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David L. Armstrong  
Chairman

James W. Gardner  
Vice Chairman

Charles R. Borders  
Commissioner

May 5, 2010

TO: DIVISION OF FILINGS

RE: Case No. 2009-00459  
Application of Kentucky Power Company for an Adjustment of Electric Base Rates

Please file in the administrative record of the above-referenced cases the enclosed public meeting notes, which were recorded by Commission Staff at the public meeting in Ashland, Kentucky on April 13, 2010.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen  
Executive Director

Enclosures

cc: Parties of Record

Kentucky Power Company  
2009-00459

Notes of the April 13, 2010 Public Meeting in  
Ashland, Kentucky

Vice Chairman Gardner called the meeting to order at approximately 5:00 p.m. Eastern Daylight Time. He introduced Commissioner Charlie Borders, who welcomed the attendees, and explained that several members of the General Assembly from the local area could not be in attendance but had filed comments into the record of this matter.

Vice Chairman Gardner introduced the PSC employees and Attorney General representatives. Vice Chairman Gardner explained the purpose of the public meeting, which was to hear public comments on Kentucky Power's request for a rate increase. He explained that the Commissioners were present to hear comments but not to answer questions and that the meeting was being video recorded. He also explained that written comments could be made on the forms provided by Commission Staff and that comments could be submitted either at the hearing or by mail or fax to the Public Service Commission.

Vice Chairman Gardner then opened the floor to those who had indicated a desire to speak on the attached attendance sheet.

Judge/Executive Charlie Wallace, Carter County

Judge Wallace stated that he is protesting the rate increase. He believes there are many citizens in Carter Co. on a fixed income that cannot afford it. He believes that the requested increase of 35% is not justified. He urged the Commission to take a close look at the case

Judge/Execute Bud Stevens, Boyd County

Judge Stevens stated that the rate increase will affect jobs adversely in Boyd County. He stated that there are a lot of fixed income citizens in the county, and it will be impossible for them to pay their utility bills. He stated that if the economy was better, a rate increase might be justified, but not now.

Walter Callihan, Argillite

Mr. Callihan stated that he doesn't know if the utility company needs this rate increase. He stated that he would like to know how many of the executives of AEP got a "rate increase" themselves over the past few years. Mr. Callihan stated that Kentucky Power should be profitable but just enough—"no fat."

Annette Catlin, Raceland

Ms. Catlin stated that Raceland is a small community and that there was a recent layoff at CSX Railroad Company of 126 employees. She stated that half of the citizens are on fixed incomes. She stated that she does not think persons on fixed incomes can afford the proposed rate increase.

Oren Catlin, Raceland

Mr. Catlin stated that he never got a raise of the amount Kentucky Power Company is asking for when he was employed, and he doesn't think they deserve one.

Vernon Messer, Carter City

Mr. Messer stated that he is a candidate for state representative in Carter and Lewis Counties. He is concerned for the citizens who are on budgets and those who are on fixed incomes. He stated that there will be no increase in the social security cost of living payments this year, and he noted that increases in electricity prices trickle down to consumers as well.

Sharon Salmon, Russell

Ms. Salmon stated that the 35% rate increase is far too much. She stated that she understands that there was a great deal of expenses associated with the power outages caused by the large snow in December 2009, but she believes the downed power lines had not been properly cleared of branches for many years. Quoting a study, she noted that the increase in average electricity prices had greatly outpaced inflation in 2008.

Yvonne Cubbison, Ashland

Ms. Cubbison stated that she is a first-time homeowner. Because of an accident in 1995, she was forced to retire and lives on a fixed income. She stated her belief that it is out of line when an act of God fells trees but the utility company expects its customers to pick up the costs. She does not believe the rate increase is justified and that it will cause people to go into bankruptcy. She would like to know how much of the rate increase is going toward executive bonuses.

Danny Click, Ashland

Mr. Click stated that he works at a local steel manufacturer and wants the Commission to consider how this rate increase will affect the jobs at his factory. Electricity is one of the main expenses at the factory, and he believes the rate increase will cause a great deal of job loss. He does not agree with AEP using out of state recovery workers.

Kenneth Earroll, Raceland

Mr. Earroll states that he has been a Kentucky Power customer since 1966. He believes the school systems and hospitals will suffer due to the rate increase. A small rate increase might be justified, but not 35%. Many businesses that use electricity will also be forced to raise their prices.

Jan McMillen, Catlettsburg

Ms. McMillen stated that she didn't get a pay raise this year. She believes Kentucky Power is behaving just like the oil company executives.

Pam Jordan, Reno

Ms. Jordan stated that she and her husband own Jordan Ice Company. She stated that electricity is a major expense of the ice company and that if Kentucky Power gets the percentage increase it is requesting, it will hurt her company. She stated that her

company employs 10-15 in the summer. The 2009 summer was one of the coolest and wettest on record, which greatly decreased the company's income due to lower demand for ice.

Moses Park, Ashland

Mr. Park stated that he came to see if the Commission can stop AEP from robbing the people of eastern Kentucky. He stated that he was formerly employed as an executive with CSX, and he had to manage the railroad's assets, including the price of coal. He encouraged AEP to negotiate long-term contracts with coal companies and rail companies and suggested that the utility establish a "flat rate per kilowatt." He believes that the public simply can't afford a 35% rate increase because there are many families on a fixed income in the area. He also stated that AEP needs to maintain their rights of way and their assets better.

Geri Linder, Catlettsburg

Ms. Linder stated that she came to appeal for a lower increase. There are many lower income and fixed income families who have to go to agencies to get help, and it is likely that there will be more if this rate increase is given.

Geraldine Burchette, Grayson

Ms. Burchette stated that she is on a fixed income and hasn't gotten a cost of living increase this year. She stated that she has submitted a number of questions to Kentucky Power regarding their rate increase application but has not received any response. She stated that the unemployment rate in Carter County is the worst in the state. Therefore, she does not understand how the public can afford such an increase.

David Hayes, Grayson

Mr. Hayes stated that the condition of the roads in the region has been very bad for the last few years and the Judge/Executives have done a great job keeping taxes down. He asked whether the 35% rate increase was really necessary, or if Kentucky Power is hoping to get just half of that amount. He stated that Kentucky Power needs to tighten its belt and do without.

Debbie Leake, Ashland

Ms. Leake stated that she hasn't gotten a raise on her pension since she retired, and Social Security hasn't had increased its payments in two years. She disagrees with the rate increase "whole heartedly."

Dick Leake, Ashland

Mr. Leake chose not to speak.

Herbert Canterbury, Ashland

Mr. Canterbury chose not to speak.

Roger Justice, Rush

Mr. Justice stated that his electric bill has increased from \$98 per month to over \$200 per month over the past seven years. He believes that the nation's electrical system is in such bad repair that it would take \$1.2 trillion to fix it all.

Norm Eggleston, Russell

Mr. Eggleston stated that when he heard about the 35% rate increase, he thought "where have these people been?" Mr. Eggleston suggested that the Commission should look at the management of Kentucky Power. He believes that the rate increase should be examined and questioned closely by the Commission.

Cheryl Spriggs, Ashland

Ms. Spriggs stated that even a 20% electric rate increase would cost the city of Ashland \$600,000 more per year for its electric bill. She believes that the explanation given by Kentucky Power for the proposed rate increase doesn't make sense, because the cost of safety equipment, tools, etc. is just the cost of doing business. She stated that AEP's net profits last year were \$236 million, and to have a rate increase of this magnitude at this time in history is simply immoral and unconscionable.

Jim White, Grayson

Mr. White stated that a lot of what he intended to say had already been said by previous speakers. He believes a 35% rate increase is outrageous. He stated that if a gas station raised its prices that much it would get charged with price gouging by the Attorney General.

Jim Shield, Ashland

Mr. Shield stated that he represents Kentucky Electric Steel, which spends approximately \$400,000 per year on electricity. He noted that surcharges for coal and environmental costs are already in Kentucky Power's electric bills, and asked whether it is justified to increase the rates for things that are a cost of doing business. Mr. Shield stated that in Ontario, Canada, they decided to make electricity without using electricity from coal combustion, and their cost of electricity is \$0.10 per kWh. He believes that if Kentucky Power is allowed to raise its rates 35%, and if the federal government enacts a CO2 tax on coal, then the cost of electric power in Kentucky will exceed the cost of electric power in Canada.

Willie Miller, Ashland

Mr. Miller did not speak.

Carl Wilson, Ashland

Mr. Wilson stated that he has been a millwright for over 40 years and stated that he wrote the procedure for how to take apart the turbine for Kentucky Power's Big Sandy generation facility. He believes that someone should investigate how much it costs for Kentucky Power to produce one kilowatt of power.

Karen Sperry, Catlettsburg

Ms. Sperry stated that she is a Kentucky state employee and that she has received only a 1% increase in pay this year and last. She stated that her husband works for a cooperative electric utility company and hasn't gotten a pay increase in four years. She stated that four years ago, her budget electric bill was \$114 per month, and now it is \$172 per month, even though she has not increased her usage. She does not believe that she can afford to pay a 35% rate increase.

Vicky Ruby, Racine

Ms. Ruby stated that her husband lost his job in October 2009, and they have had to cut back. She believes that the 35% rate increase will make it very difficult for young people to live in the area, because the job market is bad. She would like to see something more reasonable than a 35% increase.

There being no further speakers, Vice Chairman Gardner thanked everyone for attending and adjourned the public meeting.