

Commonwealth of Kentucky

HOUSE OF REPRESENTATIVES

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STATE CAPITOL ANNEX

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RICHARD HENDERSON

74th District Representative
Montgomery, Powell, & Wolfe Counties

RECEIVED

February 2, 2010

FEB 04 2010

**PUBLIC SERVICE
COMMISSION**

Kentucky Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602-0615

Dear Whom It May Concern:

I would like to respectfully request that you decline the Kentucky Power's request for approval for a rate increase of nearly 35 percent. It has been brought to my attention that many of my constituents are affected by Kentucky Power, a unit of American Electric Power, and I know firsthand the distressing hardship that this will put on my district. This is extremely upsetting to all residential customers and me, as well. Approximately 175,000 customers around Eastern Kentucky cannot afford such an increase.

It is my understanding that in *Platts Coal Trader* Friday, January 29, 2010, edition, Mr. Michael Morris, AEP President, chairman, and CEO, told Wall Street analysts during a Thursday fourth-quarter earnings conference that he thinks there will be a 10 percent or so reduction in the cost of coal in 2010 and that AEP is forecasting a moderate decline in coal prices this year. With AEP's earnings soaring and a rise in revenue, how can you justify such a steep hike in rate increases?

Any assistance you or any of your staff can offer to deny or consider a denial of a 35 percent increase for residential customers would be appreciated. Please consider sending a representative from the Public Service Commission to meet with my colleagues and me. Please do not hesitate to contact me if you have any questions or need additional information.

Sincerely,

A handwritten signature in cursive script that reads "Richard P. Henderson".

Richard Henderson
State Representative, District 74

RH:ckk
enclosure

Coal Trader

Friday, January 29, 2010

Platts Daily OTC Assessments, Jan 28

Region Btu/Sulf	Mar 2010	Ch.	Apr 2010	Ch.	Q2 10	Ch.	Q3 10	Ch.	Q4 10	Ch.	CY-11	Ch.
NYMEX 12,000/<1%	52.10	0.40	53.00	0.00	55.10	0.85	57.40	0.80	59.60	0.30	65.30	0.00
CSX 12,500/1%	54.55	0.00	54.00	0.00	55.50	0.50	58.10	0.00	61.10	0.00	66.90	0.00
PRB 8,800/0.35%	10.50	0.00	10.65	0.00	10.70	(0.15)	11.30	(0.05)	11.85	(0.10)	13.10	0.00
PRB 8,400/0.35%	9.05	0.00	9.15	0.00	9.45	0.00	10.20	0.25	10.35	0.15	12.30	0.00

NYMEX spec is FOB barge, others are FOB rail. Ch.=change from last daily Platts Coal Trader assessment.

Consol overseas met sales markedly up in '10 as Q4 2009 results slip

Crediting the company's ability to weather two different volatility cycles through its production of both coal and natural gas, Consol Energy executives discussed Thursday a year that ended with net income up almost \$100 million over 2008.

Yet, fourth-quarter 2009 net income slipped 19% to \$143.2 million from the \$176.3 million in the same period of 2008 on lower revenue from metallurgi-

cal coal and natural gas sales. Revenue in Q4 2009 was \$1.238 billion, down from \$1.242 billion last year.

But Consol executives, in a Thursday morning conference call, expressed abundant optimism about how 2010 would end up, and said performance going into 2011 would be strong, especially due to burgeoning overseas met coal sales. Aside from the Pittsburgh area company's growing gas-

production business, Consol is pushing more of its high-vol, Pittsburgh-seam coal into overseas markets, most recently China, while low-vol product from the Buchanan mine in Virginia is going into Europe.

In fact, Buchanan – which has often fallen short of full capacity due to a variety of problems – is expected to produce at its maximum level this year.

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AEP foresees 10% reduction in 2010 coal prices

American Electric Power is forecasting a moderate decline in coal prices this year.

"We think there will be a 10 percent or so reduction in the cost of coal in 2010," Michael Morris, AEP president, chairman and CEO, told Wall Street analysts during a Thursday fourth-quarter earnings conference.

For the three months ended December 31, 2009, the Columbus, Ohio, company saw earnings soar by 57%, to \$238 million, or 50 cents/share, from \$152 million, or 38 cents/share, in the year-ago quarter. Revenue rose to \$3.3 billion from \$3.2 billion, a 3% gain.

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OTC Broker Index

Coal Product Specifications	Jan Final Monthly Average	Feb Final Monthly Average	Mar Daily Assessment	Daily Change	Q2 2010 Assessment	Daily Change	Q1 Average
NYMEX look-alike - 12,000 Btu/lb. -1%	46.90	53.37	52.37	0.80	55.12	0.89	50.34
CSX BS/K - 12,500 Btu/lb. -1%	51.15	53.81	54.57	0.04	55.92	0.62	53.73
PRB - 8,800 Btu/lb.	8.65	9.64	10.32	(0.10)	10.72	(0.10)	8.52
PRB - 8,400 Btu/lb.	7.92	8.60	8.83	(0.09)	9.22	(0.08)	7.87
CAPP 1% vs. Compliance spread	2.56	2.99	3.00	0.00	2.80	0.00	2.16

This index is done in cooperation with Evolution Markets, ICAP United, and TFS Energy. Today's index had 3 contributors. For comments or questions, e-mail: coal@platts.com.

*To view Broker Index Methodology, visit: www.platts.com and click the "Coal" tab.