

Tony D. Quillen

Greenup County Commissioner, District #2
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Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

Dear Commissioners Armstrong, Gardner and Borders:

I respectfully request this letter be considered an expression of concern to the proposed rate increase request by Kentucky Power Company (2009-00459).

Serving as a county commissioner for 12 years, my concerns to the proposed rate increase are as follows:

- 1) My first and foremost concern is for the hardworking men and women of Greenup County. During these economic times a rate increase of such magnitude will place an undue burden on many families' budgets. Many workers receiving "lay-off" notices or being forced into part-time status will find it extremely difficult to make ends meet. For those fortunate enough to be working full-time, many have recognized very little or no increase in salaries over the past few years. With this in mind, it is unconscionable for Kentucky Power Company to make such an extreme request.
- 2) Additionally, such an exaggerated rate increase will have a significantly inflated impact on the cost paid for electricity by Kentucky companies. Electricity represents a major cost for many of these businesses. One must assume this cost will be "passed-on" to the consumer creating a greater financial burden on our citizens.
- 3) It is my understanding that agreements already exist for Kentucky Power to recoup costs associated with rising prices of raw materials, environmental changes and diminished demand. With these procedures in place it is even more difficult to comprehend a rate increase request.
- 4) Another area of concern comes from AEP's most recent quarterly report to the SEC. AEP reported net income rose 57% on higher rates. Also, AEP beat expected earnings by more than 11%. Chief Executive Michael Morris also stated that "Residential and commercial sales -- an area of significant year-to-year growth before the recession -- have stalled but haven't declined as much

as expected". "These factors have us cautiously optimistic for improvement in the months ahead," Morris said.

(Source:<http://www.marketwatch.com/story/aep-4th-quarter-net-rose-57-on-higher-rates-2010-01-28?siteid=yhoof>). While everyday people and competitive businesses have "tightened their belts" during this prolonged recession, it appears Kentucky Power Company desires everyone else to pay for their recession-induced misfortunes. In my opinion this fails the fairness test.

- 5) Finally, as state and federal governments pass additional financial burden to local authorities through reduced funding and unfunded mandates, this proposed rate increase will place an unbearable weight to fiscal budgets.

During your hearings, please consider the negative effects the proposed rate increase will have on everyone. This requested rate increase appears to lack merit at this time and I urge you to decline their application in its entirety.

Respectfully submitted,



Tony D. Quillen
Greenup County Commissioner, District #2