

Commonwealth of Kentucky

HOUSE OF REPRESENTATIVES



245 East Cedar Drive
Pikeville, Kentucky 41501

STATE CAPITOL ANNEX
Room 373C
Frankfort, Kentucky 40601
(502) 564-8100, Ext. 669
1-800-372-7181
E-mail: leslie.combs@lrc.ky.gov

LESLIE A. COMBS
94th LEGISLATIVE DISTRICT

RECEIVED

March 28, 2012

APR 3 2012

PUBLIC SERVICE
COMMISSION

Mr. David Armstrong, Chairman
Kentucky Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602-0615

Dear Mr. Armstrong:

As the Public Service Commission considers Kentucky Power's request for a sizeable rate increase in eastern Kentucky, I want to take this opportunity to voice the serious concerns my constituents and I have.

It was not too long ago, of course, that our region was having this very same discussion. Just as it did about a year ago, Kentucky Power has made the claim that this increase is needed to meet its obligation to serve those of us who live and work in eastern Kentucky. Without this 30 percent hike, the company says, jobs will be lost and service will be harmed.

While my constituents and I certainly support increased economic development and reliable service, and are indeed sensitive to the increased regulatory burdens power companies face, we cannot support this increase, not when Kentucky Power's parent company is experiencing such growth. Consider that American Power's stock price over the last three years has jumped nearly 50 percent.

Even in the best of times, my "stakeholders," the people of the 94th Legislative District, have never experienced such success. The last three years, in fact, have been among the toughest they – and our country – have seen in more than 70 years.

It is time for Kentucky Power to do more than improve its bottom line at the expense of its customers. It is time for Kentucky Power to invest more capital here, to take on the responsibilities it is called upon to accept.

Those in favor of this proposal note that Kentucky's electric rates are among the cheapest in the nation, thanks in large measure to our coal. What is left unsaid, however, is that the per capita cost of capital investment here is largely in line with the national average. In other words, we get no break financially on building and upgrading the infrastructure needed to get electricity to our homes, schools, and businesses. This proposed rate increase, then, would take us well beyond the national average.

Mr. David Armstrong

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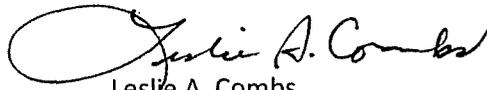
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As you may recall, the House of Representatives' Tourism Development and Energy Committee, which I chair, studied recent rate increases last year. In addition to the PSC's public forums in the region in early April, it may be worth revisiting this issue again in committee. Together, these meetings would give the public and legislators alike an opportunity to learn more about this request and to ensure their concerns are truly heard.

I appreciate the PSC's willingness to hear all sides of this issue, and I hope, when the facts are presented, it will become abundantly clear that the people of southeastern Kentucky should not shoulder this burden. The last thing they need now, especially on the heels of the last double-digit increase Kentucky Power received, is another rate hike that will force many families to make stark choices no one should have to face.

Thank you for giving me this opportunity to speak on behalf of the people of southeastern Kentucky. I stand ready to help should you or others on the commission need my assistance.

Very truly yours,

A handwritten signature in black ink, appearing to read "Leslie A. Combs". The signature is fluid and cursive, with a large loop at the beginning.

Leslie A. Combs
State Representative

LAC/lfr

CC: Greg Pauley, President
Kentucky Power