



KENTUCKY GENERAL ASSEMBLY
State Capitol Frankfort, Kentucky 40601 502-564-8100

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PUBLIC SERVICE
COMMISSION

MEMORANDUM

TO: Kentucky Public Service Commission

RE: Kentucky Power Company's Request for Increase in Electric Rates and Charges
Case # 2009-00459

DATE: February 19, 2010

On December 29, 2009, Kentucky Power Company, a subsidiary of American Electric Power "AEP," filed a request to allow an increase in their residential electric rates of 34.95 percent.

With Kentucky Power Company's current Long Term Debt to Equity ratio of 71.9 percent, the request for a near 35 percent increase in residential rates is not justified and should not be granted by the Public Service Commissioners.

Particularly at a time of our nation's deepest recession in decades, the burden on Kentuckians of a near 35 percent increase in residential electric rates is too great.

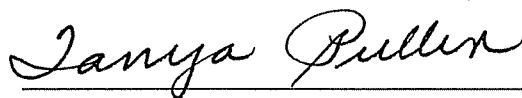
In addition to their request for a rate increase of nearly 35 percent for residential customers, Kentucky Power Company (AEP) also requests rate increases for businesses and manufacturers in the range of 18.10 percent to 22.37 percent. This large rate increase will be detrimental to the manufacturing base and jobs in Kentucky. Kentucky would lose its economic advantage of a low-cost electricity state if these large rate increases were granted.

Kentucky Power Company (AEP) has returned a dividend this quarter to its stockholders, an exceptionally strong showing in this deep recession. Kentucky Power Company (AEP) also requests in its rate case a guaranteed profit higher than any business can legitimately expect during these difficult economic times.

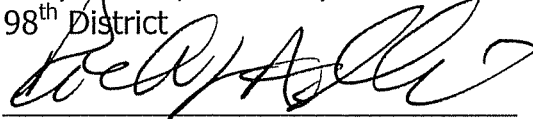
As an investor owned utility, Kentucky Power Company (AEP) has an obligation to its stockholders. However, the Kentucky Public Service Commission has a duty to the ratepayers of Kentucky. As a state which regulates utilities through the Public Service Commission, it is the role of the Public Service Commission to maintain affordable electric rates for Kentucky ratepayers.

Never in the existence of the Kentucky Public Service Commission has this role been more important. In this time of economic uncertainty, more than ever, we Kentuckians look to the Kentucky Public Service Commission to exercise the power granted by KRS 278 to protect Kentuckians from an outrageous rate increase of nearly 35 percent for residential and up to 22.37 percent for businesses and manufacturers.


There are no grounds to grant such rate increases.



Tanya Pullin, State Representative
98th District



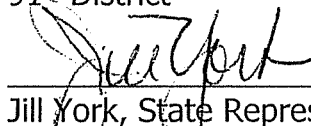
Rocky Adkins, State Representative
99th District



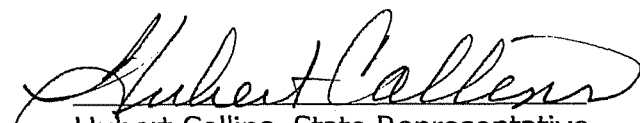
Kevin Sinnette, State Representative
100th District





Teddy Edmonds, State Representative
91st District



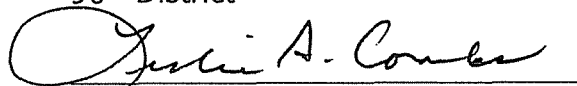
Jill York, State Representative
96th District

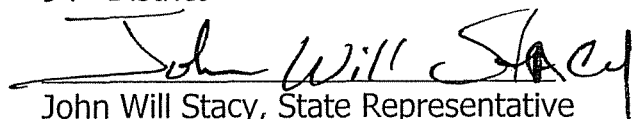

Hubert Collins, State Representative
97th District



Greg Stumbo, State Representative
95th District

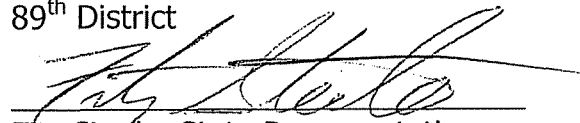

Ancel Smith, State Representative
92nd District


Tim Couch, State Representative
90th District


Leslie Combs, State Representative
94th District


John Will Stacy, State Representative
71st District


Marie L. Rader, State Representative
89th District


Fitz Steele, State Representative
84th District


W. Keith Hall, State Representative
93rd District