MEETING AGENDA

Kentucky Power’s Hazard District Community Advisory Panel

October 17, 2016
Hazard Community & Technical College
Hazard, Kentucky
6 p.m.

- Call to Order
- Review Agenda
- Review Team Agreement
- Review Minutes
- Community Announcements
- Operations Update
- Unfinished Business
- New Business
  - Understanding Our Bills
- Next Meeting
- Questions from Audience
- Critique & Adjournment

Next Meeting: November 21, 2016
5 p.m. Dinner
5:30 p.m. Meeting
Team Agreement

• Start on time, end on time

• Be open—communicate

• Place phone on silence

• Step out of the room to take a call

• Treat each other with respect

• Share ideas

• Don’t be territorial

• Have action items for all meetings

• Be positive when possible

• Make criticism constructive

• Remember that no question is stupid

• Always be prepared
MEETING AGENDA

Kentucky Power’s Pikeville District Community Advisory Panel

October 18, 2016
Hampton Inn
Pikeville, Kentucky
6 p.m.

- Call to Order
- Review Agenda
- Review Team Agreement
- Review Minutes
- Community Announcements
- Operations Update
- Unfinished Business
- New Business
  - Future of Power Production and Rates
- Next Meeting
- Questions from Audience
- Critique & Adjournment

Next Meeting: November 15, 2016
5:30 p.m. Dinner
6 p.m. Meeting
Team Agreement

• Be serious

• Put phones on silent

• Step out of the room to take calls

• Start on time, end on time

• Keep confidences

• Be respectful

• Be authentic, transparent
MEETING AGENDA

Kentucky Power’s Ashland District Community Advisory Panel

October 24, 2016
Bellefonte Center, 5th Floor Conference Room
Ashland, Kentucky
6 p.m.

• Call to Order

• Review Agenda

• Review Team Agreement

• Review Minutes

• Community Announcements

• Operations Update

• Unfinished Business

• New Business
  ○ Rates

• Next Meeting

• Questions from Audience

• Critique & Adjournment

Next Meeting: November 14, 2016
5:30 p.m. Dinner
6 p.m. Meeting
Team Agreement

• Put phones on silent

• Step out to take call

• Respect one another’s opinions

• Focus on issues, not personality

• Be candid, not necessarily PC

• Start on time, end on time

• Respect differences of opinion
MEETING AGENDA

Ashland District Community Advisory Panel
Wednesday, February 22, 2017
Kentucky Power State Office Conference Room
5:30 p.m. to 7:30 p.m.

• Dinner
• Call to Order
• Prayer
• Welcome
• Review Agenda
• Review Team Agreement
• Community Announcements
• New Business
  ○ Survey
• Questions, suggestions, concerns from panel
• Critique
• Next meeting
• Adjournment
MEETING AGENDA

Hazard District Community Advisory Panel
Wednesday, February 22, 2017
Hazard Community & Technical College
11:30 a.m. to 1:30 p.m.

• Lunch
• Call to Order
• Prayer
• Welcome
• Review Agenda
• Review Team Agreement
• Community Announcements
• New Business
  ○ Survey
• Questions, suggestions, concerns from panel
• Critique
• Next meeting
• Adjournment
MEETING AGENDA

Pikeville District Community Advisory Panel
Tuesday, February 21, 2017
University of Pikeville
5:30 p.m. to 7:30 p.m.

- Dinner
- Call to Order
- Prayer
- Welcome
- Review Agenda
- Review Team Agreement
- Community Announcements
- New Business
  - Survey
- Questions, suggestions, concerns from panel
- Critique
- Next meeting
- Adjournment
MEETING AGENDA

Ashland District Community Advisory Panel
Monday, March 27, 2017
Kentucky Power State Office Conference Room
5:30 p.m. to 7:30 p.m.

- Dinner
- Call to Order
- Prayer
- Welcome
- Review Agenda
- Review Team Agreement
- Community Announcements
- New Business
  - Survey
- Questions, suggestions, concerns from panel
- Critique
- Next meeting
- Adjournment
MEETING AGENDA

Hazard District Community Advisory Panel
Monday, March 20, 2017
Eastern Kentucky Concentrated Employment Programs
11:30 a.m. to 1:30 p.m.

- Lunch
- Call to Order
- Prayer
- Welcome
- Review Agenda
- Review Team Agreement
- Community Announcements
- New Business
  - Survey
- Questions, suggestions, concerns from panel
- Critique
- Next meeting
- Adjournment
MEETING AGENDA

Pikeville District Community Advisory Panel
Monday, March 20, 2017
Kentucky Power Pikeville Service Center
5:30 p.m. to 7:30 p.m.

- Dinner
- Call to Order
- Prayer
- Welcome
- Review Agenda
- Review Team Agreement
- Community Announcements
- New Business
  - Survey
- Questions, suggestions, concerns from panel
- Critique
- Next meeting
- Adjournment
Ashland District Community Advisory Panel
Minutes
October 24, 2016
Bellefonte Center
6:00 p.m.

Attendees: Bob Carpenter, Sheila Fraley, Lowell “JR” Gullett, Joanna King, Kathryn Lamp, Leon Mattingly, John Osborne, Laura Patrick, Matthew Perkins, Cheryl Spriggs, Steve Towler, Linda Calhoun for Geri Willis

Company Representatives: Greg Pauley, Allison Barker, Del Borden, Ranie Wohnhas, John Rogness, Everett Phillips

Facilitator: Ann Green, Ann Green Communications, Inc.

Minutes: Nancy Doak, Ann Green Communications, Inc.

The regular meeting of the Ashland District Community Advisory Panel (CAP) occurred Monday, October 24, 2016 at the Bellefonte Center. Facilitator Ann Green called the meeting to order at 6 p.m. The invocation was given by Greg Pauley.

Ms. Green reviewed the agenda and team agreement. The minutes of the September meeting were approved. Ms. Green thanked everyone for attending and asked those present to introduce him or herself.

Community Announcements

Ms. Green asked members to share any community announcements or updates.

Bob Carpenter said on November 6 at 2 p.m. there will be a meeting of World War II veterans.

Sheila Fraley told members to look out for blasting activity near the Marathon Refinery for the next 60 days.
Operations Update

Greg Pauley presented the operations update. He recently gave a presentation on the future of coal. While Kentucky Power is still 80 percent fueled by coal, he said he does not believe coal production will be back to what it was – ever. The reasons include EPA issues, low cost of natural gas, and utility companies are hearing from industrial customers that they prefer renewable power.

Mr. Pauley said personnel relocations have begun for the move back to Ashland. Ranie Wohnhas has moved, Allison Barker is moving next week, followed by Brad Hall.

Mr. Pauley reported teams from Kentucky Power’s Pikeville, Hazard and Ashland Districts have returned from North Carolina and Florida where they helped with Hurricane Matthew cleanup efforts. He has received several e-mails praising Kentucky Power employees’ work.

Unfinished Business

None.

New Business – Rates

Ranie Wohnhas described how rates are set and rate cases determined.

Rate cases are filed when current revenue is not enough to cover the cost of providing electricity to the customer. Increased costs promoting a rate case filing can include equipment, employees, regulations filed, fuel or unplanned storms.

Mr. Wohnhas said Kentucky Power would rather not file a rate case – they prefer riders designed to provide reimbursement for specific purposes. Riders allow gradualization of rates to consumers. They are reviewed just like rate cases.

Mr. Wohnhas explained that in the area they serve, they don’t have competition to provide electric power to customers. Kentucky Power is controlled by the Public Service Commission (PSC). He added that nothing is present on your bill unless permission is given by the PSC. He touched on the fuel used, coal and natural gas. He said that Kentucky Power collects money to cover the actual cost of fuel it purchases and no profit is made on fuel. The PSC also looks at the contracts for fuel to make sure they are negotiating a good price on fuel that is passed through to the customers.
Mr. Wohnhas said Kentucky Power Regulatory Services is the bridge between the company and regulators. They are the contact point with regulators, make required filings, handle different types of cases that go in front of the Commission and handle customer complaints. They also file updates to the company’s surcharges/riders and are responsible for filing company rate cases.

Mr. Wohnhas reported that Kentucky Power has lost customers from its base—down from 175,000 customers to 169,000. This means fewer customers must bear the burden of the cost of providing electricity.

Bob Carpenter asked how you lose customers.

Mr. Wohnhas said people move to where the jobs are. He added that Brad Hall is working on economic development to bring companies into the area which in turn will bring back jobs—and add to the customer base.

Mr. Wohnhas explained how a rate case works. After making the necessary calculations, the company proposes a rate and files with the PSC. Intervenors can file motions if they wish to be part of the case. The Commission and intervenors request information from the company concerning the proposed changes that were filed. After the company has filed its responses for information, and the intervenors have filed testimony, both sides meet to discuss differences and find solutions. If the company and the intervenors have reached an agreement with solutions to their differences, a formal agreement will be filed with the commission for review. Any agreement reached will be filed with the PSC. A formal public hearing is held with the commission to discuss the case. The Commission issues a final order and approves any settlement agreement reached.

Intervenors can be the Attorney General’s office, the Sierra Club, KLVC (consortium of large industrial customers), KSBA, Walmart and others.

The Commission and intervenors request information and submit questions. There were 1,000 data requests in the last rate case. Kentucky Power has two weeks to respond. The Commission looks at the entire record to respond to requests. Kentucky Power is transparent with their information, he emphasized.

Mr. Wohnhas explained there are three commissioners, appointed by the Governor and approved by the Kentucky State Senate. There was a staff of 130-150 but it is now below 100 employees.

Steve Towler asked if there had always been three commissioners.

Mr. Wohnhas said yes. They serve 4-year staggered terms. They are full-time commissioners paid for their services. A majority of the three may determine cases.
Charges on Bills: Line items

Rate Billing. The cost of electricity per kWh.

Fuel Adjustment Clause (FAC). Allows for the recovery of the cost of fuel used to generate electricity.

Demand Side Management (DSM). Allows for recovery of energy efficiency program costs. The factor is set annually. There are 11 programs for residential and commercial customers. Residential and commercial customers have two different rates with commercial customers subsidizing service to residential customers.

Mr. Wohnhas said there will be a DSM representative invited to a future meeting to discuss programs, and programs for low-income as well.

Bob Carpenter asked if there was anything for hot water heaters.

Mr. Wohnhas responded yes, wrapping and a rebate on purchasing.

Residential HEAP. To assist qualifying customers in paying their electric bills during the summer and winter months. Kentucky Power shareholders match the customer’s funding dollar for dollar. Customers can apply for assistance by contacting the community action agency in their area. The charge to customers is 15 cents.

Kentucky Economic Development Surcharge (KEDS). Assists and funds economic development projects in the company’s service territory. Kentucky Power shareholders match the customer’s funding dollar for dollar. It is roughly $600,000 a year. The charge to customers is 15 cents.

There have been 20 to 25 applications submitted.

Mr. Wohnhas added that they are working hard on infrastructure for future economic development projects. Ashland is ahead of Pikeville and Hazard. If a company comes in, the area should be ready.

Capacity Charge. Allows Kentucky Power to recover supplemental annual payments tied into the Rockport Unit Power Agreement, where Kentucky Power purchases 15 percent of the output at the two generating units in Rockport, IN. This agreement runs through 2022.

Mr. Towler asked if there was a possibility that Louisa could expand and take up some of it.
Mr. Wohnhas replied no. He added that at some time Kentucky Power may build a gas plant and could consider the Louisa site.

Leon Mattingly asked with the loss of customers is there still an increase needed.

Mr. Wohnhas said yes, we are just using more energy. Because power has been so cheap in Kentucky, the PSC can’t approve a cost unless it is cost effective. A lot of what you see in Hazard and Pikeville are hundreds of mobile homes. They are not insulated and use more energy.

**Big Sandy 1 Operation Rider** (BS1OR). Designed to recover the non-fuel operational costs associated with Big Sandy Unit 1, and the capital associated with the unit gas conversion.

**Environmental Surcharge.** Allows for recovery of commission-approved costs of complying with federal and state environmental mandates relating to coal combustion wastes and byproducts. No part of the expenses recovered through the Environmental surcharge are included in rate billing. Scrubbers for Mitchell are paid for by an environmental surcharge.

**Big Sandy Retirement Rider** (BSRR). Designed to recover all remaining costs and expenses associated with the retirement of Big Sandy Unit 2 and the retirement of the coal related assets from Big Sandy Unit 1. This agreement runs through 2040. He noted this has nothing to do with paying for retirements of workers from the unit.

**Purchased Power Adjustment** (PPA). Designed to recover purchased power costs not otherwise recoverable through the Fuel Adjustment Clause.

Ms. Spriggs said she had purchased insurance, that you can have it on your water heater, etc.

Mr. Wohnhas said Kentucky Power does not sell insurance but insurance companies sell them.

John Osborne asked if there was a green pricing block.

Mr. Wohnhas said you can buy blocks of premium power. It is expensive. He added that some customers want green power.

Ms. Spriggs asked if it would be a line item on the bill.

Mr. Wohnhas said it will only be paid for by the customers who want it.
Mr. Pauley said Walmart’s goal is to be totally independent of the grid. Toyota wants to be all green.

Mr. Towler asked if there were more riders than ever before.

Mr. Wohnhas said yes. He added that some staff at the PSC say they don’t want any more riders. He was not sure how these three current commissioners fall on riders.

Mr. Wohnhas added that Kentucky Power is looking to see if descriptions can be placed on the backs of bills. He asked the group would you rather see details or have it consolidated. Bill descriptions are on line, he added.

Mr. Towler said that funding for 911 services is in jeopardy. Is Kentucky Power being asked to add that to the bill?

Mr. Pauley said there is a suit in courts. Kentucky Power has to see how the court rules. The downfall is that everybody will see another line item.

Mr. Pauley asked for Mr. Wohnhas to talk about how the ROE is determined.

Mr. Wohnhas said that there is a misconception about AEP making a lot of money. He gave an example that if Kentucky Power has earnings of $50 million and AEP just issued a report indicating earnings of $500 million, people ask why don’t you take some of that money?

AEP is the parent company, it doesn’t make a dime. The $500 million is made by seven companies operating in 11 states. You would be taking money from another company in another state. He said the ROE allowed is 10 percent; it currently is 7.12 percent. “If we earn more than we are allowed we get called in to the PSC,” he added.

Next Meeting and Adjournment

Ms. Green asked the group how to get the information discussed tonight out to the public and to suggest where a presentation to a community group can be made.

Mr. Wohnhas said any group you have Kentucky Power would be available to talk about rates.

Greg announced his replacement will be named in the next week or so and they will be attending the November meeting.

The next meeting will occur Monday, November 14, 2016 at the Bellefonte Centre beginning at 6 p.m. Dinner will be available at 5:30 p.m.
There being no further business, the meeting adjourned at 7:30 p.m.

Next Meeting:  Monday, November 14, 2016
Bellefonte Centre
Dinner:   5:30 p.m.
Meeting: 6:00 p.m.
Topic:  Kentucky Power and Economic Development
The regular meeting of the Kentucky Power’s Hazard District Community Advisory Panel (CAP) was called to order at 6:05 p.m. by facilitator Ann Green. The invocation was given by Ranie Wohnhas.

Ann welcomed Janet Smith, Jan Gibson and Larry Melton to the panel. The agenda and team agreement were reviewed.

The minutes of the September meeting were approved as presented.

Community Announcements

Scott Alexander said there were companies visiting the Industrial Park. Grantwriting assistance and an incentive package are being offered to bring business to the area.

A “Christmas in a Small Town” event will be held December 9th and 10th this year. It is the first of its kind in a small town. There will be rides for the kids and an artificial ice skating rink (with skates provided) for all to enjoy.

A Christmas parade will be held on December 10th.
Janet Smith said local groups at Christmas time will be decorating trees with ornaments, scarves and other items to benefit the less fortunate. The College will be creating a Tree of Opportunity. The economy is bad at this time and they are looking for something families can enjoy at no cost.

Betsy Clemons shared there will be a Haunted Harvest this Saturday from 4 to 8pm. An outdoor movie will be shown.

Ms. Clemons added there is a permanent stage being created; remember Trivia Night at Jabo’s on Thursdays; and at the end of the month, on October 29th, there will be a trivia event at Care Cottage to benefit children.

Janice King said a grant was received from AEP to hire consultants to get the Industrial Park certified.

Larry Melton noted the Perry County Center Community Players will be presenting Willy Wonka and the Chocolate Factory. It will be open in December.

Mr. Melton also shared that ACMP, cooperating with the School Board and AEP, was able to reduce energy expenditures by $50,000.

There will be an ARH meeting at 1 p.m. and also a job fair at FedEx on October 18th.

Operations Update

Greg Pauley said he was very excited Larry Melton was able to share his information.

Mr. Pauley said the presentation tonight was very important—how to go through the rate making process. He said it is critical in terms of how they end up with money they can give back to causes in the community.

Mr. Pauley is happy to have their offices move back to Ashland. The office will be located in the Citizens Building on the 2nd floor. He added that there will be a new president announced near the end of the year.

New Business

Understanding our Bills

Ranie Wohnhas said his goal is to help everyone understand how Kentucky Power gets to the rates they charge their customers.
A short video was shown to the panel, “What is a rate Case?” (This video can be viewed on the Kentucky Power website – [www.kentuckypower.com](http://www.kentuckypower.com).)

Mr. Wohnhas shared that in the area they serve, they don’t have competition. Kentucky Power (KP) is controlled by the Public Service Commission (PSC). KP cannot charge a dime until they get approval from the PSC. He touched on the fuels used, coal and natural gas. He said that Kentucky Power collects the money to reimburse them for the actual cost of the fuel they use and no profit is made on fuel. The PSC also looks at the contracts for fuel to make sure they get a good price on fuel and what they are passing through to the customers is fair.

He said Kentucky Power Regulatory Services is the bridge between the company and regulators. They are the contact point with regulators, make required filings, handle different types of cases that go in front of the Commission and handle customer complaints. They also file updates to the company’s surcharges/riders and are responsible for filing company rate cases.

Rate cases are filed when current revenue is not enough to cover the cost of providing electricity to the customer. Increased costs include equipment, employees, regulations filed, fuel or unplanned storms.

How a Rate Case Works: The company proposes a rate and files with the PSC. Intervenors can file motions if they wish to be part of the case. The Commission and intervenors request information from the company concerning the proposed changes that were filed. After the company has filed its responses for information, and the intervenors have filed testimony, both sides meet to discuss differences and find solutions. If the company and the intervenors have reached an agreement with solutions to their differences, a formal agreement will be filed with the commission for review. Any agreement reached will be filed with the PSC. A Formal Public Hearing is held with the commission to discuss the case. The Commission issues a Final Order and approves parts of any settlement agreement reached.

Greg Pauley asked, who is there for the customers? Mr. Wohnhas responded the Attorney General.

Intervenors can be the Attorney General’s office, the Sierra Club, KLVC (consortium of large industrial customers), KSBA, Walmart and others.

The Commission and intervenors request information and submit questions. There were 1,000 data requests in the last rate case. KP has two weeks to respond. The commission looks at the entire record to respond to requests. Kentucky Power is transparent with their information.

If no settlement is reached, a hearing is held. After the formal hearing process is completed, the PSC issues a final order and approves all or parts of any settlement. Tariffs (terms and conditions) are filed. For example, customer class, voltage level, multitudes of...
information. By law the PSD has to allow fair rate of return. In certain instances by law they cannot say no; guidelines have to be followed.

Kentucky Power has its own set of books, earnings, expenses, profit or loss. The return on equity is 7.12 percent. The return is supposed to be 10 percent.

When questioned if AEP is making $500 million, why can’t KP get them to carry some of the costs? Mr. Wohnhas stressed that AEP is made up of seven individual operating companies in 11 states. It is not fair to customers in one state to pay for another state’s costs.

Charges on Bills: Line items

**Rate Billing.** The cost of electricity per kWh.

**Fuel Adjustment Clause** (FAC). Allows for the recovery of the cost of fuel used to generate electricity.

**Demand Side Management** (DSM). Allows for recovery of energy efficiency program costs. The factor is set annually.

Larry Melton said if energy usage was down then monetary unit was up. All depends on the demand.

Mr. Wohnhas said if we can reduce demand we can conserve energy.

**Residential HEAP.** To assist qualifying customers in paying their electric bills during the summer and winter months. KP shareholders match the customer’s funding dollar for dollar. Customers can apply for assistance by contacting the community action agency in their area. The charge to customers is 15 cents.

**Kentucky Economic Development Surcharge** (KEDS). Assists and funds economic development projects in the company’s service territory. KP shareholders match the customer’s funding dollar for dollar. It is roughly $600,000 a year. The charge to customers is 15 cents. There have been 20 to 25 applications submitted.

Roy Pulliam said some people don’t know how to apply.

**Capacity Charge.** Allows KP to recover supplemental annual payments tied into the Rockport Unit Power Agreement, where KP purchases 15 percent of the output at the two generating units in Rockport, IN. This agreement runs through 2022.

**Big Sandy 1 Operation Rider** (BS1OR). Designed to recover the non-fuel operational costs associated with Big Sandy Unit 1, and the capital associated with the unit has conversion.
**Environmental Surcharge.** Allows for recovery of commission-approved costs of complying with federal and state environmental mandates relating to coal combustion wastes and byproducts. No part of the expenses recovered through the Environmental Surcharge are included in rate billing.

**Big Sandy Retirement Rider (BSRR).** Designed to recover all remaining costs and expenses associated with the retirement of Big Sandy Unit 2 and the retirement of the coal related assets from Big Sandy Unit 1. This agreement runs through 2040. This has nothing to do with retirement costs for workers from the unit.

**Purchased Power Adjustment (PPA).** Designed to recover purchased power costs not otherwise recoverable through the Fuel Adjustment Clause.

Sally Benton asked, “What is the bill going to look like in five years?”

Mr. Wohnhas responded, “Do you like looking at an itemized bill? It is very transparent – to know what you are being charged for.”

Janice Brafford-King shared that the line items didn’t mean anything until they were explained to her. She asked why the bill isn’t consolidated on the front with the explanation of what the line items are on the back.

Trish Adams suggested offering a discount if you pay electronically.

Larry Melton added that the website is really helpful. Mr. Wohnas responded by saying a great many customers don’t have access to a computer.

Betsy Clemons asked, “How many customers does Kentucky Power serve?”

Mr. Wohnas replied 143,000.

Mr. Adams asked, “How many customers have you lost?”

Mr. Wohnas responded about 10,000 a year. Residents are moving to places that have jobs.

Ms. Bradford-King asked how the return of investment is determined.

Mr. Wohnas said if KP asks for X amount and someone hires a witness that said a different amount, the PSC would look at the numbers and decide the appropriate level. Most companies get a 9 percent return.

Mr. Pauley asked, “What happens if you don’t get return?”
Mr. Wohnhas said investors are saying to increase – you have to file a rate case. If you earn more, the PSC can say why are you earning too much and can reduce it.

Mr. Pauley asked, “What is the difference between an investor-owned utility and others?”

An investor-owned utility is where individuals or banks buy stock in the company. With co-ops, you don’t have investors to report to.

Ms. Brafford-King said the responsibility is to the shareholders. It is a good solid investment. There is a constant dividend.

Ms. Clemons asked, “What is a school tax based on?”

Mr. Wohnhas responded by saying a school tax is based on whatever the school board has passed. For a school board to raises taxes it has to have approval in their area, city or county.

Mr. Melton said AEP is investing in programs to reduce the demand and will reduce costs. He suggested having more workshops to explain to residential customers how to reduce their costs. There are new electronics, LED lighting, heating and cooling units that can help reduce costs.

Ms. Adams said she has natural gas in her home and is disqualified for those programs.

Mr. Wohnhas responded KP is looking into that.

Mr. Wohnhas responded to a question on franchise fees. The fee allows KP to go into their property to construct lines.

Other

Greg Pauley shared with the panel that Kentucky Power sent crews to the Carolinas and Florida to help with the aftereffects of Hurricane Mathew. A lot of the crews came out of Hazard. He received e-mails very complimentary of the KP workers.

Mr. Pauley was recently interviewed about coal. He said the decision has already been made regarding coal. He doesn’t think the coal industry will be back as it was. If Sec. Clinton is elected, she will continue the current administration’s policies to lesson coal use. If Mr. Trump is elected, it will not be as severe.

Ms. Green added that a lot of work has gone into getting attendance up. She asked if members had colleagues that didn’t make it to the meeting to please encourage them to attend.
Ms. Green asked about holding a lunch meeting, if members would be able to attend at that time of day.

It was agreed to try a lunch meeting on November 14th.

The group congratulated Kentucky Power on receiving the “Best Service Agency” award.

Allison Barker reminded members that a lot of information can be found on the Kentucky Power web site. The video “What’s on my bill?,” fuel costs, and others are located on the site.

Next Meeting and Adjournment

The next meeting will occur Monday, November 14, 2016 at the Hazard Community and Technical College, beginning promptly at 11:30 a.m. Lunch will be provided.

There being no further business, the meeting adjourned at 7:30 p.m.

Next Meeting: Monday, November 14, 2016
Hazard Community and Technical College
Lunch Meeting: 11:30 – 1pm

Ann Green’s Contact information:
Ann Green
President
Ann Green Communications, Inc.
300 D Street
South Charleston, WV 25303
Office: 304-746-7700
Toll free: 800-784-4343
Ann’s Cell: 304-549-4825
Ann’s Email: agreen@anngreencomm.com
Pikeville District Community Advisory Panel
Minutes
October 18, 2016
Hampton Inn
6:00 p.m.

Attendees: Patricia Beatty, Darrell Maynard, Charles “Monk” Sanders, Trissia Scott, Danny Scott, Suzanne Stumbo, Jacob Colley

Company Representatives: Gregory Pauley, Brad Hall, Del Borden, Ranie Wohnhas, John Rogness, Steve Sharp

Guest: Julia Roberts, Appalachian News Express

Facilitator: Ann Green, Ann Green Communications, Inc.

Minutes: Nancy Doak, Ann Green Communications, Inc.

The regular meeting of the Kentucky Power’s Pikeville District Community Advisory Panel (CAP) was called to order at 6 p.m. by facilitator Ann Green. The invocation was given by Greg Pauley.

Ann welcomed Trissia and Danny Scott, Jacob Colley, and Darrell Maynard to the panel and introduced visitor Julia Roberts from Appalachian News Express. The agenda and team agreement were reviewed.

The minutes of the September meeting were approved as presented.

Community Announcements

Ms. Green asked members to share any community announcements or updates.

The Farmers Market is open until the Tuesday before Thanksgiving.

The United Way had a golf tournament on October 17 which was very successful.
The Chamber of Commerce is having a series of workshops for small business applications for a month. Offered are customer service workshops and cost effective website information.

Operations Update

Greg Pauley said with Hurricane Matthew hitting the east coast, Kentucky Power sent crews to the Carolinas and to Florida. He was happy to report there were no accidents or injuries among his workers. Mr. Pauley has received several emails thanking the crews. Community members offered to wash their clothes or to feed them, and some offered money to support the crews. Everyone should be proud of the work done by these Kentucky Power employees, he said.

Mr. Pauley made some comments on the recently article about coal. He said Kentucky Power is fueled by 80 percent coal but coal will not be back to the way it was – it is a very different world. It doesn’t make a difference who is elected president. He does believe, from his information from Washington, if Sec. Clinton is elected it will be a continuation of Obama ideas. If Mr. Trump is elected, we cannot be sure where he is, but he promises to put miners back to work, maybe not in the mines.

Miners are in classes to learn coding. They have been successful in learning the new technology. Lots of places in America are going through what we are in Kentucky – but we need to get the miners re-employed he said.

New Business

Future of Power Production and Rates

Ranie Wohnhas presented a short video to the panel entitled, “What is a Rate Case?” (This video can be viewed on the Kentucky Power website – www.kentuckypower.com.) The video is designed to help customers understand how rates are determined. He introduced John Rogness and Steve Sharp from Kentucky Power Regulatory Services.

A rate case is the way Kentucky Power—or any electric company in Kentucky--goes to the Public Service Commission when it feels it needs to raise rates.

Mr. Wohnhas shared that in the area they serve, they don’t have competition. Kentucky Power (KP) is controlled by the Public Service Commission (PSC). KP cannot pass any rate until they get approval from the PSC. He touched on the fuels used, coal and natural gas. He said that Kentucky Power collects the funds to recover the actual cost of its fuel and no profit is made on fuel. The PSC also looks at the contracts for fuel
to make sure they get a good price on fuel and what they are passing through to the customers.

He said Kentucky Power Regulatory Services is the bridge between the company and regulators. They are the contact point with regulators, make required filings, handle different types of cases that go in front of the Commission and handle customer complaints. They also file updates to the company’s surcharges/riders and are responsible for filing company rate cases.

Why do they file a rate case? Rate cases are filed when current revenue is not enough to cover the cost of providing electricity to the customer. Increased costs include equipment, employees, regulations filed, fuel or unplanned storms. Mr. Wohnhas stated KP doesn’t like raising rates – they understand the burden on customers. But they must remain profitable to continue to operate.

How a Rate Case Works: The company proposes a rate and files with the PSC. Intervenors can file motions if they wish to be part of the case. The Commission and intervenors request information from the company concerning the proposed changes that were filed. After the company has filed its responses for information, and the intervenors have filed testimony, both sides meet to discuss differences and find solutions. If the company and the intervenors have reached an agreement with solutions to their differences, a formal agreement will be filed with the commission for review. Any agreement reached will be filed with the PSC. A formal public hearing is held with the commission to discuss the case. The Commission issues a final order and approves parts of any settlement agreement reached.

Intervenors can be the Attorney General’s office, the Sierra Club, KLVC (consortium of large industrial customers), KSBA, Walmart and others. It is recommended that the individual or group have an attorney. The Attorney General is the watchdog for residential customers.

The Commission and intervenors request information and submit questions. There were 1,000 data requests in the last rate case. KP has two weeks to respond. The commission looks at the entire record to respond to requests. Kentucky Power is transparent with their information.

If no settlement is reached, a hearing is held. Once the hearing process is complete, the PSC issues a final order and approves all or parts of any settlement. Tariffs (terms and conditions) are filed. For example, customer class, voltage level, multitudes of information. By law, the PSC has to allow fair rate of return. In certain instances by law they cannot say no; guidelines have to be followed.

Monk Sanders asked if a rate hike increases all taxes on bill? Mr. Wohnas responded, no.
Mr. Sanders opined that politicians want to be re-electable, so they put the blame on Kentucky Power.

Mr. Wohnhas agreed that KP takes a big hit, but added they are trying to educate the public.

Mr. Sanders then asked what is a power surge and does it cause the rate to be higher?

Del Borden responded power surges are unlikely and that KP tries very hard not to have surges. They try to have the lines built where you don’t see that.

Mr. Sanders asked why are charitable organizations classified as business?

Mr. Wohnhas responded by saying with the rate structure they are not looking at the type of business, they are looking at the load.

Ms. Borden said it’s a residential rate if you are living, sleeping or cooking at the site.

Mr. Wohnhas added that if he gives one charity a price break, he has to move to the next customer to get the money back. He explained that KP decides the parameters – residential can do this, etc., but all rate structure has to be approved by the PSC.

**Charges on Bills: Line items**

**Rate Billing.** The cost of electricity per kWh.

**Fuel Adjustment Clause (FAC).** Allows for the recovery of the cost of fuel used to generate electricity. There is a charge if actual fuel is above or credit if below.

**Demand Side Management (DSM).** Allows for recovery of energy efficiency program costs. The factor is set annually.

**Residential HEAP.** To assist qualifying customers in paying their electric bills during the summer and winter months. KP shareholders match the customer’s funding dollar for dollar. KP gives the money to community action groups and they disperse it. Customers can apply for assistance by contacting the community action agency in their area. The charge to customers is 15 cents.

**Kentucky Economic Development Surcharge (KEDS).** Assists and funds economic development projects in the company’s service territory. KP shareholders
match the customer’s funding dollar for dollar. It is roughly $600,000 a year. The charge to customers is 15 cents.

**Capacity Charge.** Allows KP to recover supplemental annual payments tied into the Rockport Unit Power Agreement, where KP purchases 15 percent of the output at the two generating units in Rockport, IN. This agreement runs through 2022.

**Big Sandy 1 Operation Rider** (BS1OR). Designed to recover the non-fuel operational costs associated with Big Sandy Unit 1, and the capital associated with the unit has conversion.

**Environmental Surcharge.** Allows for recovery of commission-approved costs of complying with federal and state environmental mandates relating to coal combustion wastes and byproducts. No part of the expenses recovered through the environmental surcharge are included in rate billing.

**Big Sandy Retirement Rider** (BSRR). Designed to recover all remaining costs and expenses associated with the retirement of Big Sandy Unit 2 and the retirement of the coal related assets from Big Sandy Unit 1. This agreement runs through 2040. This rider has nothing to do with retirement for workers from the unit.

**Purchased Power Adjustment** (PPA). Designed to recover purchased power costs not otherwise recoverable through the Fuel Adjustment Clause.

Julia Roberts asked about monthly vs. annually charges.

Mr. Wohnhas said the charges change monthly or annually based on rate change. All charges are filed with the PSC for approval.

Ms. Roberts asked why commercial and residential customers have different rates? Do customers throughout the state pay the same rates?

Mr. Wohnhas said rates are all different and costs are all different.

Mr. Sanders asked if underground lines are cheaper.

Mr. Wohnhas said not necessarily; they tend to be more expensive but the reliability is better.

Darrell Maynard asked if Rockport goes out in 2022, is Kentucky Power going to renegotiate?
Mr. Wohnhas said they are analyzing it – it depends on what they are going to do with Rockport. They may retire it. He added they may go to market to get the power they need or install a generator facility.

Mr. Maynard asked how long it takes to build the facility. Mr. Wohnhas replied it takes three years to build or they could build a bunch of small green power plants.

Mr. Maynard asked how much of the power from the Mitchell Power Plant does KP get? Mr. Wohnas said 50 percent.

Mr. Maynard asked does KP sell to any rural co-ops? Mr. Wohnhas said no. They sell to pgm and in turn they sell to RTO’s in PA, NJ and Maryland.

Ms. Borden asked if all have to be part of an RTO? Mr. Wohnhas responded no. Mr. Wohnhas added that there is a misconception about AEP making a lot of money. He gave an example that if KP has earnings of $50 million and AEP just issued $500 million, people ask why don’t you take some of that money?

AEP is the parent company; it doesn’t make a dime. The $500 million is made up of revenue from seven companies operating in 11 states. You would be taking money from another company in another state.

Mr. Maynard asked if KP has any programs for customers that use their own electricity? Mr. Wohnhas responded yes, they are called net metering programs.

Other

Ms. Green mentioned that the panel has been challenged with attendance. At the Hazard meeting, it was decided to hold the next meeting at noon. She asked how many would be able to attend a lunch meeting on November 15th. A reminder will be sent with meeting details soon.

Ms. Green asked the panel for member recommendations.

Ms. Scott asked for representatives to attend a community action meeting.

Ms. Green reminded the panel members to share information with others and invite them to the CAP meetings.

Mr. Pauley asked how did everyone feel about the presentation this evening?

Mr. Sanders said it was the most informative meeting he had attended.
Mr. Pauley suggested having a meeting in the areas where there would be 50 or 60 people meeting. It is critical to get the information out on what is on their bills.

Mr. Maynard asked if it would be possible to condense the presentation.

Mr. Wohnhas responded he could go over the information in about 30 minutes.

Ms. Stumbo asked where is Duke Energy?

Mr. Pauley responded it is in Ohio, Kentucky and Indiana with its headquarters in Cincinnati, Ohio.

Next Meeting and Adjournment

The next meeting will occur on Tuesday, November 15, 2016 at the Hilton Garden Inn Pikeville, 849 Hambley Blvd., beginning promptly at 6 p.m. Dinner will be available at 5:30 p.m.

There being no further business, the meeting adjourned at 7:30 p.m.

Next Meeting:  
Tuesday, November 15, 2016  
Hilton Garden Inn Pikeville (Location Change)  
Dinner 5:30 p.m.  
Meeting 6 p.m.

Ann Green’s Contact information:
Ann Green  
President  
Ann Green Communications, Inc.  
300 D Street  
South Charleston, WV 25303  
Office: 304-746-7700  
Toll free: 800-784-4343  
Ann’s Cell: 304-549-4825  
Ann’s Email: agreen@anngreencomm.com
ASHLAND DISTRICT COMMUNITY ADVISORY PANEL  
KENTUCKY POWER COMPANY HEADQUARTERS  
FEBRUARY 22, 2017

MINUTES

Company Representatives: Matthew Satterwhite, Everett Phillips, Ranie Wohnhas, Del Borden, Allison Barker and Trisha Blum
Facilitator: Del Borden

The organizational meeting of the Ashland District Community Advisory Panel (CAP) took place on Wednesday, February 22, 2017, at the Kentucky Power Company Headquarters. Facilitator Del Borden called the meeting to order at 5:30 p.m.

Allison Barker explained that we were now facilitating our own meetings and no longer using an outside source.

The meeting was opened with prayer and welcome by Matthew Satterwhite, President of Kentucky Power.

- Community Announcements:
  - Chuck Charles advised that the OLBH Mobile Mammography Unit was being donated to a facility in Niger, Africa
  - Sheila Fraley thanked Kentucky Power for the donation to Summer Motion
  - Offer of an KY Power golf foursome at the OLBH golf fundraiser was offered

1. Discussion of Questions
   a. Credit Card and Payment Center Fees:
      i. Consensus was that they do not like to pay the fee to pay their bills; paying the bill should be a free service. If not, then the fee should be on the payer, not a shared expense. It was suggested that incentives be offered for using the preferred payment method.
2. Seniors and Low Income customers
   a. Members recommended a bridge program to help seniors
   b. They would support an additional 5 cents added to the bill to support the program
   c. Also support a neighbor-to-neighbor program
   d. Advised that the public needs to be educated about the HEAP program
   e. With low income customers and seniors, a proof of income would be recommended

3. Economic Development
   a. Members support an increase of 10 cents, making the total 25 cents, being matched by shareholders
   b. Some recommended an opt-out option for customers who may not be able to afford it

4. Confusing bills
   a. All agreed that the bill is too complex and customers don’t understand it
   b. Too much info and confusing language
   c. Needs to be studied and modified and then consolidated
   d. Large part of it is perception and we need to be concise and put in only what is required
   e. Transparency is confusing and not needed

5. Customer Charge
   a. Members support a fixed charge and advised it should be at least $10
   b. We would need to inform customers that a higher fixed rate would equal a lower kilowatt per hour charge

6. Net metering
   a. Members suggested to tie a % to find those seniors in need
   b. Agreed that net metering customers should pay a fixed charge to be connected.

7. Communications
   a. Members recommended bill inserts; community workshops
      i. Need to advertise and get word out
   b. Host meetings at school, health dept., etc.
      i. Connect with customers on their level and in familiar places
   c. Use posters/billboards/signage to show what we’ve done and who we’ve helped
   d. Members advised that KY Power needs to “know their audience”; we need to connect with customers and be seen

Del Borden called the meeting to a close and members chose Monday, March 27 at 5:30 for the next meeting. Continuing discussion of the questions on the survey would be the topics for the next meeting. With no further business, the meeting was adjourned at 7:30 p.m.
HAZARD DISTRICT COMMUNITY ADVISORY PANEL
HAZARD COMMUNITY & TECHNICAL COLLEGE
FEBRUARY 22, 2017

MINUTES

Company Representatives: Matthew Satterwhite, Everett Phillips, Ranie Wohnhas, Del Borden, Allison Barker and Trisha Blum
Facilitator: Del Borden

The organizational meeting of the Hazard District Community Advisory Panel (CAP) took place on Wednesday, February 22, 2017, at the Hazard Community & Technical College. Facilitator Del Borden called the meeting to order at 11:30 a.m.

Allison Barker explained that we were now facilitating our own meetings and no longer using an outside source.

The meeting was opened with prayer over lunch and opening by Matthew Satterwhite, President of Kentucky Power.

- Community Announcements:
  - March 7 Job Fair at Van Meter Gym in Breathitt County
  - March 1 Disability Center Open House
  - March 23 College of Nursing
  - Perry County Pathfinders – bike trails
  - Bluegrass Fundraising Event at the Perry County Fair – Matt offered a donation from KY Power of $100

- Discussion of Questions
  1. Credit Card and Payment Center Fees:
     a. Consensus was that they do not like to pay the fee to pay their bills; paying the bill should be a free service. If not, then the fee should be on the payer, not a shared expense. It was suggested that incentives be offered for using the preferred payment method.
2. Help for Senior Citizens and Low Income Households  
a. The suggestion was made that there be help available before someone gets a disconnect notice. We need to design a program to focus on those who are on the edge of being able to pay. It was mentioned that those who rent don’t care because it’s not their property and they don’t have the means to fix it or the landlords won’t fix problems.

3. Economic Development  
a. All were in support of an increase of 10 cents for economic development; that would raise the amount to 25 cents. They want to diversify the economy. One member indicated that they can’t become “coal dependent” and that she’d rather have 100 new jobs at 10 different facilities than 1000 jobs that were dependent on coal. They want Kentucky Power to invest in the community directly.

4. Confusing Bills  
a. All were in agreement that the bills are too wordy and confusing. They don’t understand all the breakdowns. They want fewer pages and simpler language. One member was very upset at the breakdown for the Big Sandy project and was adamant she did not like it and wanted an explanation. President Satterwhite explained the situation and the fact that in the end, it saved $500 million dollars

5. Communication  
a. The members indicated that they want more communication. Suggestions were:  
   i. Meeting at Beth Caudill’s Senior Center  
   ii. Meeting with coal miners  
   iii. Light bulb give-away  
   iv. Issues and Answers on WYMT  
b. Several of the members did NOT like the way we advertise. One member in particular firmly stated he did not think we should be spending money on any form of advertising but also commented that we need to let the public know what we are doing for them. Trish Adams offered her help in getting our story told the right way to the public.  
c. We need to help customers understand rates, bills and why bills differ

6. Customer Focus  
a. All were in agreement that we need to improve the call center process; they stated that the process was not effective and that they were placed on hold numerous time, never received return phone calls and that they want one-call resolution.  
b. Opportunity to participate in the Energy Expo in a partnership with the Extension Service. Trish Adams offered assistance with this idea.

• Del Borden stated that the next meeting needed to be scheduled but no date was determined. She stated that a continuation of the questions on the survey would be the topic for the next meeting and that all would be advised when the date was set. Some
members asked to meet after the meeting to talk about issues they wanted addressed. She thanked all the participants and with no further business, the meeting was adjourned.
The organizational meeting of the Pikeville District Community Advisory Panel (CAP) took place on Tuesday, February 21, 2017, in the Record Room on the campus of The University of Pikeville. Facilitator Del Borden called the meeting to order at 5:30 p.m.

Allison Barker explained that we were now facilitating our own meetings and no longer using an outside source.

The meeting was opened with prayer over dinner and opening by Matthew Satterwhite, President of Kentucky Power. He addressed the importance of ideas and input from the CAP members. The Team Agreement was reviewed and the meeting started.

- Community Announcements:
  - U Pike President, Burton Webb, advised that he could lead a tour of the new Optometry facility to any members interested
- Discussion of Questions
  1. Credit Card and Payment Center Fees:
     a. Several members indicated they did not approve of the fee to pay their bill if they called in a payment. They resented paying someone to pay their bill. They indicated a need to have face-to-face interaction which would provide explanation of the bill; however, they were sensitive to the costs associated with call centers. President Webb suggested streamlining it into all payments and to process bills in-house. They want the cost to be the responsibility of the cost-causer, not an expense spread out to all customers.
2. Help for Senior Citizens and Low Income Households
   a. All were in agreement that they would be in favor of an additional 15 cents to help. They want to channel assistance to low income who are on the cusp of being able to pay because HEAP won’t help those who have extremely large bills. They suggested assistance with home energy efficiency and requiring an energy audit if they get assistance. Providing incentive programs and educating customers on ways to reduce energy consumption were discussed. They mentioned tying the bridge program to energy audit to improve efficiency.

3. Economic Development
   a. All were in agreement to advances in economic advancement. It was stated that an increase from 15 cents to 25 cents on the bill would not be well-received if the customers didn’t know where the money would be going. A recommendation was made to have a newsletter insert into the paper bill explaining where the money had been used in the past. A link on the website to spotlight names and faces we had helped was discussed. Dr. Webb indicated that people want to know where the money goes and that we need to “tell our story”.
   b. Matt advised that the shareholders match the current rate and they would also match the additional 10 cents.
   c. The suggestion of manufacturing renewable equipment in Eastern Kentucky was discussed, as well as support for STEM and academic teams. Matt briefly discussed his idea of Video Distance Learning and the One East KY project; Dr. Webb directed us to check out the Albertson Foundation in Idaho.
   d. Main point of this agenda item was to “TELL OUR STORY”

4. Confusing Bills
   a. All were in agreement that the bills are too wordy and confusing. Our efforts at transparency created too many complex items and confusion. The “tariff” is misunderstood as a tax and the issue of how the PSC mandates certain language was discussed.
   b. The concept of “Call it what it is” and rolling items together was offered up as a suggestion.

5. Customer Charge
   a. The PSC mandated that we could only collect $11 per month in a fixed charge that was actually calculated to be $40. The difference is recovered but is embedded in the energy charge.
   b. Members agreed that a gradual increase seemed best, but also discussed that if the fixed rate were higher, the usage rate could drop.
   c. Some other co-ops have a fixed rate of $20; members agreed that increasing the $11 to around $15 or $20 would work if people understood the reasoning behind it.

6. Net Metering
   a. Items discussed were that line capacity has to be there; share generation costs; customers should only pay for they use on the grid
   b. Need buy-back power
c. A fixed cost makes sense

7. Communication
   a. There needs to be a generational effort to reach all customers
      i. Those who get a paper bill would like inserts; those who are paperless would use email or the website
   b. Customers like calls after outages and the information about what caused it and how long to fix it; would have liked calls before if possible
   c. Customers like the outage maps
   d. Use Social Media, emails, bill inserts
   e. EKB TV and radio time would be nice; time framed around the 6pm news would get to most customers
   f. Use health fairs and food bank give out days to meet and talk to customers
   g. Let them know what we are doing - $50K to God’s Pantry

Del intervened that the next meeting needed to be scheduled and it was set for Tuesday, March 14 at 5:30 p.m., to be held at our Service Center in Pikeville. The members were in agreement that the topics to be discussed were the items remaining on the list. Members were thanked for their participation and with no further business, the meeting was adjourned.
PIKEVILLE DISTRICT COMMUNITY ADVISORY PANEL  
KENTUCKY POWER SERVICE CENTER  
MARCH 20, 2017  

MINUTES  

Company Representatives: Matthew Satterwhite, Everett Phillips, Del Borden, Allison Barker, Bob Shurtleff and Jacob Colley  

Attendees: Doug Tackett, Suzanne Stumbo and Patti Beatty  

Facilitator: Del Borden  

The organizational meeting of the Pikeville District Community Advisory Panel (CAP) took place on Monday, March 20, 2017, at the Kentucky Power Service Center. Facilitator Del Borden called the meeting to order, with dinner served at 5:35 p.m. Opening prayer offered by Jacob Colley.

The meeting opened with Del Borden reviewing the minutes from the previous meeting and no changes were noted.

7. Community Announcements:  
   o Air Loom Seed at Pike Central High School on April 1, from 9am to 1pm  
   o Pike County Extension Office has an event April 8 (Jean Martin)  
   o On June 12 and 13, there will be an Emergency Management exercise on Communications for the State  
   o Matt shared that he is working on reverse trade shows with local vendors and AEP Procurement to help local vendors become familiar with AEP’s purchasing requirements so vendors have a better opportunity to sell products to AEP  
   o Kentucky Power has a new logo highlighting the Operating Company  
   o Matt announced that Kentucky Power filed a Coal Plus Initiative to assist coal companies in starting up new mines or reopening mines  
   o Matt shared efforts on Economic Development in DC that he hopes can be announced soon


**Discussion of Questions**

7. Community-Scale Renewable Power  
   a. Wind is feasible at Letcher County. Members prefer local solar, wind or other renewables rather than buying from outside the area

8. Major Storm Costs  
   a. The members prefer to pay small amounts deferred over time

9. PJM Cost  
   a. An explanation was given as to why PJM costs fluctuate and that the cost is for the entire eastern region transmission grid to help prevent blackouts such as the one a few years ago in Toledo, Ohio, which caused a blackout in New York City  
   b. The members agreed that bills be consistent, and prefer in base rates instead of a rider

10. SmartGrid Investment  
    a. An explanation was given that KY Power currently uses AMR meters which are radio frequency so that the readings can be done with drive-by rather than entering the property. AMI are meters of the future that some utilities are using that allow meters to be read from an office, and can be remotely connected or disconnected. The group was hesitant and recommended a pilot program

11. Customer Focus  
    a. We need to work with seniors more to explain bills  
    b. Need to publicize more to tell our story better  
    c. Seniors like bill inserts and mailings to explain what is happening  
    d. Instagram or other social media should be used for younger customers  
    e. TV ads would work better around news times or “Wheel of Fortune” and “Jeopardy”  
    f. It was noted that if KY Power did a good job of explaining to customers how a program worked, they would be willing to give a few extra dollars to help seniors and low income and help with their bills  
    g. The members agreed that having a call center where customers could talk to a live person would give a personal touch

12. Aging Workforce  
    a. All agreed that KY Power should hire additional workers and have them trained and ready to take over

13. Community Sponsorships  
    a. The members believe that KY Power should be out in the community to showcase what we do and promote that we are helping others  
    b. They do not think we should promote ball fields  
    c. Focus should be on helping seniors and challenging other companies to help out more
d. Members agreed KY Power should support academic groups, reading programs, safety towns, etc.

e. Live line demos should be shown to the public more and emergency management demos would be helpful

Other items discussed included showing groups how the grid is tied together across the nation and the group indicated they would like a tour of the Big Sandy Plant.
Patti requested we invite an individual from Prestonsburg and she gave the name to Del. It was also suggested that we get a member from Habitat for Humanity to join the panel.

Matt shared that the Commission has requested a hearing to talk about the company’s current DSM charges with load decreases and customer loss, and whether we need to continue with the same programs; he indicated we have answered data requests and are awaiting a response.

With no further business, the meeting was adjourned.
HAZARD DISTRICT COMMUNITY ADVISORY PANEL
EASTERN KENTUCKY CONCENTRATED EMPLOYMENT PROGRAM, INC.
MARCH 20, 2017

MINUTES

Company Representatives: Matthew Satterwhite, Everett Phillips, Del Borden, Allison Barker and Jacob Colley

Facilitator: Del Borden

The organizational meeting of the Hazard District Community Advisory Panel (CAP) took place on Monday, March 20, 2017 at Eastern Kentucky Concentrated Employment Program, Inc. Facilitator Del Borden called the meeting to order at 11:30 a.m.

The meeting was opened with prayer over lunch by Jacob Colley. Del Borden gave out copies of last month’s meeting minutes and gave members time to review them; no changes were made.

- Community Announcements:
  - Civic Night to be held May 2 at the Chamber of Commerce
  - MS fundraiser to be held on April 29 at the park
- Other
  - Petition to revive talks about brining Interstate 66 was passed around but KY Power could not sign because some of the language regarding AEP was incorrect
  - Matt commented on his involvement in working with company leaders to begin preparing for reverse trade shows that will help local vendors learn about AEP’s purchasing requirements and how the vendors can help AEP by offering local products
  - Matt shared the recent filing with the PSC requesting the Coal Plus Initiative to help coal companies open new mine
  - Matt mentioned a new initiative that he has been working on that was presented in DC with Senators and Governor Bevin and explained that further details would be shared soon
- Discussion of Questions

5. Customer Charge
   a. A discussion was held about the fixed cost versus variable; it was explained that if the fixed cost was raised, the kWh charge could be lowered, as is with LGE’s latest filing request.
      i. It was asked what the regulatory environment was like with the new Commissioners and Matt responded that because they are still new, it’s just a wait and see atmosphere
      ii. It was agreed that the fixed cost should be increased, but at a gradual rate.

6. Net Metering
   a. The group agreed that customers who have solar or other distributed generation should pay full fixed cost and receive lower price than retail for power returned to the grid

7. Community Scale Renewable
   a. The group suggested more research be completed before spending money on this type of project
   b. The last question discussed pertained to how Kentucky Power can reach out and inform customers in a more effective manner.
      o The group suggested we get more involved in Energy Efficiency programs
      o Special Events involving seniors and low income customers
      o Working sessions to develop different presentations for different groups.

With no other business presented, the meeting was adjourned.
ASHLAND DISTRICT COMMUNITY ADVISORY PANEL
KENTUCKY POWER COMPANY HEADQUARTERS
MARCH 27, 2017

MINUTES

Company Representatives: Matthew Satterwhite, Ranie Wohnhas, Allison Barker, Ashley Weaver (guest of Allison from Service Corp.), Matthew Horeled, Brad Hall and Trisha Blum
Facilitator: Ranie Wohnhas
Attendees: Kathryn Lamp, Sheila Fraley, Paul Seasar, Steve Towler, Neil Wilson, John Osborne, Geri Willis and Norma Meek

The organizational meeting of the Ashland District Community Advisory Panel (CAP) took place on Monday, March 27, 2017, at the Kentucky Power Company Headquarters. Facilitator Ranie Wohnhas called the meeting to order at 5:30 p.m.

The meeting was opened with prayer by Brad Hall. Kentucky Power Company President Matthew Satterwhite introduced two new attendees: Neil Wilson, an AEP retiree and Ashley Weaver from AEP Service Corp. in Columbus.

Matt discussed the benefits of having the AEP Service Corp. and Ashley explained some of the aspects of what they do.

- Community Announcements:
  - Sheila Fraley advised that tickets for the Paramount Arts Center Spring Gala were available; $100 for a chance to win $10K! The Gala is being held at the Bellefonte Country Club on April 22
  - Geri Willis advised that the Ashland Independent School System has applied for an extension to the grant for energy education at Ashland Middle School that would reach to Paul Blazer High School; would provide for an additional 4 courses and training for teachers. Matt indicated that the Service Corp. might be able to help in some way.
• Lawrence County is hosting Bridge Day where middle school kids who will be moving to the high school are mentored by seniors. They show them around the school, talk to them about transitioning and activities they can participate in.

• Allison advised that several Community Outreach Workshops have been scheduled. The next one is in Louisa at the old courthouse. Ideas were asked for to help spread the word about the workshops to increase attendance.

Discussion of Questions

1. Net Metering
   a. Extensive discussion on this issue. Customer creates their own energy. Not many in KY Power use this. Question remains if the cost should be shared. Brad Hall discussed how the legislature is handling this issue: they have been negotiating. The solar guys are pushing the issue. There was a bill submitted to address fixed cost; also included grandfathering in those who already had it and transferring it if the house is sold. There was no resolution and no good agreement so the bill was not heard. There are less than 10 KY Power customers who use it. Geri asked if any other sources were considered since natural gas was so cheap. Brad answered that all sources are considered but that there are issues. They get the retail rate; so that means that the “haves” get more and the “have nots” get less. Solar panels get retail rate refunded; pulls energy and costs to use our network. Members agreed that the users should pay their fair share. AEP as a whole is looking into it.
   b. Other industries support us, including coal
      i. Solar industry wants one-to-one ratio
   c. Legislators on both sides so they don’t hear the bill to avoid the issue
   d. All states differ
      i. Indiana eliminated grandfathering but are now re-evaluating
      ii. Arizona overcommitted and they are paying for it

2. Solar, Wind, Bio Mass
   a. Amazon will not locate somewhere unless they are guaranteed 100% renewable green energy
   b. AEP is looking into it, not jumping in
      i. But they agree and acknowledge diversifying
   c. Geography is an issue
      i. We need to explain what we can do
      ii. Suggested that the power company standardize renewable installation
      iii. All agreed it’s important to keep it in Kentucky
         1. If Big Sandy had stayed, cost would have been shown on bill as a much higher rate
            a. EPA would have hurt us as well
         2. All agreed that customers need to be educated
            a. Going “green” is fine, but you have to pay for it!
         3. AEP has a Green Power Tariff
            a. NO CUSTOMERS!
         4. Question was asked that if we advertised, would our customers be receptive. No clear answer
         5. How would we advertise?
            a. Who would use it
b. Letter instead of an insert
c. Social Media for younger customers

iv. The need to generate more customers was discussed
   1. New housing developments and new business would be benefits but economy is biggest issue
   2. Matt and Brad indicated some projects on table for discussion at the Big Sandy site but nothing definitive

3. Storm Costs
   a. Rates include a storm cost
   b. PSC asks for costs to be deferred – usually over a 5 year time-frame
   c. New idea is to use a storm rider
      i. Give refund/added cost
      ii. Question was asked if other states have funds set aside in a “storm” account
   d. It was suggested and discussed that we publicize the cost of storm damage to educate customers; show what we did; how quickly problem addressed and power restored
   e. Explain how we are in a network of workers so customers understand our use of outside crews and how we help others

4. Customer Focus
   a. What can Kentucky Power do?
      i. Simplicity in all aspects, including the bills
      ii. Customers like the yearly comparisons on bills
      iii. We need to use our customers to tell our stories
         1. Retirees are big cheerleaders
      iv. We need to build relationships with our customers
      v. Offer customers a choice in who they help
         1. Give them a box on their bill to indicate who/how much they want to help
      vi. We need to be the ones to install solar or any other renewable energy source
         1. Rebates for generators, hot water tanks, etc.
            a. We supply it, they pay for it
               i. SELL CONVENIENCE
      vii. We are open to ideas from customers
      viii. We need to communicate with customers
           1. Explain transmission upgrades, how things work, etc.
      ix. Customer newsletters were suggested
      x. We need to be good neighbors

5. Community Sponsorship
   a. Advise customers that there is no recovery of this money through rates
   b. There was negative feedback regarding the Paramount Arts Center ad; educate customers why this is/was a good sponsorship
   c. Interest in East Park was noted and recognized
   d. Non-profits always appreciate and NEED our sponsorships
   e. We need to be diverse in what we are involved in
   f. Invest in people and education, including college readiness
Kentucky Power President Matt Satterwhite interjected that he wanted to advise the panel that the PSC has an open investigation regarding energy but it is in preliminary stages; he just wanted to be transparent in case anyone heard it out in the community.

As a request from Judge Towler, next month’s meeting topic will be Tree Trimming; the panel all agreed on April 17 at 5:30 pm for the meeting. Allison advised that we will be hosting a seedling give-away on April 22, starting at 8am; information tables may also be set-up.

With no further business, Ranie adjourned the meeting at 7:30 pm.
Community Advisory Panel Questions

1. **Credit Card and Payment Center Fees:**

There is currently a charge for customers who pay their electric bill over the phone with a debit or credit card. Other businesses, such as restaurants and department stores, roll the costs of customers using these cards into the price of the product. This could be done by the utility, too, for the electric service Kentucky Power provides to customers. Eliminating the transaction fee provides a small incentive to customers to use these payments methods. For example, some customers also may accumulate additional points for using their credit cards.

   a. *Should Kentucky Power consider eliminating the electronic payment charge and the charge to use payment centers and spread the costs among all customers?*

   b. *Should Kentucky Power consider opening more sites for bill payment and customer information? Is that a good investment to be recovered in rates?*

   c. *Other options for in-person interaction for payment or information?*

2. **Assistance/Relief for Senior Citizens and Low Income Customers:**

We are looking for ways to assist our senior citizen customers.

We currently have the Home Energy Assistance Program (HEAP). For this program, Kentucky Power matches 15 cents for every 15 cents residential customers are charged on their bills each month for a fund that helps customers in need to pay their electric bill. We know that about 70 percent of our customers have a senior in the home. So, this really is one form of senior citizen assistance. Also, we know from talks with Community Action of Kentucky that with some tweaking of the existing program, it would get more bang for the buck in reaching the intended target audience. The change would focus on helping those customers who are just on the cusp of being able to pay their bills but who need some help to keep their account current before falling significantly behind. The current selection criteria at Community Action of Kentucky do not separate customers in need in this way.

   a. *What do you think of this and can you think of other ways to address this goal of helping low income customers?*

   b. *How would this be paid?*
3. Economic Development:

Kentucky has fallen behind in efforts to promote economic development. For some time, Kentucky Power has supported economic development in eastern Kentucky and sponsors a program where shareholders match customer funds and target the dollars collected to economic development efforts in the areas where it provides electrical service to residential, industrial and commercial customers. Increased economic activity helps both Kentucky Power and all of its customers because it allows us to spread out the costs of service over a larger group, which lowers individual costs. This also stimulates increased economic activity for all other business in the service territory. We would like to increase the investment 10 cents per month from 15 cents to 25 cents. These customer-supplied investments would again be matched by an additional company investment of 25 cents per bill to generate about $1 million a year to reinvest in the community.

   a. What do you think of this idea?
   b. Is a 10-cent-a-month increase reasonable?
   c. What makes sense or does not make sense about this idea?
   d. What are other ways for Kentucky Power to help stimulate economic development in its service territory and your community?

4. Confusing Bills:

We have heard from a number of customers that bills are confusing.

   a. Does it make sense to redesign the bill?
   b. What would you change or eliminate to make it easier to understand?

We heard from our CAP members that the word tariff is confusing and makes customers compare the company rates to a tax. The company’s tariff is the document on file with the Public Service Commission that has the terms and conditions under which customers receive electric service. This differs from the “olde English” meaning of the word tariff, which was another way of saying tax.

   c. What word would you use to better explain the terms and conditions of receiving electric service?

5. Customer Charge:

There is a fixed customer charge on bills to collect some fixed costs of providing service that do not change. The last time the Public Service Commission set Kentucky Power’s
rates, the fixed cost of service was calculated to be about $40 per month. The Public Service Commission decided that the company could only collect $11 per month of the $40 in fixed charges, in a set customer charge, citing the need for a gradual increase from $8.

The difference between the $40 and $11 is still recovered in rates, but instead of being spilt up across the customers, it is embedded in the energy charge that fluctuates with how much power you use. A higher customer charge means a lower energy charge.

A change to the fixed customer charge may help low income customers because their consumption is typically a little higher than the average level. That means that customers consuming relatively higher amounts of energy will pay slightly less in total with a higher customer charge.

   a. What would you consider a gradual increase in the customer charge to balance the energy and fixed charge?

   b. What is the next increment that appears reasonable as part of this balance?

6. Net Metering Fair Share:

Many advocates of residential solar and wind renewable energy use net metering options to offset and sell excess energy back to the utility. Under the current residential cost of service pricing scheme, a customer pays a customer charge and an energy charge. However, under this current system when net metering customers consume less energy, they are not covering their “fair share” of the costs of being connected to the electric system grid. That is because the energy charge also includes fixed costs as well as variable energy costs. There are industry proposals to set a demand charge for these customers. A demand charge recovers costs of being connected to the electric system, but not consuming any power.

   a. Should the fixed costs of serving Kentucky Power customers with solar or wind net metering be shared by all customers?

   b. Should a fixed charge to reflect fixed costs be mandatory for net metering customers?

7. Community-scale Renewable Power:

There is a public movement to diversify each utility’s generation portfolio and invest in more renewable sources of generation.

   a. What is the view of the community?
b. Should AEP and Kentucky Power invest in more renewable sources of generation?

c. Should Kentucky Power only invest if the resource is located in Kentucky even if that limits the type of renewable or increases the costs?

d. If yes, how soon should it start and with what renewable?

e. Would it be acceptable to invest in renewables if Kentucky Power leased or became part/sole owner in a renewable resource located out of state?

f. If not, then should it be doing anything to promote the opportunity to invest in future renewable sources?

8. Major Storm Costs:

These costs are currently eligible for special rate treatment by the Commission that allows the Kentucky Power to defer the cost of recovery to a later date. This can cause the amount to build up over time, particularly if there are major storms two or three years in a row. Once the amount is approved by the Public Service Commission, the amount is collected over a three-year period in base rates. The alternative is to create a rider that recovers the exact costs of major storm restoration every year. A rider will change the level of the rate collected depending on the level of major storm restoration.

   a. Do you prefer a program where the amount is deferred for later recovery or a rider that adjusts the rate each year for recovery?

9. PJM Federal Regional Transmission Operator Cost Recovery:

Kentucky Power is charged costs as part of its requirement to be in a regional transmission operator group. Kentucky Power belongs to PJM Interconnection, which is the regional transmission grid operator for more than 61 million people in 13 states, including Kentucky.

PJM charges Kentucky Power for the use of the transmission grid and other costs associated with the regional transmission system. Kentucky Power owns transmission lines and equipment that is part of the system, and collects revenue that indirectly reduces the cost of service to Kentucky Power customers. These service-related costs fluctuate from year to year.

AEP can forecast the expected increase or decrease and include the whole amount in base rates, or it can put a reasonable assumption in rates to keep base rates more consistent and implement a mechanism that allows any increase above that amount or decrease below that amount to apply to bills each year, so that customer rates include no more and no less than the actual costs.
a. What do you see as the advantages and disadvantages of each way?

10. SmartGrid Investment:

There are a lot of new hardware and meter options that support a smarter distribution grid. Examples include a smart meter that allows for advanced metering options and potentially alternative pricing for customers using energy. Examples would include smart programmable appliances and thermostats that can be programmed to use more energy during hours when all customers are using less electricity and less energy during high demand times. For many SmartGrid applications at the residential and small commercial customer level, a smart meter is an essential piece of equipment.

The SmartGrid technology costs a considerable amount up front to update the distribution system.

a. Is this the type of investment and potential rate changes that Kentucky Power should be focused on at this time? Bear in mind that Kentucky Power installed automatic read meters (AMR) about 10 years ago and these meters have not yet been paid for completely. This would be a legacy cost that would have to be paid for (like the Big Sandy plant) in addition to paying the cost of new SmartGrid investment.

11. Customer Focus:

a. What additional changes would you like to see Kentucky Power make to its operations, offerings and efforts to be a good neighbor and provide its customers with what they need and expect from the company?

b. How should any of those programs be paid for (if there is a cost) by other customers and who?

12. Aging Workforce:

AEP has an aging workforce, especially in the very dangerous jobs of lineman and line technician. It takes five years to train an entry-level lineman to reach journeyman status and allow him or her to operate freely on the electric system.

a. Do you see it as a smart investment to hire individuals in our communities to prepare for the future turnover in the workforce?

13. Community Sponsorships:

AEP and Kentucky Power contribute to a number of community groups and events without seeking recovery of those dollars from customers.
a. As residents in eastern Kentucky, do you believe it is important that AEP and Kentucky Power focus all their community investment efforts on customers’ bills and no longer support community initiatives?

b. Are the efforts appreciated?

c. What can Kentucky Power do better to raise the community’s awareness of these efforts and benefits to the community?

14. Communication:

We have bill inserts, media, CAP meetings, newspaper and TV ads, direct mailings, sponsorships, emails, a website, a customer service center, carrier pigeons, smoke signals, etc.

a. What is the best way to communicate with you in your community?

There is great variety in the customer preferences in communication methods and how often they wish to communicate with us.

b. What level of communication do you want with your power company?

c. What do you want to hear about or tell us about to increase our mutual understanding of the value Kentucky Power brings to your life?

d. What are your needs and expectations for the service you receive?
WHAT’S ON MY BILL?

An explanation of line items on Kentucky Power bills as authorized by the Kentucky Public Service Commission

- **Fuel Adjustment Clause (FAC) – Fuel Adj.**
  The FAC is a charge/credit for the actual cost of fuel (coal or natural gas) used to generate or purchase electricity. Kentucky Power does not make a profit on its fuel costs as it simply recovers dollar for dollar the costs of purchasing fuel to power its plants. The charge/credit varies monthly due to the changes in the price of fuel or transportation.

- **Demand side management (DSM) – DSM Adj.**
  The DSM rider is designed to recover specific expenses and lost revenue associated with conservation and energy efficiency programs. This tariff is customer class specific. For example, residential program expenses are only recovered from the residential rate class. Current DSM programs are for residential and commercial customers only.

- **Home Energy Assistance Program (HEAP) – Residential HEAP**
  HEAP is designed to collect $0.15 per month from every residential account to help other residential customers who need assistance in paying their bills. Kentucky Power matches all funds collected from customers.

- **Kentucky Economic Development Surcharge (KEDS)**
  KEDS is designed to collect $0.15 per month from every account to help fund economic development-oriented projects and programs only. The company matches all funds collected from customers to generate $600,000 a year to reinvest in the community.

- **Capacity Charge (CC)**
  This charge allows for supplemental capacity payments outside of base rates to be recovered for the Rockport generating facilities through 2022.

- **Big Sandy 1 Operation Rider (BS1OR)**
  The rider is designed to recover the non-fuel operational costs associated with Big Sandy Unit 1, including the capital associated with the unit gas conversion.

- **Big Sandy Retirement Rider (BSRR)**
  The result of a Settlement Agreement / KPSC Order dated October 7, 2013, in Case No. 2012-00578, the BSRR is designed to recover all remaining costs and expenses associated with the closure of Big Sandy Unit 2 and retirement of coal-related assets from Big Sandy Unit 1.
• **Environmental Surcharge (ES) – Environmental Adj.**
  The ES rider is designed to recover specific expenses associated with projects to comply with environmental regulations mandated by the Environmental Protection Agency (EPA) and for certain environmental costs above those recovered in base rates.

• **Purchased Power Adjustment (PPA)**
  The PPA is a charge/credit to recover the actual cost of purchased power that is not otherwise recoverable in the FAC. Kentucky Power does not make a profit on its purchased power as it simply recovers dollar for dollar the costs of purchasing power to supply to its customers. The charge/credit varies monthly based on the volume of purchased power. The only costs now recovered through the PPA are costs associated with purchased power during forced outages at company generating facilities.

• **Green Pricing Option Rider**
  This rider is designed for customers wishing to purchase Renewable Energy Credits (green power) in lieu of fossil-generated energy. The customer may purchase a minimum of 1 block (100 kWh) up to a maximum of 500 blocks per month.

• **Alternate Feed Service Rider**
  This rider is associated with a premium service offering designed for specific customers wanting a redundant distribution service for enhanced reliability. It is provided through a redundant distribution line and distribution station transformer.

Customers with questions can call our Customer Operations Center toll-free at 1-800-572-1113. In addition, a copy of these line items is posted on the company website: kentuckypower.com/account/bills/rates/.

A copy of the rates also is available at: Kentucky Public Service Commission, 211 Sower Blvd., Frankfort, KY 40601.
Kentucky Power
Community Advisory Panel

Understanding our bills: rates and riders

October 2016
What is a rate case?
• We are the bridge between the Company and Regulators.
  – Contact point with regulators.
  – Make required filings about the Company to the Commission.
  – Handle different types of cases that go in front of the Commission that affect the Company and its customers.
  – Customer Complaints.
• File updates to the Company’s surcharges/riders.
• Responsible for filing Company rate cases.
WHY DO WE FILE RATE CASES?

• Rate cases are filed when current revenue is not enough to cover the cost of providing electricity to the customer. Examples of increased costs include:
  – equipment, employees, complying with environmental regulations, fuel, or unplanned storm costs.
The Company’s proposed changes to its rates are filed with the Commission. Intervenors file motions with the Commission if they wish to be part of the Company’s Rate Case. After the Company has filed its responses for information, and the Intervenors have filed testimony, both sides meet to discuss differences within the case and find solutions. If the Company and the Intervenors have found solutions to their differences, a formal agreement will be made. Any agreement reached with the Company and Intervenors will be filed with the Commission for review. A Formal Public Hearing is held with the commission to discuss the case. The Commission issues a Final Order in the case and approves all or parts of any settlement agreement reached.
• **Rate Billing**
  - The cost of electricity per kWh (customer charge factored in here).

• **Fuel Adjustment Clause (FAC)**
  - Allows for recovery of the cost of fuel used to generate electricity. (MONTHLY)

• **Demand Side Management (DSM)**
  - Allows for recovery of energy efficiency program costs. (ANNUALLY)

• **Residential HEAP**
  - Intended to assist qualifying customers in paying their electric bills during the summer and winter months. Kentucky Power shareholders match the customer’s funding dollar for dollar. Customers can apply for assistance by contacting the community action agency in their area.

• **Kentucky Economic Development Surcharge (KEDS)**
  - Assists and funds economic development projects in the Company’s service territory. Kentucky Power shareholders match the customer’s funding dollar for dollar.

• **Capacity Charge**
  - Allows for Kentucky Power to recover the supplemental annual payments tied into the Rockport Unit Power Agreement, where Kentucky Power purchases 15 percent of the output at the two generating units in Rockport, Indiana. This agreement runs through 2022. (ANNUALLY)

• **Big Sandy 1 Operation Rider (BS1OR)**
  - Designed to recover the non-fuel operational costs associated with Big Sandy Unit 1, and the capital associated with the unit gas conversion. (ANNUALLY)

• **Environmental Surcharge**
  - Allows for recovery of Commission-approved costs of complying with federal and state environmental mandates relating to coal combustion wastes and byproducts. No part of the expenses recovered through the Environmental Surcharge are included in rate billing. (MONTHLY)

• **Big Sandy Retirement Rider (BSRR)**
  - Designed to recover all remaining costs and expenses associated with the retirement of Big Sandy Unit 2 and the retirement of the coal related assets from Big Sandy Unit 1. (ANNUALLY)

• **Purchased Power Adjustment (PPA)**
  - Designed to recover purchased power costs not otherwise recoverable through the Fuel Adjustment Clause. (MONTHLY)
Determining Rates

- Surcharges/Riders:
  - Actual/Estimated Expenses
  - Over/Under Recovery
  - Rates change monthly
    - FAC, Environmental, PPA
  - or annually
    - BSRR, BS1OR, DSM