

Commonwealth of Kentucky

HOUSE OF REPRESENTATIVES

92ND LEGISLATIVE DISTRICT
1812 Wiley Fork Road
Leburn, Kentucky 41831
(606) 785-3844



State Capitol Annex
Frankfort, Kentucky 40601
(502) 564-8100, Ext. 668
Message Line: (800) 372-7181
E-mail: ancel.smith@irc.state.ky.us

ANCEL SMITH

February 2, 2010

RECEIVED

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Kentucky Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602-0615

PUBLIC SERVICE
COMMISSION

To Whom It May Concern:

I would like to urge the Public Service Commission (PSC) to deny the rate increase request for Kentucky Power--a unit of American Electric Power--of nearly 35 percent to residential customers. It is my understanding that Ronn Robinson, spokesperson for AEP, has been on record stating that this is PSC's first base rate increase the company has sought in more than four years and that it is to cover costs of labor, materials, equipment, and investments. With all that said, I still see no justification to put this hardship on their loyal hardworking residential customers, most of whom are already struggling to make ends meet.

It has been brought to my attention that in *Platts Coal Trader* Friday, January 29, 2010, edition, the AEP President, chairman, and CEO, Mr. Michael Morris told Wall Street analysts that he thinks there will be about a 10 percent reduction in the cost of coal for 2010 and that AEP is forecasting a moderate decline in coal prices this year. The article went on to state that during the last three months ending December 31, 2009, the company saw earnings soar by 57 percent to \$238 million and revenue rise from \$3.2 billion to \$3.3 billion--a 3 percent gain. To me this further illustrates the point that there should be no rate increase; especially one of 35 percent.

I remain committed to engaging in this battle with my fellow Eastern Kentuckians and working to convince the Public Service Commission that AEP's rate increase should be denied. I urge you to do what is right by the state's utility customers.

Respectfully,

A handwritten signature in cursive script that reads "Ancel Smith".

Ancel Smith
State Representative

Coal Trader

Friday, January 29, 2010

Platts Daily OTC Assessments, Jan 28

Region Btu/Sulf	Mar 2010	Ch.	Apr 2010	Ch.	Q2 10	Ch.	Q3 10	Ch.	Q4 10	Ch.	CY-11	Ch.
NYMEX 12,000/<1%	52.10	0.40	53.00	0.00	55.10	0.85	57.40	0.80	59.60	0.30	65.30	0.00
CSX 12,500/1%	54.55	0.00	54.00	0.00	55.50	0.50	58.10	0.00	61.10	0.00	66.90	0.00
PRB 8,800/0.35%	10.50	0.00	10.65	0.00	10.70	(0.15)	11.30	(0.05)	11.85	(0.10)	13.10	0.00
PRB 8,400/0.35%	9.05	0.00	9.15	0.00	9.45	0.00	10.20	0.25	10.35	0.15	12.30	0.00

NYMEX spec is FOB barge, others are FOB rail. Ch.=change from last daily Platts Coal Trader assessment.

Consol overseas met sales markedly up in '10 as Q4 2009 results slip

Crediting the company's ability to weather two different volatility cycles through its production of both coal and natural gas, Consol Energy executives discussed Thursday a year that ended with net income up almost \$100 million over 2008.

Yet, fourth-quarter 2009 net income slipped 19% to \$143.2 million from the \$176.3 million in the same period of 2008 on lower revenue from metallurgi-

cal coal and natural gas sales. Revenue in Q4 2009 was \$1.238 billion, down from \$1.242 billion last year.

But Consol executives, in a Thursday morning conference call, expressed abundant optimism about how 2010 would end up, and said performance going into 2011 would be strong, especially due to burgeoning overseas met coal sales. Aside from the Pittsburgh area company's growing gas-

production business, Consol is pushing more of its high-vol, Pittsburgh-seam coal into overseas markets, most recently China, while low-vol product from the Buchanan mine in Virginia is going into Europe.

In fact, Buchanan – which has often fallen short of full capacity due to a variety of problems – is expected to produce at its maximum level this year.

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AEP foresees 10% reduction in 2010 coal prices

American Electric Power is forecasting a moderate decline in coal prices this year.

"We think there will be a 10 percent or so reduction in the cost of coal in 2010," Michael Morris, AEP president, chairman and CEO, told Wall Street analysts during a Thursday fourth-quarter earnings conference.

For the three months ended December 31, 2009, the Columbus, Ohio, company saw earnings soar by 57%, to \$238 million, or 50 cents/share, from \$152 million, or 38 cents/share, in the year-ago quarter. Revenue rose to \$3.3 billion from \$3.2 billion, a 3% gain.

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OTC Broker Index

Coal Product Specifications	Jan Final Monthly Average	Feb Final Monthly Average	Mar Daily Assessment	Daily Change	Q2 2010 Assessment	Daily Change	Q1 Average
NYMEX look-alike - 12,000 Btu/lb. -1%	46.90	53.37	52.37	0.80	55.12	0.89	50.34
CSX BS/K - 12,500 Btu/lb. -1%	51.15	53.81	54.57	0.04	55.92	0.62	53.73
PRB - 8,800 Btu/lb.	8.65	9.64	10.32	(0.10)	10.72	(0.10)	8.52
PRB - 8,400 Btu/lb.	7.92	8.60	8.83	(0.09)	9.22	(0.08)	7.87
CAPP 1% vs. Compliance spread	2.56	2.99	3.00	0.00	2.80	0.00	2.16

This index is done in cooperation with **Evolution Markets**, **ICAP United**, and **TFS Energy**. Today's index had 3 contributors. For comments or questions, e-mail: coal@platts.com.
 *To view Broker Index Methodology, visit: www.platts.com and click the "Coal" tab.