

2011-00401

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PUBLIC SERVICE
COMMISSION

(2/5/2012)

Honorable David L. Armstrong
Chairman – Kentucky Public Service Commission
P O Box 615
211 Sower Boulevard
Frankfort, KY 40601

Dear Sir,

I am writing you today concerning an issue that is of the utmost importance to working families in the Commonwealth of Kentucky. Your office is in the process of reviewing a proposed rate increase for AEP Kentucky Power Company at their Big Sandy Power Plant located in Louisa, KY, case number 2011-00401.

The main purpose for the rate increase is to help pay for environmental controls to be installed that will allow this power plant to continue utilizing coal as its primary source of energy. If the request is denied, the plant will be forced to convert to gas (not coal gas) as their primary source of energy for power generation or shutdown the facility completely. This change would have a devastating effect on the job market in this region of the Commonwealth.

Coal is our Commonwealth's most abundant natural resource and leading job producer. Our State, County, City and Township Governments all depend upon the revenues created by the Coal Industry to operate. The jobs it produces provide income to the people of this Commonwealth and afford them the opportunity to raise their families and supply them with the basic necessities to survive in today's economy. The use of coal as a source of energy creates jobs in the utility industry at coal fired power plants. The automotive industry depends upon the Steel Industry that uses coal to provide them with refined metals to build the frame work for all automobiles. Coal is today and has been for decades, the foundation for the lives of the people of our Commonwealth.

The installation of these environmental controls at the Big Sandy Power Plant will inject one billion dollars (\$1,000,000,000) into the economy. It will create an estimated one thousand (1,000) construction jobs during the construction phase alone. The maintenance of this newly installed equipment will create work opportunities for plant employees and construction workers for years to come. These jobs alone should be enough to allow for the rate increase. Then, look at all the jobs that will be created in the Manufacturing and Petro Chemical Industries to supply all of the equipment and materials needed for these environmental control systems, such as electric motors and pumps, air and chemical filtration systems, conveyers, mixers, agitators, electronic and pneumatic instruments, just to name a few. All of this, while paving the way for coal to remain the primary source of energy at this plant, protecting the jobs in the Coal Industry for years and years.

If your commission decides against this proposed rate increase, the outcome will be devastating for Kentucky workers. AEP Kentucky Power will be forced to convert the plant to petroleum or LP gas as its primary energy source or shut it down completely to remain in compliance with the EPA standards. Converting this plant to gas will create a few jobs during the construction conversion phase, but in the long run will reduce job opportunities for all Kentuckians. AEP Kentucky Power will be forced to reduce maintenance and operations employees, due to shutting down all of the current environmental equipment and material handling facilities no longer needed for burning coal. Construction workers that normally work at this plant to maintain and repair these facilities and equipment during maintenance shutdowns will have to seek employment opportunities elsewhere. The Manufacturing and Petro Chemical Industries will no longer need to provide parts, materials and equipment for these facilities. And last but not least, the Coal Industry will see a dramatic loss in employment opportunities.

The cost of gas as an energy source is very unstable, as I am sure you are aware. The market can be controlled by foreign countries and organizations without any regard to the hardship it places on the American ratepayers and/or consumers. Who knows, in the long run converting this plant to gas may increase the ratepayers cost substantially more than the proposed rate increase to remain a coal burning facility. The one thing I can guarantee for sure is this, converting any coal burning facility in the Commonwealth of Kentucky to gas, other than coal gas will result in significant job losses in Kentucky.

If we are going to utilize gas as a source of energy, we should be focusing on coal gasification. The technology is readily available and construction of coal gasification facilities can begin immediately. Once again, this would create jobs in Kentucky, not some foreign country. The cost stability of coal is relatively no comparison to the unstable cost of gas.

Therefore, I would respectfully request that you approve the requested rate increase for AEP Kentucky Power at the Big Sandy Power Plant, case number 2011- 00401. Furthermore, I would like to request that you support all future coal gasification projects across the Commonwealth that will be seeking to receive construction permits or have construction permits and need financial funding. The preservation of the Coal Industry is the same as the preservation of Kentucky jobs and should be of the utmost importance to everyone in the Commonwealth.

With kindest regards, I am

Sincerely yours,

Scotty Hanberry
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