NA	NA
COGEN/SPP I	NA	NA	NA	NA	NA
COGEN/SPP II	NA	NA	NA	NA	NA
NMS	NA	NA	NA	NA	NA
NMS II - Residential	NA	NA	NA	NA	NA
NMS II – Non-Residential	NA	NA	NA	NA	NA

Kentucky Utility Prices

Utility	Average (cents/kWh)	Commercial (cents/kWh)	Industrial (cents/kWh)	Residential (cents/kWh)	Average Residential Bill
Big Sandy Rural Elec Co-op	11.42	10.82	8.11	11.88	$126.92
Blue Grass Energy Co-op	10.02	10.92	6.56	10.99	$123.02
City of Bardstown	8.51	8.90	7.89	9.25	$100.61
City of Benton	11.40	11.83	8.14	12.51	$141.65
City of Berea Municipal Utility	8.30	8.68	7.13	8.93	$95.31
City of Bowling Green	9.69	9.91	6.54	10.67	$115.95
City of Frankfort	9.56	10.20	8.67	10.52	$108.69
City of Franklin	9.88	11.92	6.31	12.11	$136.22
City of Fulton	10.47	11.27	7.68	12.01	$131.73
City of Glasgow	11.37	11.00	7.92	12.92	$114.67
City of Hickman	14.08	15.10	-	13.33	$139.06
City of Hopkinsville	10.15	11.67	5.64	11.09	$135.17
City of Jellico	11.35	12.85	-	11.00	$116.47
City of Mayfield Plant Board	11.54	11.34	9.38	12.30	$110.52
City of Murray	10.10	10.11	6.06	12.35	$118.14
City of Owensboro	13.42	14.46	12.05	15.95	$124.33
City of Paducah	14.17	14.11	10.08	14.65	$128.34
City of Russellville	9.85	11.33	7.37	10.74	$116.12
Clark Energy Coop, Inc.	11.26	11.02	8.70	11.39	$115.36
Cumberland Valley Electric, Inc.	10.43	11.55	7.84	11.04	$113.73
Duke Energy Kentucky	9.44	9.10	7.89	10.58	$116.56
Farmers Rural Electric Co-op	10.52	10.64	7.81	11.32	$110.20
Fleming-Mason Energy Co-op, Inc.	7.24	8.81	5.26	10.74	$123.80
Gibson Electric Members Corp	10.85	11.82	5.69	12.03	$161.78
Grayson Rural Electric Co-op	13.23	12.15	6.78	14.72	$135.90
Henderson City	6.23	7.48	5.22	7.83	$96.09
Inter County Energy Co-op	10.57	10.44	6.83	11.33	$128.45
Jackson Energy Co-op	11.54	10.70	7.10	12.21	$131.97
Jackson Purchase Energy Corporation	11.30	10.38	9.22	12.06	$135.00
Kenergy Corp	5.67	11.65	4.78	12.47	$170.21

Kentucky Utility Prices

Utility	Average	Commercial	Industrial	Residential	Average
Kentucky Power	11.50	14.03	7.26	14.24	$187.56
Kentucky Utilities	9.42	10.98	6.46	11.07	$137.16
Licking Valley RECC	11.87	11.16	7.97	12.25	$108.57
Louisville Gas & Electric	9.99	10.29	6.95	11.43	$113.06
Madisonville Municipal	10.14	9.24	-	12.69	$94.65
Meade County RECC	12.10	11.79	-	12.20	$118.56
Nolin RECC	10.14	9.65	5.71	11.23	$126.04
Owen Electric Co-op	7.63	9.44	4.97	11.32	$117.57
Pennyrile Rural Electric Co-op	10.58	12.33	6.58	11.93	$157.10
Salt River Electric Co-op	9.01	9.81	6.45	9.57	$107.43
Shelby Energy Co-op	9.82	9.00	7.23	11.48	$129.82
South Kentucky RECC	10.26	13.03	8.30	10.88	$117.23
Taylor County RECC	8.34	8.97	4.51	9.66	$96.80
Tennessee Valley Authority	4.36	6.92	4.17	-	-
Tri-County Elec Member	9.96	9.63	6.06	11.36	$131.04
Warren Rural Elec Coop Corp	9.30	11.85	6.42	10.81	$149.86
West Kentucky Rural E C C	11.95	13.87	6.22	12.20	$137.19

Source : EIA Form 861Monthly (Formerly EIA Form 826). Utility Sales and Revenue Tables.

$187.56
$35.00
$222.56
Kentucky Power new average with 18.3% increase

Average $125.03

NEWS > LEX 18 IN-DEPTH

Seniors among customers struggling with rising energy bills



By: Christiana Ford

Posted at 8:45 PM, Jan 20, 2023 and last updated 8:53 PM, Jan 20, 2023

FRANKFORT, Ky. (LEX 18) — State regulators are investigating how to ease volatile fuel costs passed onto consumers that are leading to higher-than-normal electric bills for customers in Kentucky.

People living in Eastern Kentucky have been struggling with high power bills in recent months.

Long-time residents Della and Gary Tomlin say it was not the case when they moved to Pike County and built their home in the 1980s. Her whole family helped out.

"We saved up to where we could start building ourself," said Tomlin. "A lot of good memories."

Tomlin started noticing a big difference after a rate hike in January 2021. Then she started to see more add-on costs on her Kentucky Power itemized bill.

"It's ridiculous, you know, how's people gonna make it," said Tomlin.

She and her husband are on a fixed income and rely on social security and disability benefits to pay their expenses, similar to many families in the area.

Kentucky Power is the only utility company in the region.

They are on the average monthly payment program. Their bill for January was still $607.69.

"We don't owe nothing on it but yet we're struggling to keep it because we can't afford the bills"

Melissa and Robbie Justice live just down the street from the Tomlin's. They say bills have been impossible to keep up with despite doing everything they can think of to conserve energy.

"If there are not any changes made and all these prices keep going up, people on fixed income are not going to be able to make it," said Melissa Justice.

People in the eastern region of Kentucky pay the most for their electricity bills, according to the Energy and Environment Cabinet's Kentucky Energy Affordability.

Boyd and Pike counties were the most expensive in the state.

In 2019, Pike County had a below-poverty level of 24.9%. Boyd County's was 18.9% .

Why?

The Mountain Association is a non-profit that works to invest in people and places in Eastern Kentucky to help transition the region in various industries like energy efficiency.

Energy manager Josh Bills has led their charge to help tackle the problem of high energy bills in Eastern Kentucky.

Bills says there are many factors contributing to customers' bills like poor energy efficiency, greater demand in the winter and summer, and the fluctuating cost of fuel.

"What comes to mind first and foremost is fuel adjustment cost. The cost of fuel from month to month," said Bills.

A 1977 Public Service Commission regulation allowed utility companies to pass fuel costs on to customers.

"That means that utilities are passing on their cost in real time, quote, unquote, almost real time, you know, month or two lag, to customers as opposed to, you know, generation or two ago, they would have to deal with those changes in cost of fuel month to month on their own and figure out how to minimize the impacts of that to their bottom line until they saw a real need to go through the full-blown process of applying for a rate adjustment, which can be really costly for them," said Bills.

The Mountain Association is among the nonprofit organizations intervening in the case on behalf of ratepayers. Bills said he'd like to see regulators address the uncertainty the charges create for ratepayers when they get their monthly bills.

Bills says fuel costs are also higher in the winter and summer when there's more demand from people looking to heat and cool their homes.

"The more electricity that there is demanded, the higher the cost for that natural gas. It's just supply and demand," said Bills. "We can see swings in our electric bill of a couple hundred to five, six, seven hundred dollars on a winter month from one month to the next just depending on how cold it is and that's hard for somebody on a fixed income to be able to manage."

What's Next?

Kentucky Public Service Commission initiated an investigation into Fuel Adjustment Clause Regulation 807 KAR 5:056, purchased power costs, and related cost recovery mechanisms in November. It was requested by the Kentucky Senate after receiving a host of complaints, primarily in Eastern Kentucky.

They asked all utility companies in the state to answer targeted questions to help with their investigation.

The Mountain Association joined with several other organizations and submitted their suggestions on behalf of customers.

The deadline for submission passed. The commission has not released its findings yet.

Bills hopes they will decide on recommending more investment for making efficiency improvements to inefficient homes.

There is bipartisan legislation circling in the Kentucky House to create winter and summer temperature standards to protect people from disconnection of service for electricity and gas. It has not yet been brought to the floor for a vote.

Kentucky Power

Federal regulators paused the potential sale of Kentucky Power to a Canadian-based company last year.

In their filing to the Public Service Commission, the company described their rates as "just, reasonable and fair."

A spokesperson from the company echoed those sentiments in a written statement to LEX 18 on Friday:

"We want our customers to know that Kentucky Power rates have not changed – meaning they have not gone up – since the last rate case two years ago on January 14, 2021.

During the winter months, customers typically see an increase in their power bill. This is due to increased usage usually caused by decreased temperatures. With the arctic temperatures eastern Kentucky experienced a few weeks ago, most customers used more electricity than they would have normally used. Month-to-month usage is listed on customer bills for their knowledge. This fact, coupled with the volatile cost of fuel used to create the electricity customers are using, can cause high winter bills. Fuel costs are passed through to the customer based on their own usage and collected dollar-for-dollar. Kentucky Power does not benefit from fuel costs. Just as everyone is seeing the increase in costs for other necessities, such as food and other household needs, fuel costs are also affected by inflation."

The company added that they assist their customers by working with them one-on-one to help them decide on payment plans and have a list of resources available:

Heart and Thaw: View News Release (kentuckypower.com)

Average Monthly Payment Plan: Average Monthly Payments (kentuckypower.com)

Energy Saving Tips: Save Energy (kentuckypower.com)

Even after the investigation, it'll take months for customers to see any changes.

In the meantime, the Tomlins and the Justices literally can't afford to wait

"They worked on it long enough. It's time for action," said Robbie Justice.

Tomlin says they don't get enough help and are still on the hook for paying those bills. Regardless of what happens, she says she plans to stay in her home.

"I'll sit here and freeze to death, starve to death, whatever," she said.

Report a typo

[redacted]

[redacted] [redacted]

[redacted] [redacted]

[redacted]

[redacted]

[redacted]

2023-00159

From: Suzanne Griffith [redacted]

To: psc.comment@ky.gov

Date: Thursday, July 27, 2023 at 07:42 AM EDT

Public Service Commission Ladies and Gentlemen:

Subject: Case No. 2023-00159 Kentucky Power

The following is from my local newspaper, The Daily Independent. I thought it was information those making decisions on the proposed 18.3% rate hike would need to be aware of.

"We are serving meals on the weekends for 50 additional people who are food insecure, and our case manager is receiving a record number of requests for utility and rental assistance where community members are looking to preserve their current stability in housing and are turning to the Salvation Army as a last resort. These services could be cutback when the needs remain high in the community." (The Daily Independent 7/27/2023)

With this said, what people don't need is an 18.3% rate hike in their Kentucky Power electric bill.

Sincerely,

Suzanne Barker Griffith
535 Houston Ave.
Ashland, KY 41102
[redacted]

THURSDAY, JULY 27, 2023

Salvation Army sees record highs for those needing aid

BY LEE WARD
THE DAILY INDEPENDENT

ASHLAND The Salvation Army of Northeast Kentucky is facing challenges housing neighbors and providing essential emergency services to community members most vulnerable, according to Major Jason Swain.

"We are housing 30 to 40 people experiencing homelessness every night in our emergency shelter who have nowhere to go, and our shelter stays at capacity most nights," Swain said. "We are serving meals on the weekends for 50 additional people who are food insecure, and our case manager is

ARMY

From Page A1

receiving a record number of requests for utility and rental assistance where community members are looking to preserve their current stability in housing and are turning to the Salvation Army as a last resort. These services could be cutback when the needs remain high in the community."

The combination of increased living expenses, economic concerns and the extreme cold at the end of the Salvation Army's Red Kettle season last Christmas has left the organization with less financial resources when the community needs are higher, Swain said.

"At the same time, we are witnessing all community groups needing to cut costs and preserve resources. For our at-risk neighbors this means increased expenses including higher rent costs, lack of transportation, lower affordable housing inventory, higher food costs, increased energy expenses and limited access to important community services like mental health interventions and intense case management to transition people experiencing homelessness to self-sufficiency," Swain said. "In addition, those who typically support the Salvation Army are also conserving their resources and making tough choices about investing."

While a drop in donations isn't uncommon during summer, higher living expenses has cut into families' charitable donations. Swain said the nonprofit needs $60,000 to get through the next few months and continue providing essential services at the same increased rate.

Donations can be mailed to P.O. Box 1405, Ashland, KY 41105 or dropped off at 2212 Carter Ave., from 9 a.m. to 3 p.m.

Sent from Yahoo Mail for iPhone

Andy Beshear
Governor

Rebecca W. Goodman
Secretary
Energy and Environment Cabinet

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
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Michael J. Schmitt
Chairman

Kent A. Chandler
Vice Chairman

Talina R. Mathews
Commissioner

NEWS RELEASE

Contact: Karen Wilson
502.330.2454
[redacted]

PSC Issues Order in Kentucky Power Rate Case
First Base Rate Increase to Residential Class Since 2015

FRANKFORT, Ky. (Jan. 13, 2021) – Today, the Kentucky Public Service Commission (PSC) issued an Order in the Kentucky Power rate case (2020-00174). Kentucky Power filed an application for approval of an increase in its revenues on July 15, 2020. The application also included a request for installation of advanced metering infrastructure (AMI), a grid modernization rider, an electric vehicle charging provision, and changes to the company's net metering tariff, among other items.

Kentucky Power proposed an annual increase in its electric revenues of $70.1 million. The PSC reduced the base rate increase by $17.7 million to a final base revenue increase of $52.4 million. As explained below, this base revenue increase was significantly offset by a number of additional reductions to Kentucky Power's rates, including an annual surcredit of $40 million that will run for three years.

To mitigate the rate impact, the Commission accelerated the amortization of the excess unprotected accumulated deferred income tax (ADIT) that resulted from the 2018 Tax Cut and Jobs Act. The amortization period of excess ADIT was changed from 18 years to 3 years, and the PSC instructed Kentucky Power to follow up with a review of rates at the end of three years, as savings may be realized through the expiration of long-term power contracts and their associated environmental costs. The PSC ordered that Kentucky Power file a general base rate case for rates effective January 1, 2024. Kentucky Power has been returning excess ADIT through its Federal Tax Cut (FTC) surcredit. With the PSC's mitigation actions, the revised FTC surcredit applies the same allocation where the total credit is allocated between residential and non-residential customers based upon each group's percentage of total revenues. For residential customers only, the rate credits will continue to be higher in the winter heating months of December through March to provide greater benefits during those high-usage months. For a residential customer using 1100 kWh per month, the credit reflected in the FTC surcredit during a winter heating month will be $24.05.

In the final Order, the PSC awarded Kentucky Power a Return on Equity (ROE) of 9.3 percent, down from the proposed 10.0 percent. In addition, the PSC lowered the ROE associated with specific riders such as the Big Sandy Decommissioning Rider and the Environmental Surcharge finding that due to the lower risk and removal of much of the regulatory lag, an ROE of 9.1 percent was reasonable. ROE reflects a utility's shareholders allowed profit margin.

-More-

Today's Order revises Kentucky Power's tariff on Off System Sales (OSS) to reflect that all OSS margins are to be apportioned to ratepayers (modifying the current tariff that retains 25 percent of the revenues from OSSs to benefit shareholders). Today's Order also significantly lowers certain nonrecurring charges by removing labor costs incurred during business hours.

The Order denies several items requested by Kentucky Power, including a Certificate of Public Convenience and Necessity (CPCN) for Advance Metering Infrastructure (AMI) system and a related Grid Modernization Rider to recover annual costs to install the AMI system. The estimated cost to deploy the AMI system is more than $35 million; however, in the absence of data to support the cost estimates, and without sufficient evidence to show costs of alternative proposals, the PSC denies the CPCN. Denying the Grid Modernization Rider resulted in a savings of over $1.6 million. This savings is not reflected in the base revenue reduction or the FTC surcredit.

The Order also stresses the imperative for Kentucky Power to address persistent issues regarding transmission planning and investment activities that negatively affect Kentucky Power's customers, both in terms of rates and quality of service.

In recent cases, especially in light of the negative impact on customers from the Covid-19 pandemic, the PSC has examined the efficacy and fairness of utility late bill payment penalties. As it has done in other recent cases, the PSC has directed Kentucky Power to cease imposing such fees on residential customers.

For residential customers, the PSC is authorizing a $17.50 monthly customer charge, an increase from $14.00, and an energy charge of .11032 per kWh. For a residential customer with an average monthly usage of 1100 kWh, the average bill increases $18.59, or 15.46 percent, from $120.26 to $138.85. With the FTC surcredit of $24.05 applied during the winter months, the average monthly bill in the winter will actually decrease to $114.50, or 4.54 percent. Although there will be an FTC surcredit in non-winter months, it is less than the winter credit, and results in a net increase in overall residential bills. The last base rate increase for residential customers occurred in 2015.

Under Kentucky law, the PSC's standard of review of a request to increase rates is based on a determination of "fair, just and reasonable," and the utility must demonstrate that a proposed rate increase is just and reasonable. As such, the PSC is not making a decision on Kentucky Power's proposed changes to the Net Metering tariff at this time. Legislation enacted in 2019 removed the one-to-one bill credit for net metering customers and authorized utilities to propose a replacement value for a customer-generator's energy. Kentucky Power proposed a rate, but did not provide sufficient evidence to support it. As this is the first case to come before the PSC since the law changed, the PSC will be working with a consultant to ensure there is sufficient evidence to support changes to the existing tariff. Within 15 days of this Order, Kentucky Power is to file a written notice with the PSC if it intends to place the proposed new tariff into effect.

The PSC also directed Kentucky Power to indicate by letter within 15 days whether the company will forego a significant equity payment it receives from customers that resulted from a settlement nearly two decades ago. Kentucky Power offered in its application to forego the payment to "mitigate" the impact its proposed increase would have on customers, but only if the PSC approved its proposals in their entirety.

-More-

The Order makes clear that such a regulatory quid pro quo is inappropriate and unprecedented. The total amount of excess equity payment related to long-term power contracts, referred to as the Capacity Charge, that Kentucky Power can choose to forego is $6.2 million in 2021 and nearly $5.8 million in 2022.

Intervenors in the case were the Attorney General, by and through the Office of Rate Intervention; Kentucky Industrial Utility Customers, Inc.; Walmart Inc.; Kentucky Solar Industries Association, Inc.; Mountain Association for Community Economic Development, Kentuckians for the Commonwealth, and Kentucky Solar Energy Society (collectively, Joint Intervenors); SWVA Kentucky, LLC; and Sierra Club.

The PSC conducted public meetings on Nov. 13 and 16, 2020. The evidentiary hearing was conducted on Nov. 17-20 and Nov. 23-24, 2020.

Today's order and other records in the case are available at psc.ky.gov. The case number is 2020-00174.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,100 gas, water, sewer, electric and telecommunication utilities operating in Kentucky.

-END-

Parent Company (electric)	Utility	Total Disconnects 2020	Total Disconnects 2021	Total Disconnects 2022 (through Oct)	Cumulative Total Disconnects 2020 to Oct 2022
	The Cleveland Electric Illuminating Company	1,403	12,831	8,240	22,474
	The Toledo Edison Company	2,205	18,069	6,886	27,160
	Pennsylvania Power Company	0	2,416	3,083	5,499
	Potomac Edison	67	226	178	471
FirstEnergy Corp Total		**9,571**	**131,489**	**98,467**	**239,527**
PPL Corp (PA, KY)	PPL Electric Utilities Corporation	0	30,843	32,720	63,563
	Kentucky Utilities Company	15,025	30,043	27,572	72640
	Louisville Gas and Electric	15,031	23,555	20,766	59,352
PPL Corp Total		**30,056**	**84,441**	**81,058**	**195,555**
American Electric Power Co Inc (OH, KY, MI, IN)	Ohio Power Company	65,568	162,644	59,694	287,906
	Indiana Michigan Power Company	27,519	34,347	10,057	71,923
	Kentucky Power Company	1,970	8,136		13,236
American Electric Power Co Inc Total		**95,057**	**205,127**	**72,881**	**373,065**
Duke Energy Corp (FL, IN, KY, NC, SC, OH)	Duke Energy Carolinas, LLC	50,107	34,764	30,029	114,900
	Duke Energy Progress, LLC	49,757	61,377	14,086	125,220
	Duke Energy Ohio	12,566	40,526	6,436	59,528
	Duke Energy Indiana, LLC	25,233	45,426	6,346	77,005
	Duke Energy Kentucky Inc	2,307	7,657	1,141	11,105
	Duke Energy	78,396	135,914	0	214,310

Classifying Economic Distress in Appalachian Counties

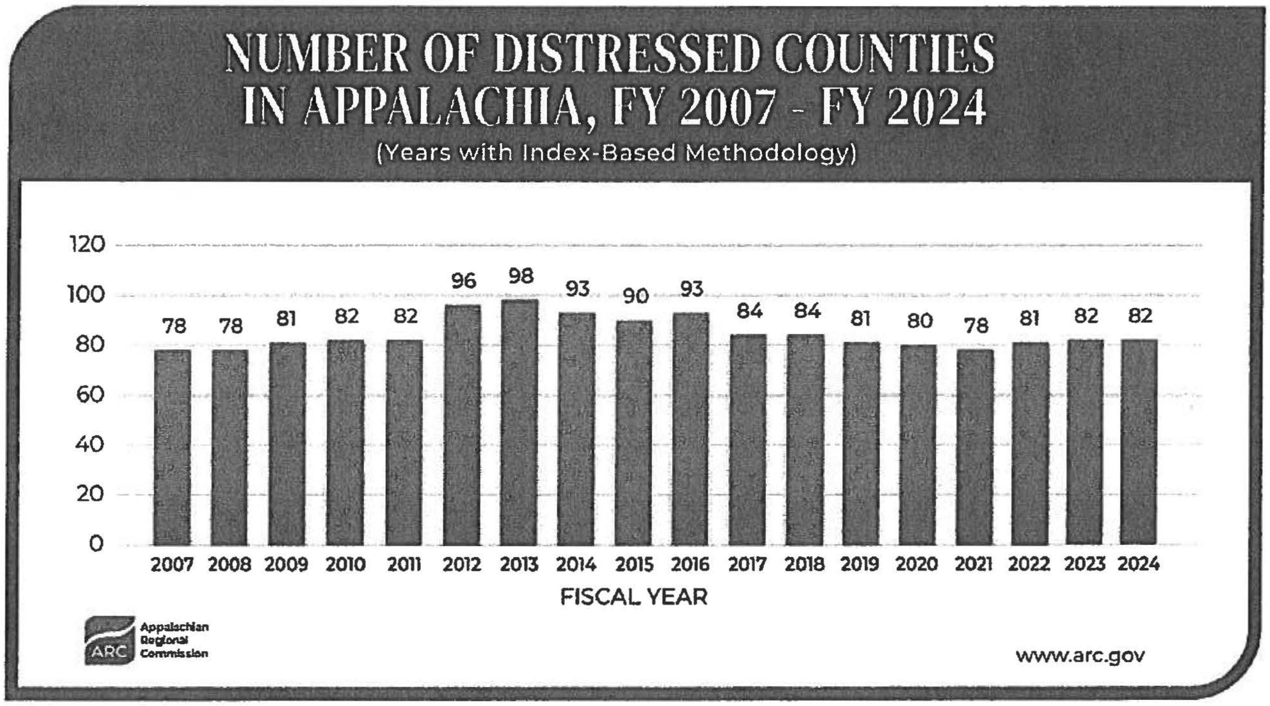
ARC's vision is to ensure that Appalachia—a region of great opportunity—will achieve socioeconomic parity with the nation. This means the Region's economic indicators will become proportionate with the nation as a whole. While significant progress has been made, challenges such as economic transition in coal communities, the substance abuse crisis and COVID-19 remain.

Every year, ARC applies an index-based classification system to compare each county in the Region with national averages to understand how counties are performing. Analyzing three-year average unemployment rates, per capita market income, and poverty rates, each one of Appalachia's 423 counties is then classified within one of five economic status designations—distressed, at-risk, transitional, competitive, or attainment. The designations are also used to determine the match requirements for ARC grants, as well as research topics and investment strategies targeting resources to the Region's most distressed areas.

In fiscal year 2024, 82 counties are designated as distressed, 101 as at-risk, 225 as transitional, 11 as competitive, and 4 have reached attainment. This analysis draws on retrospective data, illustrates trends over time, and informs ARC's grantmaking process. It is starting to reflect the economic impact of the COVID crisis as data covering that timeframe are now becoming available.

Distressed Counties in Appalachia

ARC has been computing an index-based county economic classification annually since fiscal year 2007. While the number of distressed counties can fluctuate from year to year, the current number is the fourth-lowest count since pre-recession in 2007.



Distressed Areas Within Counties

In some cases, specific areas within counties are considered economically distressed even if the county isn't. ARC assigns the "distressed area" designation to census tracts in at-risk and transitional counties that have a median family income no greater than 67 percent of the U.S. average and a poverty rate 150 percent of the U.S. average or greater.

Additional Resources

County Economic Status Methodology

<https://www.arc.gov/distressed-designation-and-county-economic-status-classification-system>

Distressed Areas Methodology

<https://www.arc.gov/distressed-areas-classification-system/>

County Economic Status and Distressed Areas FY 2024 Data Tables

<https://www.arc.gov/wp-content/uploads/2023/06/countyeconomicstatusanddistressareasfy2024datatables.xls>

County Economic Status and Distressed Areas by State, FY 2024

<https://www.arc.gov/about-the-appalachian-region/county-economic-status-and-distressed-areas-by-state-fy-2024/>

County Economic Status and Distressed Areas by State, FY 2023

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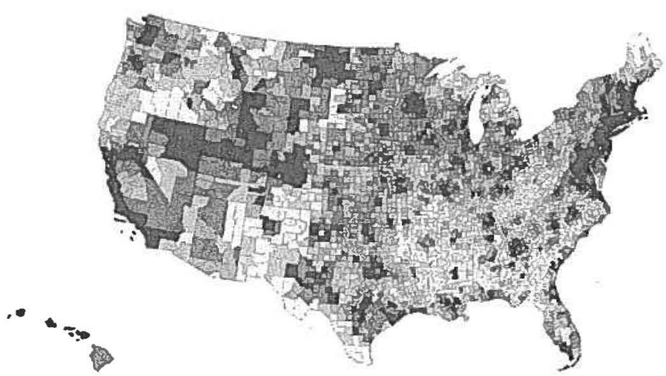
Census Data Show Some Ky. Counties Among Nation's Poorest

By Jeff Young, Alexandra Kanik
Published December 14, 2018 at 10:09 PM EST



U.S. Census Bureau

New data from the Census Bureau show eastern Kentucky is still struggling with poverty and lagging far behind national and state averages in terms of income.

The Bureau's latest American Community Survey shows Bell, Harlan and McCreary counties have some of the lowest median household incomes in the United States. Of counties with 10,000 residents or more, those three Kentucky counties were among the bottom five in the country when ranked by median income.

From 2012 to 2017, the survey shows, median household income has risen between by more than $4,600 in the U.S. and nearly $4,000 in Kentucky as a whole. But median incomes in Bell, Harlan and McCreary counties have fallen in that five-year span by more than $4,000.

LPM News
All Things Considered

These communities and many others in Kentucky also continue to experience high levels of poverty. The Bureau's survey shows Middlesboro, a city in Bell County, has one of the highest poverty rates among small towns in the country, with 40 percent of the town's population living in poverty.

"Those communities grew up being too reliant on a single industry like coal, and there wasn't enough diversification over time to withstand an economic shock like they've faced over the last several years," says James Ziliak, director of the University of Kentucky Center for Poverty Research.

Efforts are being made to improve the economic futures of communities abandoned by industry. The Appalachian Regional Commission provides grant funding to help such communities diversify their economies. Last year, ARC allocated $20 million to projects focused on job training and creation, growing tourism, and increasing access to essential services such as healthcare.

However, the rural region's weak infrastructure remains a hurdle. Several communities in eastern Kentucky struggle to deliver basic clean water and sanitation. And the Bureau's survey points to a "digital divide" between urban and rural areas when it comes to availability of high-speed internet.

Census numbers indicate that "completely rural" counties have a broadband internet subscription rate 10 percentage points lower than "mostly urban" counties.

"That means that our fellow citizens living in these rural communities are missing out on a lot of economic opportunities because we haven't made sufficient investments in infrastructure like broadband," Ziliak said.

Tags News Kentucky

Jeff Young

Jeff Young is managing editor of the Ohio Valley ReSource, a journalism

Eastern Kentucky utility seeking hefty rate increase

WEKU | By John McGary

Published July 13, 2023 at 11:16 AM EDT

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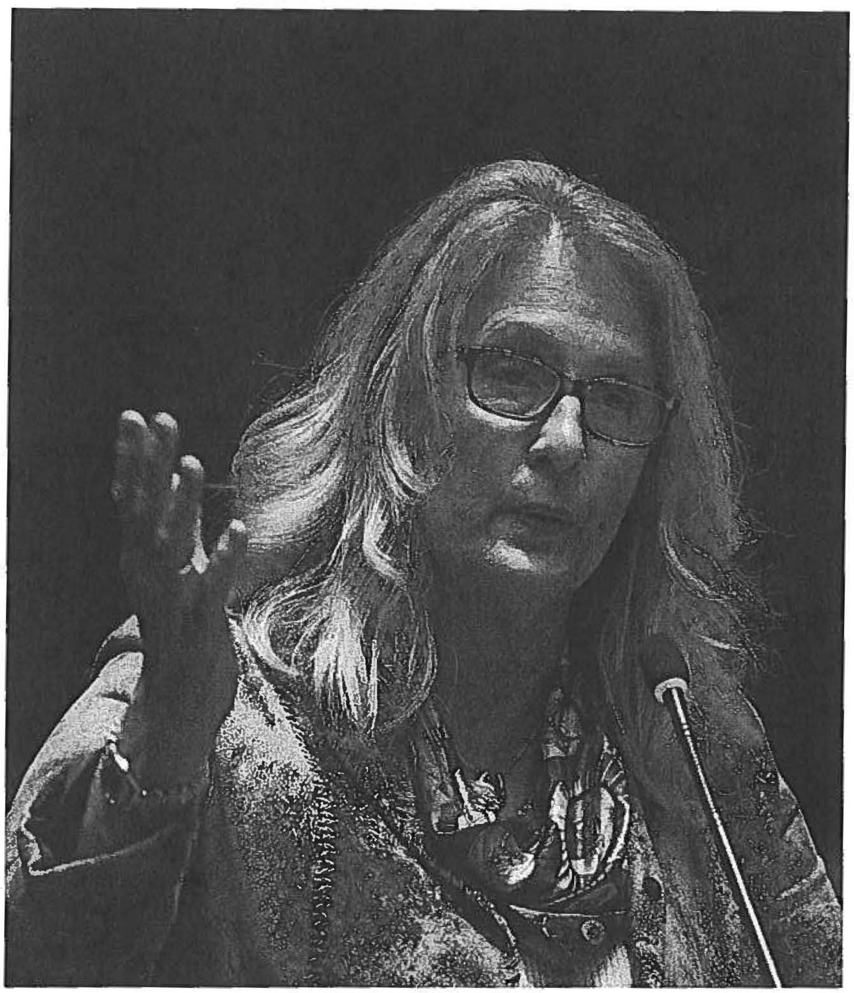

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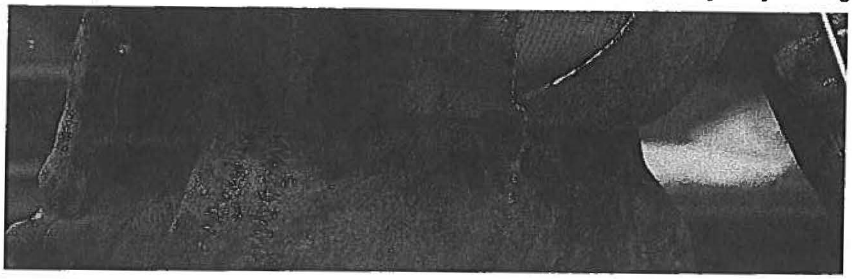

LRC Public Information Office

State Sen. Robin Webb said she knows Kentucky Power's costs have risen, but worries about how her constituents will be affected by the hefty rate hike the utility is seeking.

Kentucky Power, which provides electricity to customers in 20 eastern Kentucky counties, wants to raise its rates -- including residential rates by more than 18 percent. The company filed the request with the state Public Service Commission in late June. On its website, Kentucky Power cited a windstorm, ice storm, historic flooding and a "notable" population decline in its service area. State Senator Robin Webb represents Boyd, Carter and Greenup counties – all served by Kentucky Power.

"It's concerning, very concerning for my population, and the demographic of those three counties."

Kentucky Power has 163-thousand customers in eastern Kentucky. Webb said she knows the utility's costs are up – but worries about how her constituents will deal with a hefty rate hike.

"I'm not being dramatic when I say that some will die, at some point, when the threshold gets to where they've got to make decisions that affect their lives, whether it's buying medicine or buying power."

Webb, who has two energy degrees and is a former coal miner, said energy diversification is a long-term solution – and she's not opposed to the use of nuclear energy as part of that solution.

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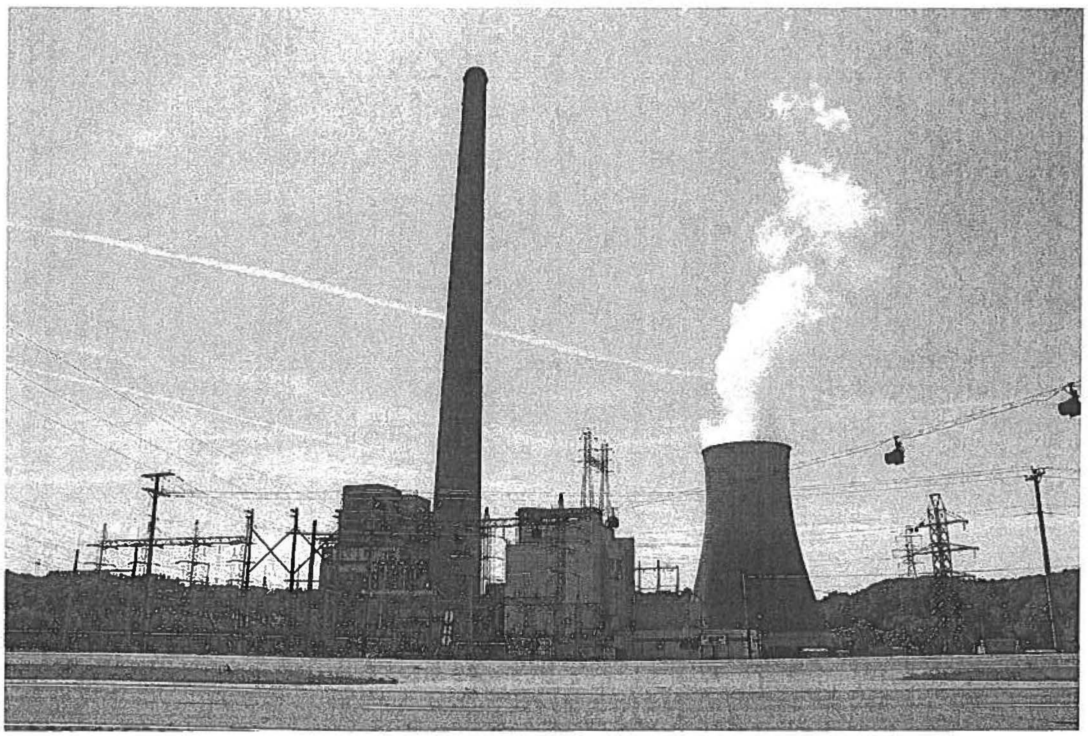
All Things Considered

ECONOMY ENERGY GOVERNMENT

State regulator threatens Kentucky Power with fines for 2022 winter storm performance

Utility wants to recoup costs from ratepayers

BY: **LIAM NIEMEYER** - JULY 3, 2023 5:50 AM



Kentucky Power's gas-fired Big Sandy power plant in Lawrence County. (Creative Commons photo)

Kentucky's utility regulator is asking Kentucky Power why it shouldn't face fines for failing to prepare for a power supply shortfall ahead of the December 2022 winter storm.

The Kentucky Public Service Commission (PSC) in a June 23 order alleged Kentucky Power had violated a state law that requires utilities to "furnish adequate, efficient and reasonable service" and could face fines "up to $2,500 per occurrence per party."

The PSC's order threatening fines stems from Kentucky Power's request to recoup from customers about $11.5 million in power costs related to the storm.

A blast of arctic air caused temperatures to plummet, creating record-breaking demand for power; some Kentucky utilities such as the Tennessee Valley Authority had to implement rolling blackouts to ensure the stability of the electric grid.

Kentucky Power, which serves about 163,000 customers in 20 counties in Eastern Kentucky, did not have to implement rolling blackouts. The utility says it did have to purchase power from PJM Interconnection, the regional grid operator, that was more expensive than what it could generate on its own.

PJM had activated "high-cost generators" to meet the extraordinary demand, spiking the cost of energy during the storm. According to Kentucky Power testimony, the wholesale electricity price from PJM to Kentucky Power was around $3,500 per megawatt-hour; as of late June, the wholesale price hovered around $35 per megawatt-hour.

Regulator blames poor planning by utility

In May, Kentucky Power asked to have $11 million in power costs deferred and eventually recouped through ratepayers. But the PSC denied that request in an order on June 23, saying the utility could have avoided the higher wholesale costs through better planning.

"Kentucky Power does not have sufficient capacity available to serve customers' energy needs, has been aware of that

(Kentucky Lantern photo by Liam Niemeyer)

shortcoming for a significant amount of time, understands the detriment that insufficiency can cause customers, has described the speed and ease by which it could fix that shortcoming, and yet has chosen not to address its inadequacy of service," the PSC said.

In an emailed statement, Kentucky Power spokesperson Sarah Nusbaum said the utility "respectfully" disagrees with the commission's findings and that buying power from the PJM grid "ensures that Kentucky Power has the electricity needed to meet customer demand during times of extremely high usage."

Nusbaum said if the commission had approved its request to recoup $11 million in costs from the storm, it would have pursued securitization of the costs. Securitization would have meant the storm costs would be bundled into a bond to sell with potentially lower costs to ratepayers, compared to normally recouping the storm costs through electricity rate increases.

"Kentucky Power's proposal was designed to lessen the bill impacts for customers by spreading out these purchased power costs over a longer period of time," Nusbaum said. "Kentucky Power did what was necessary to keep customers' power on during this severe holiday weather event."

Kentucky Power also is seeking a rate increase. Kentucky Power filed an application Thursday that it says would increase the average residential customer's bill by 18.3%, effective the start of next year. The utility states it would securitize the rate increase and suspend other costs on customers' bills.

According to a state energy report, Kentucky Power customers pay the most for electricity in Kentucky with a monthly average residential bill of $187.56.

Forced to buy expensive power

The Kentucky PSC in its orders cited several planning failures related to the winter storm:

- Kentucky Power knew it had a power supply shortfall after exiting a contract on Dec. 8 that allowed it to buy power from the Rockport Generating Station, a coal-fired power plant in southern Indiana. Kentucky Power testimony showed it could have made up for that shortfall by entering into a power purchase agreement with another generator, but didn't do so by the time of the storm, forcing the utility to pay the higher prices to make up for the shortfall.

- The utility's own electricity generators, which could have provided lower-cost electricity, were not operating at full capacity or at all during the storm, according to the utility's testimony and filings.

Kentucky Power Vice President of Regulatory and Finance Brian West previously told the PSC that generators were offline for maintenance in November 2022 so that they would be in "good working order" in January and February when expected electricity price spikes due to demand would normally occur.

Power output at the utility's two coal-fired units at its Mitchell plant in West Virginia had been reduced due to "operational issues" that were "largely unrelated to the extreme weather conditions." The utility's Big Sandy natural gas plant was also offline during the storm because of repairs that were unexpectedly extended, the PSC said.

As of June 23 when the PSC issued its orders, the utility had not provided sufficient explanations for why its generators were not operating at capacity or evidence of efforts to "ameliorate the issues," the PSC said.

"Kentucky Power's failure to plan for such an event, given its current capacity and energy position, does not make these expenses extraordinary. They could have, and should have, been planned for," a PSC order stated.

In her statement, Nusbaum said the PJM energy purchases were "appropriate" and "less expensive" than what costs would have been through a power purchase agreement.

Kentucky Power asserts outage unavoidable, defends power purchases

In its Thursday filing to increase electricity rates, Kentucky Power asserted that its Mitchell plant had performed well during the December 2022 winter storm and that having its Big Sandy natural gas plant offline was unavoidable.

Kentucky Power Vice President of Generating Assets Timothy Kerns in written testimony said both of Mitchell's coal-fired power generation units had a power output of more than 75% during the December 2022 winter storm. Only small factors decreased its power output including existing federal and state regulations and frozen coal and slurry feed tanks.

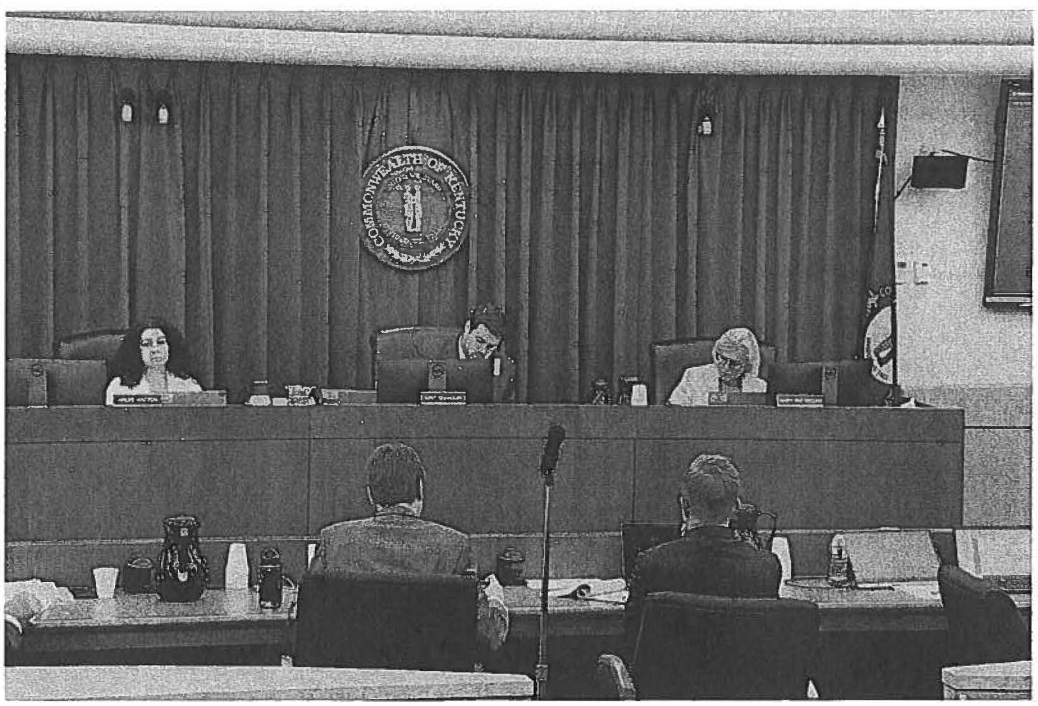
Kerns said the utility's Big Sandy natural gas plant was offline during the storm because of a crack found in a "generator rotor collection end retaining ring" along with other needed repairs, and the gas plant would have had an increased risk of a "catastrophic failure" if it was put into action during the storm.

An analyst with Kentucky Power's parent company, American Electric Power, said the utility would have had to purchase power from PJM during the storm even if Kentucky Power's generation plants were operating at 100% output.

Alex Vaughan also said the December 2022 winter storm was an anomaly with no other power sources available.

"It was a PJM system emergency; if excess power was available in the market, then scarcity pricing and emergency conditions would not have occurred," Vaughan said.

West, one of Kentucky Power's vice presidents, said while the utility didn't plan to recover the more than $11 million in storm-related costs in its current rate case filed Thursday, it would ask the PSC for the ability to recover any "prudently incurred" expenses from the storm in a future rate case.



The Kentucky Public Service Commission, from left, Angie C. Hatton, chairman Kent Chandler and Mary Pat Regan.

REPUBLISH

LIAM NIEMEYER

Liam covers government and policy in Kentucky and its impacts throughout the Commonwealth for the Kentucky Lantern. He most recently spent four years reporting award-winning stories for WKMS Public Radio in Murray.

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PSC: Kentucky Power has failed to provide adequate service

An Appalachian Newspapers Staff Report
Jun 26, 2023

The Kentucky Public Service Commission alleged in a recent filing that Kentucky Power has failed to provide adequate service in its service territory.

In an order entered June 23, the PSC is requiring that the company, "show cause why it should not be subject to the remedy for failure to provide adequate service in its service territory ... and why it should not be subject to an assessment of civil penalties .. for Kentucky Power's alleged violation of KRS 278.030 which requires a utility to provide adequate, efficient and reasonable service to the utility's customers."

The order was filed as part of a case begun in September 2021 in which the PSC launched an investigation into whether Kentucky Power was satisfying its regulatory obligations.

As part of its reasoning, the PSC said in a filing at the outset of the case, the commission explained that it was "concerned about the future of Kentucky Power as a utility about the customers it serves in Eastern Kentucky."

The PSC said in the filing that its June 23 order was necessary in relation to Kentucky Power's request to defer approximately $11.5 million in non-fuel adjustment clause eligible purchased power costs that occurred in connection with Winter Storm Elliott in December.

As a result of the extraordinary weather during that storm, PJM Interconnection LLC received approval from the U.S. Department of Energy to require that all electric generating units in its footprint — including Kentucky Power — operate up to their maximum generation output levels. Kentucky Power told the PSC in filings that this resulted in extraordinary fuel costs of more than $11.5 million.

The PSC, in a separate filing on June 23, refused to allow Kentucky Power to defer the $11.5 million into a regulatory asset.

The PSC wrote in the June 23 order that, on Dec. 8, weeks before the storm, the company's agreement to purchase capacity and energy produced at the Rockport Plant in Spencer County, Indiana, was terminated. That, the PSC said, represented a reduction in generation that resulted in Kentucky Power having an inadequate amount of available generation to produce energy to meet its peak native demands.

"Sufficient generation capacity that can be used to serve the entirety of native demand acts as a physical hedge to market energy prices, and without adequate generation capacity, Kentucky Power and its customers are subject to higher prices from market purchases for at least the amount the utility is short of its native demand," the PSC order said.

However, the PSC found, there was no evidence presented that indicated Kentucky Power took any steps to address the energy shortfall following the end of the Rockport agreement.

Further, the order said, the PSC found that some of the company's generating units were down due to operational issues and scheduled maintenance at the time of the winter storm.

"It is clear to the Commission ... that Kentucky Power does not have sufficient capacity available to serve customers' energy needs, has been aware of that shortcoming for a significant amount of time, understands the detriment that insufficiency can cause customers has described the speed and ease by which it could fix that shortcoming, and yet has chosen not to address its inadequacy of service," the PSC wrote in the June 23 order.

The extra expenses of the winter storm, the PSC contends in its order, should have been planned for.

"Kentucky Power has an estimate of its customer's maximum energy requirements," the PSC wrote in its order. "In the lead up to and following the expiration of the Rockport UPA, having to buy energy from the market to meet Kentucky Power's aggregate demand should have been expected, anticipated and planned for. Kentucky Power's failure to plan for such an event, given its current capacity and energy position, does not make these expenses extraordinary. They could have, and should have, been planned for."

The PSC is requiring that Kentucky Power submit, within 30 days of the order, a written response to the allegations contained in its order.

In a statement issued June 26, Kentucky Power said the company looks forward to addressing the PSC's issues.

"During Winter Storm Elliott in December 2022, Kentucky Power needed to purchase electricity through the PJM Interconnection to meet peak demand during some of the coldest temperatures ever experienced in the region," the statement said. Being a member of PJM ensures that Kentucky Power has the electricity needed to meet customer demand during times of extremely high usage.

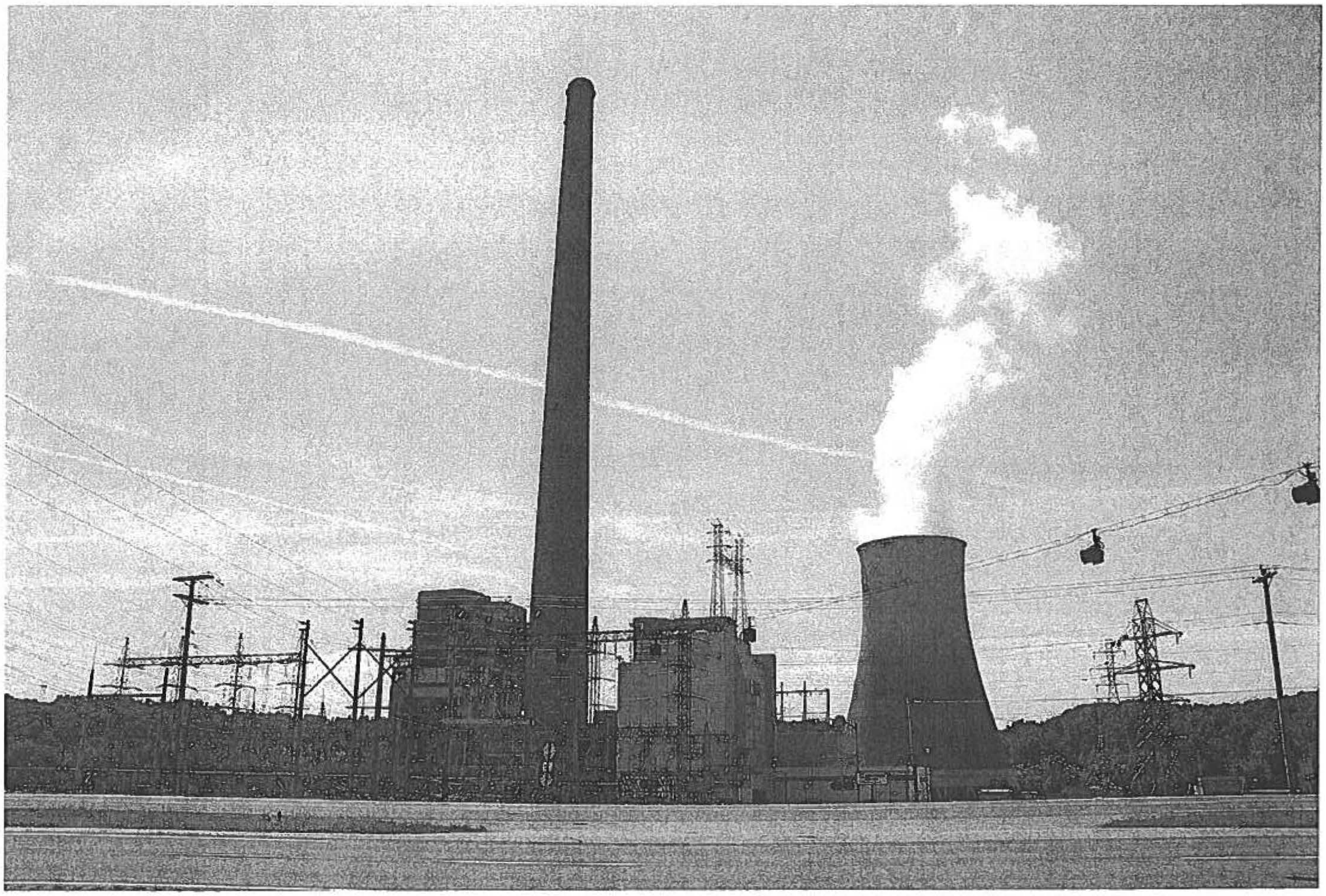
"The PSC has asked Kentucky Power to provide more information about the company's generation resources, how and when power is purchased through the PJM market and what steps the company takes to ensure enough generation is available to serve our customers," the statement continued. "We look forward to addressing those issues in that proceeding."

https://www.dailyindependent.com/news/state-regulator-threatens-ky-power-with-fines/article_357a6f7e-1a85-11ee-8388-a3b49440a0ff.html

CENTERPIECE

State regulator threatens Ky. Power with fines

By Liam Niemeyer Kentucky Lantern
Jul 4, 2023



Kentucky Power's gas-fired Big Sandy power plant in Lawrence County is pictured.
Creative Commons photo

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Ky. Power defends power purchases

In its Thursday filing to increase electricity rates, Kentucky Power asserted that its Mitchell plant had performed well during the December 2022 winter storm and that having its Big Sandy natural gas plant offline was unavoidable.

Kentucky Power Vice President of Generating Assets Timothy Kerns in written testimony said both of Mitchell's coal-fired power generation units had a power output of more than 75% during the December 2022 winter storm. Only small factors decreased its power output including existing federal and state regulations and frozen coal and slurry feed tanks.

Kerns said the utility's Big Sandy natural gas plant was offline during the storm because of a crack found in a "generator rotor collection end retaining ring" along with other needed repairs, and the gas plant would have had an increased risk of a "catastrophic failure" if it was put into action during the storm.

An analyst with Kentucky Power's parent company, American Electric Power, said the utility would have had to purchase power from PJM during the storm even if Kentucky Power's generation plants were operating at 100% output.

Alex Vaughan also said the December 2022 winter storm was an anomaly with no other power sources available.

"It was a PJM system emergency; if excess power was available in the market, then scarcity pricing and emergency conditions would not have occurred," Vaughan said.

West, one of Kentucky Power's vice presidents, said while the utility didn't plan to recover the more than $11 million in storm-related costs in its current rate case filed Thursday, it would ask the PSC for the ability to recover any "prudently incurred" expenses from the storm in a future rate case.

Trending Video

Commonwealth of Kentucky

HOUSE OF REPRESENTATIVES

ROCKY ADKINS
STATE REPRESENTATIVE
99th Legislative District
P.O. Box 688
Sandy Hook, Kentucky 41171
Office [redacted]

HOUSE MAJORITY FLOOR LEADER

STATE CAPITOL
Room 304
Frankfort, Kentucky 40601
[redacted]

CAPITOL ANNEX
Room 309
[redacted]

May 17, 2013

RECEIVED

MAY 17 2013

PUBLIC SERVICE COMMISSION

HAND DELIVERED

Jeff R. Derouen
Executive Director
Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, Kentucky 40602-0615

RE: CASE NO. 2012-00578

Dear Mr. Derouen:

Please find attached a copy of the prepared remarks by State Representative Rocky Adkins at the Commission's public hearing in Louisa, Kentucky on May 14, 2013.

Sincerely,

Thomas M. Dorman
Chief of Staff
House Majority Floor Leader

Attachment

MR. CHAIRMAN, MEMBERS OF THE COMMISSION.

WELCOME TO LOUISA, KENTUCKY AND THE 99TH HOUSE LEGISLATIVE DISTRICT. MY NAME IS ROCKY ADKINS AND I HAVE REPRESENTATED THE 99TH DISTRICT FOR OVER 25 YEARS.

I APPRECIATE THE OPPORTUNITY TO SHARE WITH YOU TODAY THE FEARS AND CONCERNS I HAVE HEARD FROM MY CONSTITUENTS, AS WELL MY OWN GREAT CONCERNS, ABOUT THE DECISIONS BEFORE YOU REGARDING THE KENTUCKY POWER COMPANY AND THE BIG SANDY POWER PLANT.

KENTUCKY POWER HAS PROVIDED ELECTRICAL SERVICE TO EASTERN KENTUCKY SINCE 1919. THE HILLS OF EASTERN KENTUCKY ARE AT BEST A CHALLENGING SERVICE TERRITORY. BUT WITH REVENUES FROM THEIR KENTUCKY RATE PAYERS, KENTUCKY POWER HAS PROVIDED ON THE WHOLE REASONABLE AND RELIABLE SERVICE FOR MANY, MANY YEARS. BUT NOW KENTUCKY POWER HAS PLACED BEFORE YOU, THE PUBLIC SERVICE COMMISSION, AN EXTREMELY IMPORTANT DECISION ABOUT HOW KENTUCKY POWER WILL BE STRUCTURED FOR THE FUTURE AND HOW IT WILL CONTINUE TO PROVIDE SERVICE TO ITS CUSTOMERS.

THE MATTER CURRENTLY BEFORE YOU IS THE TRANSFER OF OWNERSHIP OF 50% OF THE ASSETS OR 780 MEGA WATTS OF OHIO POWER'S MITCHELL POWER PLANT UNITS 1 AND 2. THAT DECISION HAS FAR BIGGER RAMIFICATIONS THAN THE CASE BEFORE YOU BECAUSE THE TRANSFER OF THOSE GENERATION ASSETS LOCATED IN WEST VIRGINIA WILL MEAN PERMANENTLY SHUTTING DOWN BIG SANDY UNIT 2.

JUST LAST YEAR KENTUCKY POWER WAS BEFORE YOU ASKING FOR A CERTIFICATE OF NEED TO PLACE SCRUBBERS ON BIG SANDY UNIT 2 ARGUING THAT IT WAS THE

LEAST COST OPTION FOR KENTUCKY RATE PAYERS. BUT THAT APPLICATION WAS SUDDENLY WITHDRAWN BY KENTUCKY POWER AND THE COMMISSION MADE NO FINDINGS ON A PLAN THAT WOULD HAVE ALLOWED BIG SANDY UNIT 2 TO CONTINUE TO OPERATE AND SERVE THE NEEDS OF KENTUCKY RATE PAYERS.

I SUBMIT TO YOU, THE MEMBERS OF THE COMMISSION, THAT THESE TWO MATTERS CANNOT BE DECIDED IN ISOLATION. TRANSFERRING THE ASSETS OF THE MITCHELL POWER PLANT AND SHUTTING DOWN BIG SANDY 2 WILL HAVE GREAT CONSEQUENCES TO THE ECONOMY OF EASTERN KENTUCKY AND THE RATE PAYERS OF KENTUCKY POWER.

YOU ARE BEING TOLD SCRUBBING BIG SANDY UNIT 2 FOR ENVIRONMENTAL COMPLIANCE WOULD MEAN A 31% RATE INCREASE. TRANSFERRING THE ASSETS OF MITCHELL WOULD ONLY BE AN 8% INCREASE. DOESN'T 8% SOUND BETTER THAN 31%? IT'S NOT THAT SIMPLE!!

WE CAN ONLY SPECULATE WHY KENTUCKY POWER AND THEIR PARENT, AMERICAN ELECTRIC POWER, HAVE CHANGED THEIR MIND.

WHAT IS SO DIFFERENT ABOUT THESE TWO OPTIONS? BIG SANDY UNIT 2 AND MITCHELL UNITS 1, AND 2 ARE OF THE SAME DESIGN, ROUGHLY 800 MEGA WATTS EACH, AND ALMOST THE SAME AGE WITH SIMILAR OPERATING COSTS. BIG SANDY WAS PLACED IN SERVICE IN 1969 AND THE MITCHELL UNITS 1 AND 2 IN 1971. MITCHELL HAS ALREADY BEEN SCRUBBED FOR ENVIRONMENTAL COMPLIANCE. PURSUANT TO THE 2007 CONSENT DECREE, THAT THE COMMISSION IS NOW WELL AWARE OF, MITCHELL WAS ASSIGNED PRIORITY AMONG AEP'S EASTERN GENERATION FLEET TO BE SCRUBBED FOR SO_2 AND NO_x. BIG SANDY 2 WAS GIVEN UNTIL DECEMBER OF 2015 TO BE SCRUBBED FOR SO_2.

MITCHELL IS LOCATED NEAR MOUNDSVILLE, WEST VIRGINIA AND WAS PAID FOR BY THE RATE PAYERS OF OHIO POWER.

THE BIG SANDY PLANT IS JUST DOWN THE ROAD FROM WHERE YOU SIT TODAY. IT IS AN ASSET THAT WAS PAID FOR BY KENTUCKIANS WHO BY PAYING THEIR ELECTRIC BILLS EVERY MONTH TO KENTUCKY POWER PAID FOR THE CONSTRUCTION, OPERATION AND MAINTENENACE OF THE BIG SANDY POWER PLANT. AND NOW KENTUCKY RATE PAYERS ARE BEING ASKED TO ABANDON THAT ASSET AND ITS POSITIVE IMPACTS ON OUR ECONOMY TO TAKE PARTIAL OWNERSHIP ALONG WITH THE DEBT AND LIABILITIES OF A POWER PLANT LOCATED IN WEST VIRGINIA.

BY ACQUIRING 50% OF THE ASSETS OF MITCHELL, KENTUCKY RATE PAYERS WILL BE PAYING FOR JOBS IN WEST VIRGINIA AND PAYING TAXES TO STATE AND LOCAL GOVERNMENTS IN WEST VIRGINIA. IT HAS BEEN ESTIMATED THAT MITCHELL WILL PAY WEST VIRGINIA $4 MILLION IN TAXES ANNUALLY INCREASING TO $6.3 MILLION ANNUALLY IN 2017.

THE $536 MILLION PRICE TAG ATTACHED TO THE 50% INTEREST IN THE MITCHELL PLANT IS JUST THE BOOK VALUE OF THE ASSET. WHO KNOWS WHAT THE REAL COSTS WILL BE? 50% OF ANY FUTURE ENVIRONMENTAL COSTS AND CAPITAL OUTLAYS WILL BECOME THE OBLIGATION OF KENTUCKY RATE PAYERS. WE WILL FIND OUT MORE ABOUT WHAT THE REAL COSTS ARE WHEN KENTUCKY POWER FILES A RATE CASE LATER THIS SUMMER.

KENTUCKY RATE PAYERS ARE BEING ASKED TO ASSUME 50% OF LIABILITIES OF THE MITCHELL PLANT. THE LIABILITIES OF MITCHELL INCLUDE LONG TERM DEBT INCURRED FOR ENVIRONMENTAL COMPLIANCE IN THE FORM OF POLLUTION

CONTROL BONDS AND DEBT ISSUED UNDER THE WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY. IT IS ANTICIPATED THAT KENTUCKY POWER WILL REFINANCE ITS SHARE OF MITCHELL'S DEBTS AND PLACE THAT DEBT IN THE RATES THEY WILL ASK KENTUCKY RATE PAYERS TO PAY. ACCORDING TO A JANUARY 13TH ARTICLE IN THE COLUMBUS DISPATCH, AEP HAS FOUND CORROSION IN THE NEW SCRUBBERS AT THE MITCHELL PLANT AND I'M SURE KENTUCKY RATE PAYERS WILL BE EXPECTED TO PAY TO FIX THAT PROBLEM.

KENTUCKY POWER'S LEAST COST ANALYSIS IN THE CASE BEFORE YOU DOES NOT INCLUDE THE LOCAL, REGIONAL, SOCIAL AND ECONOMIC COST TO KENTUCKY AND ITS CITIZENS OF SHUTTING DOWN THE BIG SANDY UNIT 2. TO QUOTE ONE OF AEP'S OWN PRESS RELEASES, "COMMUNITIEES THAT HAVE DEPENDED ON THESE PLANTS TO PROVIDE GOOD PAYING JOBS AND SUPPORT LOCAL SERVICES WILL FACE SIGNIFICANT REDUCTIONS IN PAYROLL AND PROPERTY TAXES. THE ECONOMIC IMPACT WILL EXTEND FAR BEYOND DIRECT EMPLOYMENT OF POWER PLANTS AS THOUSANDS OF ANCILLARY JOBS ARE SUPPORTED BY EVERY COAL FUELED GENERATING UNIT."

ABANDONING BIG SANDY UNIT 2 WILL MEAN THE LOSS OF MORE THAN 150 FULL TIME JOBS AT THE PLANT.

IN 2012 BIG SANDY RECEIVED 1,642,000 TONS OF COAL AT $70 A TON CREATING COAL SALES OF $115 MILLION. THAT WILL BE LOST ALONG WITH THE SEVERANCE TAXES FROM THAT COAL PAID TO THE STATE AND LOCAL GOVERNMENTS. ONE COUNTY JUDGE EXECUTIVE HAS SAID THE BIG SANDY PLANT IS DIRECTLY RESPONSIBLE FOR 500 COAL JOBS AND THOUSANDS OF OTHER JOBS INDIRECTLY.

LAWRENCE COUNTY, WHERE THE BIG SANDY POWER PLANT IS LOCATED, STANDS TO LOSE $900,000 IN TAXES INCLUDING $500,000 A YEAR FOR COUNTY SCHOOLS AND $60,000 A YEAR FOR THE PUBLIC LIBRARY.

WHEN STOCKPILING COAL, 200 TRUCKS A DAY UNLOAD AT THE BIG SANDY PLANT. THOSE JOBS WILL BE ELIMINATED. VENDOR SALES FOR PLANT MAINTANENCE AND FUEL OIL SALES USED TO RESTART THE UNITS WILL BE ELIMINATED.

APPALACHIAN POWER WILL OPERATE THE MITCHELL PLANT AND THOSE CONTRACT DECISIONS FOR COAL SUPPLIES, COAL TRANSPORTATION AND VENDOR PURCHASES WILL BE MADE BY APPALACHIAN POWER NOT KENTUCKY POWER. IF BIG SANDY UNIT 2 IS RETIRED, KENTUCKY POWER RATE PAYERS WILL PROBABLY BE ASKED TO PAY THE COST OF SHUTTING IT DOWN AND I'M SURE ANY LONG TERM DEBT INCURRED FOR BIG SANDY WILL REMAIN IN KENTUCKY POWER'S RATES. BUT KENTUCKY RATE PAYERS WILL NO LONGER HAVE THE BENEFIT OF HAVING THAT GENERATION HERE IN KENTUCKY.

8% VERSUS A 31% RATE INCREASE? I'M NOT AN ACCOUNTANT AND CERTAINLY NOT A PAID UTILITY CONSULTANT, BUT I DON'T UNDERSTAND THE MATH BEING PUT FORTH BETWEEN THESE TWO PROPOSALS. HOW COULD $536 MILLION FOR THE TRANSFER OF THE MITCHELL ASSETS RESULT IN AN 8% RATE INCREASE, WHILE THE PROJECTED COSTS TO SCRUB BIG SANDY UNIT 2 OF $940 MILLION RESULTS IN A 31% RATE INCREASE? IF YOU DOUBLE THE COST OF THE MITCHELL ASSET TRANSFER TO $1.72 BILLION, THAT SHOULD RESULT IN A 16% RATE INCREASE WHICH WOULD MORE THAN COVER THE COST OF SCRUBBING BIG SANDY UNIT 2.

RECENT PRESS RELEASES BY SOME OF THE ENVIRONMENTAL GROUPS THAT WERE PARTIES TO THE RECENT MODIFICATION TO THE 2007 CONSENT DECREE INDICATE THAT AEP HAS SAID IT WILL SHUT DOWN BIG SANDY UNIT 2. MAYBE THAT'S A DECISION THAT AEP HAS SHARED WITH THEM BUT NOT KENTUCKY'S RATE PAYERS. THE RECENT WRITTEN MODIFICATIONS TO THE CONSENT DECREE DO NOT APPEAR TO REFLECT ANY SUCH AGREEMENT. TWELVE STATES WERE PARTIES TO THE ORGINAL 2007 CONSENT DECREE.

KENTUCKY WAS NOT.

BECAUSE KENTUCKY WAS NOT A PARTY, I BELIEVE OUR OBLIGATION SHOULD BE TO KENTUCKY AND KENTUCKY RATE PAYERS.

MAKE NO MISTAKE ABOUT IT, DESPITE THE ASSERTION THAT TRANSFERING THE ASSETS OF MITCHELL IS A LEAST COST OPTION; THIS IS NOT A DECISION THAT IS BEING MADE FOR THE BEST INTEREST OF KENTUCKY AND ITS RATE PAYERS. THIS IS A CORPORATE DECISION TO MOVE GENERATION ASSETS FROM OHIO'S DEREGULATED MARKET, WHERE THEY ONLY GET MARKET PRICES FOR POWER <u>TO</u> REGULATED MARKETS IN KENTUCKY AND WEST VIRGINIA WHERE STATE LAW ALLOWS THEM TO RECOVER ALL THEIR OPERATING AND CAPITAL EXPENSES, PLUS A GUARANTEED RATE OF RETURN. KENTUCKY POWER'S CURRENT ALLOWED RATE OF RETURN IS 10.5%. AEP OR OHIO POWER COULD NOT GET THAT SORT OF RETURN IN THE CURRENT PJM MARKET.

BEFORE I CONCLUDE LET ME COMMENT ON THE REQUEST BY KENTUCKY POWER TO CREATE A REGULATORY ASSET OF $30 MILLION SPENT ON RATE CASES SINCE 2004 WHICH THEY WILL SEEK TO RECOVER LATER. INCLUDED IN THE $30 MILLION IS $12 MILLION THEY SPENT ON THE APPLICATION FOR A CERFICIATE OF NEED TO

SCRUB BIG SANDY 2, A REQUEST THAT WAS IN THE END WITHDRAWN AT THE REQUEST OF KENTUCKY POWER. SHOULD KENTUCKY'S RATE PAYERS BE ASKED TO PAY FOR KENTUCKY POWER'S INDECISION? WHY SHOULD KENTUCKY'S RATE PAYERS PAY $12 MILLION FOR DESIGN OF SO_2 SCRUBBERS THAT AEP'S OWN WITNESS TESTIFIED HAVE BEEN ALREADY DESIGNED AND PLACED ON 8,400 MW OF AEP GENERATION?

AT THIS POINT I PROBABLY HAVE GONE BEYOND MY ALLOTED TIME BUT THERE IS SO MUCH TO TALK ABOUT IN THE DECISION BEFORE THIS COMMISSION. LET ME URGE THE COMMISSION TO NOT CONSIDER JUST THE MATTER BEFORE YOU IN THIS CASE, THE TRANSFER OF ASSETS OF THE MITCHELL PLANT. THAT DECISION MUST BE WEIGHED AGAINST THE IMPACT OF SHUTTING DOWN BIG SANDY UNIT 2 AND THE ECONOMIC IMPACT IT WILL HAVE ON THE REGION AND KENTUCKY RATE PAYERS. THIS IS A MAJOR DECISION FOR THE COMMONWEALTH OF KENTUCKY. THERE ARE TOO MANY ISSUES THAT SHOULD BE CONSIDERED IN WHETHER TO ALLOW BIG SANDY UNIT 2 TO CONTINUE TO OPERATE VERSUS PURCHASING POWER FROM ANOTHER STATE. WHAT BOTHERS ME THE MOST IS THE LOSS OF JOBS AT THE BIG SANDY PLANT AND THROUGHOUT OUR COMMUNITIES. IF WE ACCEPT THE TRANFER OF MITCHELL THOSE JOBS WILL GO TO WEST VIRINIA AND THE BENEFITS TO OUR LOCAL ECONOMY WILL GO WITH THEM. THE RATE PAYERS OF KENTUCKY BUILT THE BIG SANDY POWER PLANT. IT PROVIDES JOBS, TAX REVENUES AND ECONOMIC ACTIVITY THROUGHOUT THE REGION FOR THE PEOPLE WHO HAVE FOR MANY YEARS PAID KENTUCKY POWER FOR ITS ELECTRIC SERVICE. I HOPE THE COMMISSION WILL AGREE WITH ME THAT THIS IS A DECISION THAT DESERVES VERY CAREFUL CONSIDERATION.

THANK YOU.

Inside Climate News

Fossil Fuels

Cost of Coal: Electric Bills Skyrocket in Appalachia as Region's Economy Collapses

As natural gas and renewables get cheaper elsewhere, residents in Appalachia are stuck paying for coal-fired power plants that no longer make economic sense.

By James Bruggers
August 14, 2018

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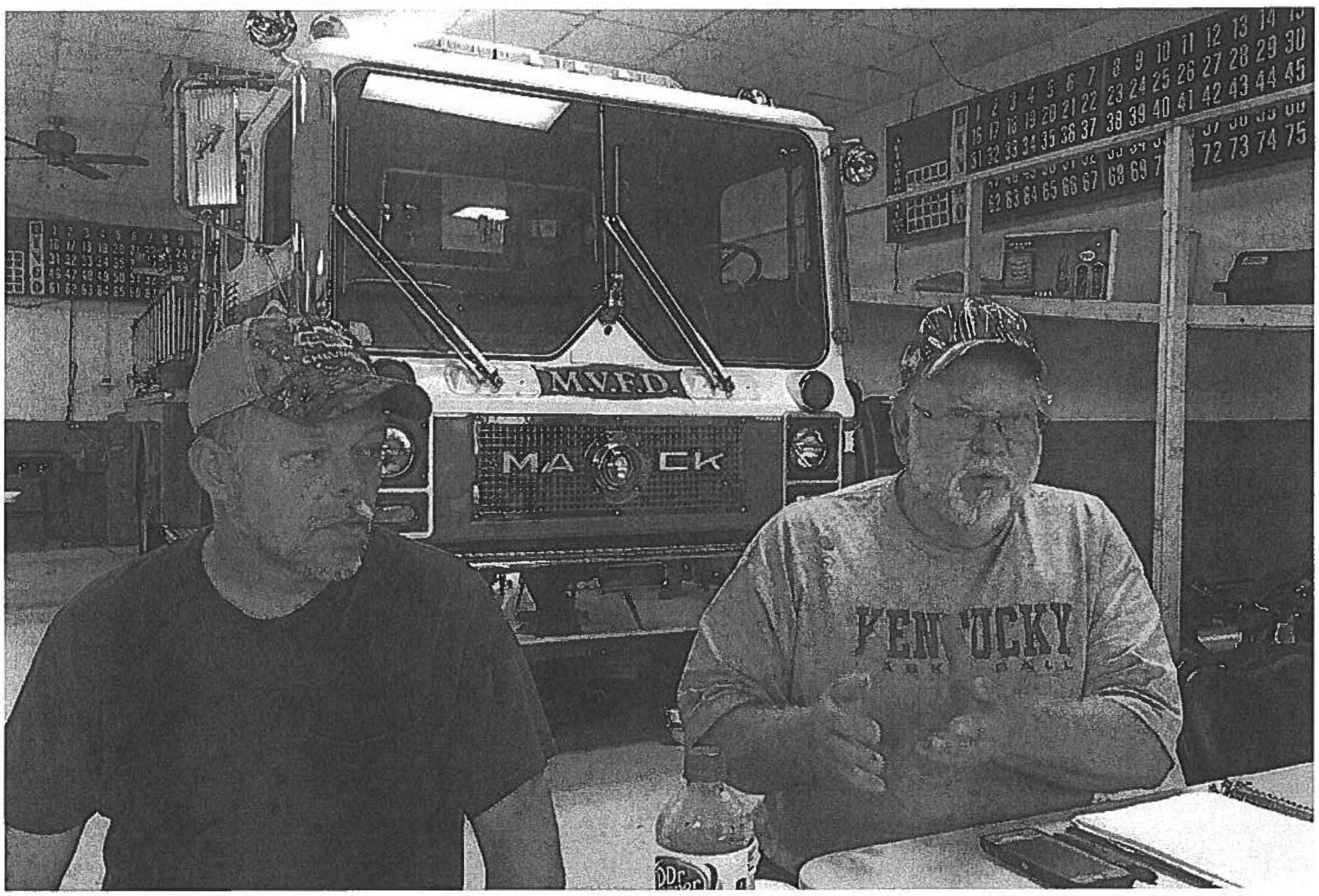

WHITESBURG, Kentucky — Buddy Sexton opened a community meeting about the financial troubles of local volunteer fire departments with his head bowed: "Let people understand what a need we have in this county, in the mighty name of Jesus, we pray."

He then delivered some grim news to the gathering of about two dozen eastern Kentucky residents sitting in folding chairs set up in the engine bays of the Mayking Fire Department.

Just like the townspeople, his tiny department is facing crushing electric bills. They have gone up by several hundred dollars a month during the winter. That's a lot in a local budget that is already strained as revenues from taxes on mining go steadily down.

"I've got financial reports here that I am afraid to look at anymore," said Sexton, the department's treasurer. "We're in danger of shutting down."

As coal mining has collapsed across Appalachia, residents in eastern Kentucky and West Virginia have been socked with a double whammy—crippling electric bills to go along with a declining economy.

The pain in a region once known for cheap power has been felt in homes, businesses, schools and even at volunteer fire departments.

The problem of rising power bills has many causes.

- Mines and other businesses have shut down and people have moved away—mining jobs are off 70 percent since 2010—so utilities are selling less power and spreading their fixed costs across fewer customers.
- Electricity customers are shouldering the costs of shuttering old coal-burning power plants and cleaning up the toxic messes they leave behind.

"They're doubling down on coal at a time when coal is not competitive," said James M. Van Nostrand, a professor at the West Virginia University College of Law with decades of experience in the energy field. "It's really tragic."

AEP's Rising Rates and Surcharges

The common denominator is American Electric Power, one of the nation's largest utilities. It owns Kentucky Power, along with two subsidiaries in neighboring West Virginia, Wheeling Power and Appalachian Power.

In May, Wheeling Power and Appalachian Power requested permission from the Public Service Commission of West Virginia to boost their monthly residential bill 11 percent because of declining sales. That was on top of a 29 percent increase between 2014 and 2018.

Customers in both states are furious that the regulators are going along.

"Our jobs available in this state are not a living wage, and many are working two, three jobs just to make it," wrote Elizabeth Bland of Beckley, West Virginia, in her protest letter to the commission. "Please turn down this request from Appalachian Power for the sake of all West Virginians."

Rising rates are just part of the problem.

Kentucky Power's monthly bill also includes surcharges, and a line for each customer's share of the utility's fixed costs. These add up in precious dollars.

Kentucky Power's customers received a bit of a break in January after vigorous protests. State regulators rejected most of the utility's proposed rate increases and they reduced some surcharges. That will save an average residential customer about $7 a month. Even so, that bill has nearly doubled in the past decade and is now about $151 plus local government fees and taxes, state regulators said.

The average bill per customer at Kentucky Power has been among the highest in the nation for an investor-owned utility, according to 2016 numbers from the U.S. Energy Information Agency, the most recent comparisons available.

"We're hit hard," Alice Craft, a Whitesburg-area resident, told InsideClimate News. "The power companies, they are just greedy, greedy, greedy."

Surcharges that pay for retiring a coal plant are especially irritating, said state Rep. Angie Hatton, a lawyer and Democrat from Whitesburg.

"They are charging us for shutting down our coal-fired plants that were keeping us all employed," she said.

Hatton, who is the daughter of one coal miner and wife of another, also sees the value of solar power as an option for businesses and residents with high power bills. She helped defeat legislation in Kentucky his spring that would have devalued rooftop solar power. Utilities backed it, but it was rejected by lawmakers driven by constituents' rage about power bills.

With Poverty High, Something Has to Give

Allison Barker, a spokeswoman for Kentucky Power, blamed last winter's unusually cold weather for part of the high electric bills and suggested customers could turn their thermostats down.

"Keeping the thermostat the same during extreme weather can significantly increase usage and bills," she said.

she said, energy use has dropped 15 percent, and the company has faced new costs to comply with environmental protections.

AEP's West Virginia utility, Appalachian Power, said in May that its electricity demand had dropped 14 percent since 2013 and it had lost 11,000 customers.

Poverty also comes into play.

Kentucky Power's service area includes 10 of the 100 poorest counties in the United States, with poverty rates as high as three times the national average. The region has a lot of substandard housing with poor insulation, adding to the expense of electric heat.

Something has to give when people on small, fixed incomes are hit with higher power bills, said Roger McCann, executive director of Community Action Kentucky, an umbrella group for poverty-fighting agencies with services including home-energy assistance.

"Seniors will cut their medicine in half, or they will go without food," he said. "If you don't pay the bill, the lights go out."

McCann said he knew of one woman in a mobile home who had a $600 monthly electric bill while living on a Social Security benefit of just $660 a month.

"Some mobile homes are not insulated and the heat just goes through them," he said.

Shifting Coal Costs to Consumers

Kentucky State Rep. Rocky Adkins, the Democratic minority floor leader and a potential candidate for governor, says high bills and the region's economic woes both stem from a 2012 decision by Kentucky Power as Adkins and others were trying to salvage the utility industry.

Together, AEP and the Kentucky Public Service Commission reached a decision to pull the

Meanwhile the Kentucky regulators steered the company to invest more than $500 million in the nearby coal-fired Mitchell plant, which had already been upgraded. That solution, the commission argued, would save customers money.

At the time, Adkins railed that this was waving the "white flag" of surrender to natural gas, environmentalists and regulators.

But the rout was already under way.

In the years that followed, the Mitchell plant's coal boilers have been undercut on the regional grid by cheaper natural gas. Kentucky Power found itself with an unneeded mountain of 400,000 tons of coal there. In June, Kentucky regulators gave the utility permission to sell the surplus, raising $17.6 million.

"We lost the power plant and the rates have gone through the roof," Adkins told ICN. "It has happened in a region of Kentucky that is more challenged than any other region of the country because of the downturn in the coal economy."

Fog rolls in over downtown Whitesburg, a city of about 2,000 residents in the Appalachian Mountains of eastern Kentucky. Credit: James Bruggers/InsideClimate News

But there's another way of looking at the outcome, said Cathy Kunkel, a West Virginia-based analyst for the Institute for Energy Economics and Financial Analysis.

She explained how the maneuver supported coal-fired power while shifting its costs from shareholders to consumers.

There are two main business models for selling electricity. In deregulated wholesale markets, merchant vendors compete to sell power to the grid, and high-cost generators lose out. In regulated markets, the rates are set by the state and utilities are guaranteed a profit.

Before 2012, the Mitchell plant had been owned by a deregulated AEP company which sold its

Acting together, Kunkel said, AEP and its regulators had shielded the struggling coal fired plant from the pressures of the marketplace and shifted the costs onto customers. "The problem when the plant is uncompetitive is that it ends up not running very much, and not producing much revenue for customers, who end up losing out because they're still stuck paying for all of the fixed costs and operating costs of the plant," she said.

It's a method the company has used elsewhere.

"Those plants are not competitive in the wholesale market," said Van Nostrand, the law professor. "We are buying them and sticking them on the backs of the ratepayers," he said.

A spokesman for the Kentucky regulatory agency defended its 2012 actions, saying that exhaustive analysis showed that it diversified AEP's fuel mix and avoided an even more costly debacle at the Big Sandy plant.

A spokesman for West Virginia's regulators provided ICN a recent staff report to lawmakers. The state's electric prices are still competitive compared to elsewhere, it asserted, but they are rising, "because of our nearly 100 percent reliance on coal."

'These People Have Been Sold a Bill of Goods'

The solution, Kunkel said, should include more federal help for an economic transition away from coal.

"If you were to do that in a smart way it would include money for energy efficiency and money for rooftop solar," she said.

Some eastern Kentucky residents blame coal's slide on environmental regulations in general, and former President Barack Obama in particular. Van Nostrand said that's just not the case.

"These people have been sold a bill of goods for the last 10 years that everything in the coal industry would have been fine if the (U.S. Environmental Protection Agency) had just left us alone," Van Nostrand said. "It's been cheap natural gas and it's been cheap renewables." The EPA is further down on the list of the decline in the coal industry, he added.

At the Mayking Fire Department community meeting, residents were told that coal severance taxes—payments to their county from taxes collected on coal as it leaves the ground—had fallen from about $2 million a year to about $180,000 a year, and that the county budget had been slashed from $11 million to $6 million—all in the last five years. That left little money to help keep local volunteer fire departments afloat.

Wintertime power bills at the station just outside Whitesburg have risen from as low as about $800 a month to about $1,400 a month in recent years, Fire Chief Tony Fugate told ICN.

By the time the Mayking department, with its approximately $25,000-a-year budget, pays its bills for insurance and equipment, "there's nothing left for the power bill, unless you have fundraisers," he said.

But cookouts and other fundraisers, even asking drivers at intersections to drop money in a fireman's boot, can only go so far, he said.

"You can only have so many roadblocks and hot dog dinners," Fugate said.

Share this article

James Bruggers

Reporter, Southeast, National Environment Reporting Network

James Bruggers covers the U.S. Southeast, part of Inside Climate News' National Environment Reporting Network. He previously covered energy and the environment for Louisville's Courier Journal, where he worked as a correspondent for USA Today and was a member of the USA Today Network environment team. Before moving to Kentucky in 1999, Bruggers worked as a journalist in Montana, Alaska, Washington and California. Bruggers' work has won numerous recognitions, including best beat reporting, Society of Environmental Journalists, and the National Press Foundation's Thomas Stokes Award for energy reporting. He served on the board of directors of the SEJ for 13 years, including two years as president. He lives in Louisville with his wife, Christine Bruggers.

@jbruggers james.bruggers@insideclimatenews.org

Related

ORDER
OF THE
PIKE COUNTY FISCAL COURT

JULY 18, 2023

ORD. NO. 07.18.23.002

IN RE: ADOPTION OF A RESOLUTION OPPOSING THE KENTUCKY POWER RATE INCREASE

Upon motion by Commissioner Ronald Scott and second by Commissioner Clinard "Bubby" Adkins, THE PIKE COUNTY FISCAL COURT HEREBY ADOPTS a resolution opposing the Kentucky Power rate increase.

Resolution of

The Pike County Fiscal Court

Requesting the Kentucky Public Service Commission to Deny the Rate Increase Requested by Kentucky Power

WHEREAS, this honorable body has a duty to protect its citizens, especially the most vulnerable of its citizens; *and*

WHEREAS, Kentucky Power is engaging in egregious profiteering by asking the most vulnerable of the citizens to pay a 18.3% rate increase; *and*

WHEREAS, the citizens of this county that have lived here, when others left, raised their families, and have decided to retire here will be adversely affected; *and*

WHEREAS, all citizens of this county will be affected; *and*

WHEREAS, noted economist and professor of economics, Dr. Gregory Green, stated that "a rate increase of that magnitude would have a large impact on individuals, particularly those who are a fixed income." Small businesses could potentially be negatively impacted; *and*

WHEREAS, citizens will in some cases be forced into deciding to pay for food, medicine, or the power bill; *and*

WHEREAS, if this egregious profiteering is permitted to occur by the Public Service Commission, there will be an increase in deaths of our citizens.

NOW, THEREFORE, BE IT RESOLVED, I Ray S. Jones, II, Pike County Judge/Executive and the Pike County Fiscal Court do hereby request the Kentucky Public Service Commission to deny the rate increase requested by Kentucky Power.

VOTE WAS TAKEN AS FOLLOWS:

Judge/Executive Ray S. Jones, II	Yes
Commissioner Ronald Scott	Yes
Commissioner Clinard "Bubby" Adkins	Yes
Commissioner Orville Blackburn	Yes

MOTION PASSED BY UNANIMOUS ROLL CALL VOTE.

KENTUCKY POWER
An AEP Company

2022 INTEGRATED RESOURCE PLAN

Background: The Integrated Resource Plan (IRP) identifies the amount, timing, and type of resources required to supply capacity and energy as part of Kentucky Power's obligation to ensure a reliable and economical power supply to customers. The plan integrates both supply-side and demand-side resources and verifies that reasonable options for supplying future energy needs have been considered.

Although Kentucky electric utilities are only required to file an IRP with the Kentucky Public Service Commission (PSC) every three years, resource planning is a continuous process that is updated as conditions change. For example, if a large industrial customer wants to locate in a utility's service area, the utility must determine if either owned or procured generation resources are available to meet the needs of that customer and ensure that transmission resources are also available and sufficient.

The IRP Process in Kentucky: The IRP provides a utility-specific plan that balances customer electricity demand with the required generation resources at the lowest reasonable cost over a 15-year planning period. The IRP provides a framework for identifying cost-effective resource options while leaving final selection and approval to future PSC proceedings.

Example: if a utility determines that a gas combined cycle unit is the best fit for future generation needs, the utility must file for a certificate of public convenience and necessity (CPCN). The PSC would then review the facts presented in the case to determine whether the combined cycle unit is the best and least-cost generation option for that utility.

Kentucky Power filed its IRP Preferred Plan in March 2023: Kentucky Power's current ("going-in") capacity position reveals a need for new capacity in 2028, reflecting the divestiture of Kentucky Power's 50% undivided ownership interest in the Mitchell Plant. In addition, part of the current plan is to extend the life of the Big Sandy Plant from 2031 to 2041. Based on a comprehensive study and stakeholder discussions, Kentucky Power's 2022 IRP recommends the following:

- Extend the life of the Big Sandy Plant gas unit for an additional 10 years through mid-2041.
- Add new gas combustion turbine (CT) units in 2029 following the divestiture of Kentucky Power's 50% undivided ownership interest in the Mitchell Plant.
- Add solar and wind generation resources.
- Purchase short-term capacity through 2028 to bridge between the divestiture of the Mitchell Plant and the addition of gas CT units.
- Implement approximately 48 MW of additional demand-side resources between 2023 and 2037.
- Add 50 MW of 4-hour lithium-ion battery storage in 2035 to bolster the Kentucky Power portfolio in later years.

Kentucky Power selected this plan because it provides the best combination of supply-side and demand-side resources to meet Kentucky Power's future customer needs over the next 15 years.

Legislative Contact:
Amy Elliott
[redacted]

https://www.paintsvilleherald.com/news/kentucky-power-admits-overcharging-customers-3-2-million-in-january/article_84ba1106-9a5d-11ec-961d-e30041426869.html

Kentucky Power admits overcharging customers $3.2 million in January

An Appalachian Newspapers Staff Report
Mar 2, 2022

Kentucky Power admitted in a Kentucky Public Service Commission filing recently that it overcharged its customers by $3.2 million in January and that the amount would be returned to customers in March via a reduction in the company's fuel adjustment clause in March.

The letter was sent by Brian K. West, Kentucky Power's vice president of regulatory and finance, in connection with regular filings it is required to make regarding its Fuel Adjustment Clause, which is intended to allow the company to recoup costs connected to fluctuating costs of fuel and power.

According to the letter, the overcharge, referred to in the letter as an "over-recovery," resulted from a higher-than-normal Fuel Adjustment Clause factor caused by high fuel costs and higher-than-estimated usage.

In response, West wrote in the letter, the company will reduce its March Fuel Adjustment Clause factor by 72 percent from $0.00762/kWh to $0.00213/kWh, which is 94 percent less than the January factor of $0.03556/kWh.

"The fuel system set up in Kentucky allows any unexpected over-recovery to be returned to customers quickly in the form of an offset in the going forward fuel factor," West wrote in the letter.

Further, West wrote, the company "recognizes the burden" that fuel clause volatility can impose on its customers and proposes the following actions:

• To immediately notify the PSC of any abnormal change in the Fuel Adjustment Clause factor;

• In the event there is an abnormal increase, the company proposes to spread the increase out over a period of months in order to lessen the immediate burden on customers; and

• Undertake a review of changes in the calculation methodology to reduce monthly volatility in its calculated Fuel Adjustment Clause.

responses to your questions

From: Amy J Elliott [redacted]

To: [redacted]

Date: Thursday, October 12, 2023 at 01:07 PM EDT

Good afternoon Ms. Griffith,

1. The planned additions to the generation portfolio identified in the company's 2022 Integrated Resource Plan and the costs associated with those additions will be subject to Commission approval. If approved, the associated costs will be included in a future rate proceeding. We do not have enough information about the potential future costs to determine rate impact or when a case could be necessary.
2. Stevi Cobern's testimony in the case provides details, but basically, we are proposing to increase the customer charge and company match from $.30 per residential bill per month to $.40 per residential bill per month. If approved, this would allow approximately 1,000 additional customers to receive the benefit of HEART or THAW each year.
3. The Kentucky Power Economic Growth Grant program is a partnership between non-residential customers and Kentucky Power. Each month, non-residential customers pay $1.00, and the company matches that amount. The fund is dedicated exclusively to economic development in eastern Kentucky.
4. If securitization is approved, the decommissioning rider line item on bills will be removed and replaced with "securitization financing." We expect the securitization financing charge to be lower than the current decommissioning rider line item. The exact timeline for securitization is not yet known.

Thanks for the opportunity to address your questions.

Amy

KENTUCKY POWER
An AEP Company

AMY J ELLIOTT
[redacted]
1645 WINCHESTER AVENUE, ASHLAND, KY 41101

Second request for answers to questions Fw: follow-up information from our conversation last week

From: Suzanne Griffith [redacted]

To: [redacted]

Date: Wednesday, October 4, 2023 at 02:46 PM EDT

Dear Ms. Elliott,

Questions were asked in the below Sept. 11 email that have not yet been answered. Please answer the questions. If you cannot, please state the reason(s) why. " Here are the questions I have: 1. How will the items listed on the one page summary (IRP Preferred Plan) of the 2022 Integrated Resource Plan impact the bills of ratepayers if all goes as planned? Will Kentucky Power request a rate increase related to these measures? If so, how much and when? 2. What details are available related to the following quote from your original email, "we have proposed to expand our energy assistance program"? 3. Are ratepayers still charged for economic development? If so, how much? 4. When will the decommissioning rider be removed from the bills of Kentucky Power ratepayers?"

Thank you for your time,
Suzanne Barker Griffith

Sent from Yahoo Mail for iPhone

Begin forwarded message:

On Monday, September 11, 2023, 9:50 AM, Suzanne Griffith [redacted] wrote:

> Dear Ms. Elliott,
>
> Thank you for your recent email recapping our discussion. I noticed you left out a few things. Firstly, you did not mention the comments made by Robin Webb that we discussed where she mentioned people could die due to this increase. Obviously, I am very concerned about the impact the proposed 18.3% rate increase could have on ratepayers. I understand Kentucky Power may view this differently. Secondly, the Pike County Fiscal Court has also put out a resolution on the matter. The resolution is attached and mentions the adverse consequences related to this rate increase. Please recall we discussed the resolution.

ORDER
OF THE
PIKE COUNTY FISCAL COURT

JULY 18, 2023

ORD. NO. 07.18.23.002

IN RE: ADOPTION OF A RESOLUTION OPPOSING THE KENTUCKY POWER RATE INCREASE

Upon motion by Commissioner Ronald Scott and second by Commissioner Clinard "Bubby" Adkins, THE PIKE COUNTY FISCAL COURT HEREBY ADOPTS a resolution opposing the Kentucky Power rate increase.

Resolution of

The Pike County Fiscal Court

Requesting the Kentucky Public Service Commission to Deny the Rate Increase Requested by Kentucky Power

WHEREAS, this honorable body has a duty to protect its citizens, especially the most vulnerable of its citizens; *and*

WHEREAS, Kentucky Power is engaging in egregious profiteering by asking the most vulnerable of the citizens to pay a 18.3% rate increase; *and*

WHEREAS, the citizens of this county that have lived here, when others left, raised their families, and have decided to retire here will be adversely affected; *and*

WHEREAS, all citizens of this county will be affected; *and*

WHEREAS, noted economist and professor of economics, Dr. Gregory Green, stated that "a rate increase of that magnitude would have a large impact on individuals, particularly those who are a fixed income." Small businesses could potentially be negatively impacted; *and*

WHEREAS, citizens will in some cases be forced into deciding to pay for food, medicine, or the power bill; *and*

WHEREAS, if this egregious profiteering is permitted to occur by the Public Service Commission, there will be an increase in deaths of our citizens.

NOW, THEREFORE, BE IT RESOLVED, I Ray S. Jones, II, Pike County Judge/Executive and the Pike County Fiscal Court do hereby request the Kentucky Public Service Commission to deny the rate increase requested by Kentucky Power.

VOTE WAS TAKEN AS FOLLOWS:

Judge/Executive Ray S. Jones, II	Yes
Commissioner Ronald Scott	Yes
Commissioner Clinard "Bubby" Adkins	Yes
Commissioner Orville Blackburn	Yes

MOTION PASSED BY UNANIMOUS ROLL CALL VOTE.

Thirdly, I mentioned the overcharging of customers. You disagreed. The PSC saw this differently. https://www.paintsvilleherald.com/news/kentucky-power-admits-overcharging-customers-3-2-million-in-january/article_84ba1106-9a5d-11ec-961d-e30041426869.html

Fourthly, you did not mention the 18.3% increase would put Kentucky Power ratepayers paying a bill that was $80-$100 more a month than the average ratepayer in Kentucky. I find this amount to be very unreasonable.

Another topic we discussed was the crypto mining facility to possibly be built in Lawrence County, KY which I am glad to see was denied by the PSC.

Just to be very clear here. Kentucky Power ratepayers ARE NOT MORE THAN 50% OVER THE STATE AVERAGE. We are only slightly higher than than the state average.

You did mention economic development and Kentucky Power. I stated in 2015 a small portion of the ratepayers bill was set aside for economic development. You seemed unsure about this. Here is some information on the matter; "Also included is a 15-cent per customer monthly charge that will generate about $300,000 annually—to be matched by company shareholders—for a fund to support economic development efforts in Kentucky Power's service territory." PSC bars $54 million in Kentucky Power fuel cost recovery

PSC bars $54 million in Kentucky Power fuel cost recovery

wmadministrator

In an order issued today, the PSC directed Kentucky Power to refund $13 million in fuel costs that it collected ...

Here are the questions I have: 1. How will the items listed on the one page summary (IRP Preferred Plan) of the 2022 Integrated Resource Plan impact the bills of ratepayers if all goes as planned? Will Kentucky Power request a rate increase related to these measures? If so, how much and when? 2. What details are available related to the following quote from your original email, "we have proposed to expand our energy assistance program"? 3. Are ratepayers still charged for economic development? If so, how much? 4. When will the decommissioning rider be removed from the bills of Kentucky Power ratepayers?

Below is an email that I sent to the Kentucky PSC in relation to 2023-00159 further explaining my concerns related to this proposed rate hike.

Thank you for your time. Hopefully, public hearings will be held soon on this matter. I look forward to open discussions and further transparency on this issue.

Sincerely,

Suzanne Barker Griffith

This email is in reference to rate case number 2023-00159.

I am very concerned with and in opposition to the proposed Kentucky Power rate hikes (residential rate 18.3%, industrial service 8.6%, and general service 12.8%) for a variety of reasons. https://www.kentuckypower.com/lib/docs/ratesandtariffs/Kentucky/PSC_Notice_071123.pdf

The residential rate hike specifically appears to run counter to the PSC mission which is, "The mission of the Kentucky Public Service Commission is to foster the provision of safe and reliable service at a REASONABLE price to the customers of jurisdictional utilities while providing for the financial stability of those utilities by setting fair and just rates, and supporting their operational competence by overseeing regulated activities."

Specific reasons for my opposition to the rate hikes are listed below:

1. Kentucky Power has the highest average residential bill in the state at $187.56 according to the 2023 Kentucky Energy Profile. https://eec.ky.gov/Energy/KY%20Energy%20Profile/Kentucky%20Energy%20Profile%202023.pdf. An extra $35 per month would make the Kentucky Power residential bill average $222.56 which is substantially higher than any other in the state and close to $100 higher than the state average of $127.16 THIS RATE INCREASE IS NOT REASONABLE.
2. Many Kentucky Power customers are already having issues with paying their high electric bills. https://www.lex18.com/news/lex-in-depth/seniors-among-customers-struggling-with-rising-energy-bills
3. Kentucky Power has had 3 rate hikes within the past 8 years. The latest (2021) resulted in an average 15.46% bill increase. https://psc.ky.gov/agencies/psc/press/012021/0113_r01.pdf
4. Kentucky Power had over 8,000 cutoffs in 2021. https://www.biologicaldiversity.org/programs/energy-justice/pdfs/Powerless-in-the-US_Report.pdf
5. Poverty is high within Kentucky Power's service area. 18 of the 20 counties in the Kentucky Power Service area are considered to be distressed by the Appalachian Regional Commission. https://www.arc.gov/classifying-economic-distress-in-appalachian-counties/
6. My state Senator, Robin Webb recently stated, "I'm not being dramatic when I say that some will die, at some point, when the threshold gets to where they've got to make decisions that affect their lives, whether it's buying medicine or buying power." https://www.weku.org/the-commonwealth/2023-07-17/eastern-kentucky-utility-seeking-hefty-rate-increase?fbclid=IwAR2mZEKYaP3lkB1eP2WJ_d_g8h7vOQOVGf31eMiCracF1rCJBHAs7hf7el8_aem_AQnzgncGIWkaQgZEmkFWBhAEnUI5HYIAbRsTlsgQAHL6hGfk5xqzKhMNOLUcCii8n9I She also made her serious concerns known during the 6/8/23 Joint Committee on Natural Resources and Energy https://www.youtube.com/live/a3WLVtunniQ?feature=share

7. My own experience in serving at my church food pantry in Westwood, KY and having frequent conversations with folks has shown me how much the high electric bills over the past few years have hurt the budgets of some residents. In the years I have served at the pantry, I have never witnessed so many people on fixed incomes or with low incomes needing food assistance specifically citing high electric bills as a factor.
8. Kentucky Power's ability to supply reliable service is in question. The Kentucky Public Service Commission (PSC) in a June 23 order alleged Kentucky Power had violated a state law that requires utilities to "furnish adequate, efficient and reasonable service" and could face fines "up to $2,500 per occurrence per party." https://kentuckylantern.com/2023/07/03/state-regulator-threatens-kentucky-power-with-fines-for-2022-winter-storm-performance/ "Sufficient generation capacity that can be used to serve the entirety of native demand acts as a physical hedge to market energy prices, and without adequate generation capacity, Kentucky Power and its customers are subject to higher prices from market purchases for at least the amount the utility is short of its native demand," the PSC order said. https://www.hazard-herald.com/news/psc-kentucky-power-has-failed-to-provide-adequate-service/article_285994b2-146f-11ee-b63e-6f88a60b2311.html. https://www.dailyindependent.com/news/state-regulator-threatens-ky-power-with-fines/article_357a6f7e-1a85-11ee-8388-a3b49440a0ff.html Before any rate hikes take place at all, Kentucky Power should secure appropriate power to fully meet ratepayers needs.
9. KY Power COO, Cindy Wiseman mentioned in the 6/8/2023 Joint Committee on Natural Resources and Energy that loss of load and population/customer decline were two of the reasons for the rate hike, especially related to fixed cost. These two reasons were also mentioned in the 2015, 2017, and 2020 rate hike cases. Things have not gone well since Kentucky Power shut down Big Sandy Unit 2. Rocky Adkins was right in 2012, in his comments before the PSC, "KENTUCKY POWER'S LEAST COST ANALYSIS IN THE CASE BEFORE YOU DOES NOT INCLUDE THE LOCAL, REGIONAL, SOCIAL AND ECONOMIC COST TO KENTUCKY AND ITS CITIZENS OF SHUTTING DOWN THE BIG SANDY UNIT 2. TO QUOTE ONE OF AEP'S OWN PRESS RELEASES, "COMMUNITIEES THAT HAVE DEPENDED ON THESE PLANTS TO PROVIDE GOOD PAYING JOBS AND SUPPORT LOCAL SERVICES WILL FACE SIGNIFICANT REDUCTIONS IN PAYROLL AND PROPERTY TAXES. THE ECONOMIC IMPACT WILL EXTEND FAR BEYOND DIRECT EMPLOYMENT OF POWER PLANTS AS THOUSANDS OF ANCILLARY JOBS ARE SUPPORTED BY EVERY COAL FUELED GENERATING UNIT." ABANDONING BIG SANDY UNIT 2 WILL MEAN THE LOSS OF MORE THAN 150 FULL TIME JOBS AT THE PLANT." What happened at the Big Sandy Plant is still to this day a tragedy. The decisions made by AEP/Kentucky Power have added to the population decline and "loss of load". https://psc.ky.gov/PSCSCF/2012%20cases/2012-00578/Public%20Comments/20130517_Representative%20Adkins_Prepared%20Remarks%20from%20Louisa%20Public%20Hearing.pdf
10. Kentucky Power is a monopoly. Supply wise, it does have the Big Sandy natural gas plant in Louisa, KY producing 295 megawatts and the Mitchell coal fired plant in WV producing 1560 megawatts for which it owns 50%. Ratepayers are forced to pay for supply side power from the Mitchell plant in WV which uses mostly WV coal. They employ around 200+ with an annual payroll of over $26 million. This is not fair for another state to have the financial benefit of such a large share of the supply side power while the Kentucky Power ratepayers are forced to absorb the full cost of unfortunate natural disasters such as the recent flood and have less tax money for basic services. https://insideclimatenews.org/news/14082018/coal-energy-prices-

appalachia-mining-electric-bill-kentucky-economy-aep-rates/
https://www.kentuckypower.com/company/about/rates/

11. High unsustainable energy costs can create a cycle which leads to population loss and then further hikes the cost of electricity. https://youtu.be/K8Utlf22oW4
12. Kentucky Power is set to leave the Mitchell plant in 2028. Supply side demand options are listed in their IRP, which is currently under review. Obviously, new energy supply requires investment that is passed on to the ratepayers triggering yet another rate hike. In the Kentucky Power IRP, the following statement is made, "5.5.2.1 New build options: Two new build CCS configurations are available for selection in AURORA, including the 650 MW ultra-supercritical coal power plant with 90% carbon capture and the 380 MW H-class combined-cycle natural gas turbine with 90% carbon capture. Both configurations are available for operation beginning in 2029." Any new builds from any supply side source should be in the Kentucky Power service area where ratepayers live and will receive an economic benefit from. https://psc.ky.gov/pscecf/2023-00092/sebishop%40aep.com/03202023030104/KPCO_2022_IRP_Volume_A-Public.pdf

I hope you will consider these comments as the rate case goes through the process.

Sincerely,
Suzanne Barker Griffith
534 Houston Ave.
Ashland, Kentucky 41102

On Monday, August 28, 2023 at 08:57:50 AM EDT, Amy J Elliott [redacted]

Good morning Suzanne,

It was nice to meet you. Thank you for your time spent talking with me.

As you requested, the one-pager on our integrated resource plan that we mentioned during the June committee presentation is attached.

You mentioned that you are concerned for residential customers and the proposed increase. We want you to know that we do not take lightly any proposal to increase rates. If you have read Cindy Wiseman's testimony, you know that we took several measures to reduce the proposed rate increase, including proposing a lower than recommended return on equity, not increasing depreciation rates, and delaying implementation of advanced metering infrastructure. Likewise, we have proposed to expand our energy assistance program, proposed to add a solar farm program with benefits directly tied to low-income customers, and proposed a seasonal tariff aimed at helping to reduce winter bills. These proposed items are all contingent upon Commission approval.

You mentioned the fuel adjustment clause, and Amanda and I clarified that there was no mistake made in the calculation. The regulation for the calculation, is very prescriptive, and we follow it exactly. Any under- or over-collection is either refunded or collected automatically through the calculation in a subsequent month.

You mentioned a customer with a $600 bill, and you and I agreed that energy efficiency and high usage is a concern in our area. There are two components to a bill, the usage and the rate. Although our rates remain competitive, usage in our area is much higher. In fact, our customers use approximately 50% more electricity than the national average.

As we also discussed, the Kentucky Energy Cabinet should receive approximately $130 Million for home energy efficiency. Although that funding will not be available for some time, likely sometime in 2025, we plan to work with the Office of Energy Policy to ensure that our customers are fully aware of these rebate programs and get as much of that funding as possible.

Kentucky Power currently operates a targeted energy efficiency demand-side management (DSM) program for low-income customers but is working to expand its DSM program and file an application with the PSC in 2024.

I would also like to share with you some information regarding our economic development efforts. There is a great deal of information on our website at Economic Development (kentuckypower.com).

You know Amanda Clark as a City Commissioner, but she also leads our economic development efforts in the Ashland area. Economic development is imperative for improving the socioeconomic condition of the region. We want to see our customers thrive, and the best way to accomplish this goal is through business recruitment and retention.

Please reach out with any questions you may have regarding our operations.

Amy Elliott

Suzanne Griffith: Your voice matters in proposed power rate hike

Jun 29, 2023

SUZANNE GRIFFITH

In an all too familiar statement, "Kentucky Power has filed a comprehensive rate review with the Kentucky Public Service Commission (PSC)." They are requesting to institute changes to increase revenue by 13.6%.

The Notice of General Adjustment of Existing Rates shows a proposed 18.3% increase in residential service rates to go into effect in early 2024. Thus, the burden of the revenue request would weigh heavily on residential ratepayers.

According to Kentucky Power's records, this would be $35 per month for the average residential ratepayer.

Some reasons noted by Kentucky Power for the rate increase are declining population, decreased load, increased costs due to weather events, and to securitize improvements to the Big Sandy plant. Additional information on the proposed rate hike can be found online at https://www.kentuckypower.com/company/about/rates/.

If all goes as carefully crafted by Kentucky Power, this rate increase will no doubt have a negative impact on the budgets of many individuals, families and businesses in eastern Kentucky. According to the state dashboard, which reflects data on this topic, ratepayers in eastern Kentucky already pay the highest rates in the state.

The following is a response I received from Kentucky Power on the rising cost of electricity: "A significant portion of our expenses are fixed costs that do not vary depending on the amount of electricity sold. When we lose customers, fixed costs are spread over fewer remaining customers, causing the price of electricity to increase."

The consistent loss of ratepayers, currently at 11,400 lost since 2008, as referenced by Kentucky Power, has frequently been cited as a justification to raise rates.

In 2020 Kentucky Power requested a rate hike that went into effect in 2021, resulting in the following, as quoted from the PSC press release on the matter: "For residential customers, the PSC is authorizing a $17.50 monthly customer charge, an increase from $14.00, and an energy charge of .11032 per kWh, the average bill increases $18.59, or 15.46%." This was the third billing increase for ratepayers in a five-year period. The increases may have been higher if ratepayers had remained silent.

In addition, adjustments to bills are based on the cost of fuel. According to the PSC, "The Fuel Adjustment Clause (FAC) is a mechanism that permits jurisdictional utilities to regularly adjust the price of electricity to reflect fluctuations in the cost of fuel, or purchased power, used to supply that electricity." The FAC has hit many ratepayers especially hard when fuel prices spike.

Unfortunately, the cost of electricity is just too high for many ratepayers. According to the Center for Biological Diversity, the percentage of Kentucky customers that had their power disconnected increased by 228% in 2022. The national increase was 29%. In the first 10 months of 2022, more than 52,000 Kentucky customers were shut off. In addition, the average electric bill went up 17% in the Commonwealth.

Another 18.3% increase could equal disaster for many members of our 606 family served by Kentucky Power, especially our vulnerable populations — the elderly, sick, young and low-income. Electrical service should be affordable and accessible to all, as opposed to only those with a certain degree of financial resources.

There are programs such as the Low Income Home Assistance Program (LIHEAP) that provide federally funded assistance to reduce the costs associated with home energy bills for those who qualify. The funds are not unlimited though. Most ratepayers in eastern Kentucky do not qualify for assistance.

Make no mistake about it, I genuinely appreciate the hard work of those who work at Kentucky Power and the services they provide. At the same time, I am concerned with fairness to ratepayers in eastern Kentucky.

Backed by provisions in KRS Chapter 278, the mission of the Kentucky Public Service Commission is to foster the provision of safe and reliable service at a reasonable price to the customers of jurisdictional utilities while providing for the financial stability of those utilities by setting fair and just rates, and supporting their operational competence by overseeing regulated activities.

With Kentucky Power being a monopoly authorized to provide essential services, it is crucial for citizens to partake in the process of proposed rate increases.

To file public comments in this rate case, include the case number (Case No. 2023-00159 Kentucky Power) within the subject line of your email to the Public Information Officer at psc.info@ky.gov and provide your full name and place of residence in the body of the email; or send via mail to Public Service Commission, 211 Sower Blvd., Post Office Box 615, Frankfort, KY 40602.

Also, public meetings will be held on this issue. The details will be released soon by the PSC. I will be attending to learn, listen, and express my concerns. I invite others to do the same.

Your voice matters. Please let the PSC know your position on the Kentucky Power proposed rate hike.

SUZANNE BARKER GRIFFITH is a retired teacher, current Boyd County Justice of the Peace and community activist.

Trending Video

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