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PUBLIC SERVICE
COMMISSION

BIG SANDY AGENCY ADVISORY COUNCIL
110 RESOURCE COURT
PRESTONSBURG, KENTUCKY 41653
May 1, 2015

Public Service Commission
P.O. Box 615, 211 Sower Boulevard
Frankfort, Kentucky 40602-0615

Re: Case Number 2014-00396

Dear Commissioners:

I am writing on behalf of the Big Sandy Aging Advisory Council to oppose the proposed Kentucky Power rate increase currently pending before the Commission. The Council exists to ensure that we have comprehensive and well-coordinated services for senior citizens in the Big Sandy Area. Our objective is to ensure that Seniors are able to live independently and with dignity, and to maintain the highest quality of life possible. Our Council is composed of twenty-six representatives from our five county area. Over half of our representatives are Seniors themselves, and include persons with great economic needs, minorities, and program participants.

There are almost 31,000 Seniors in our five counties and, of those, 4,900 are below the poverty line. Even many of those above the poverty line are on fixed income and find meeting their daily expenses to be more and more difficult. A major reason for this predicament has been the constant increase in the cost of utility service, and charges for electricity are first in line. We were shocked to learn that the proposed rate increase is based in part on an assumption that the average monthly bill for a Kentucky Power customer is \$138. Surely, it is considerably higher. Over and over again we hear about monthly winter bills in the range of \$500 - \$1,000. Only recently, one of our local churches had to close its homeless shelter because its monthly utility bill had exceeded \$1,000 per month.

A major part of the rate increase is to finance the Mitchell power plant acquisition which is to replace one of the two coal-fired units at the Louisa power station. Since American Electric Power holds itself out as one of the largest electric utilities in the United States, and includes both Kentucky Power and AEP Ohio, the owner of the Mitchell plant, as well as a host of other local utility systems, one

has to ask why the cost of the Mitchell plant acquisition by Kentucky Power cannot be absorbed system-wide by the various utilities, all part of AEP, rather than those individual ratepayers in our depressed area who are least able to afford it. While this may seem farfetched and beyond the ability of the Commission to enforce, surely there are other imaginative ways to carry out this heavy duty financing besides automatically putting it on the backs of the ratepayers. Indeed, Kentucky Power previously received approval and put into effect on January 1, 2014, a rate increase to cover more than half of the Mitchell transfer. Is that not enough?

It appears that the return on equity for Kentucky Power shareholders would be 10.62%. In this time of low interest rates, would not a lower percentage of 6-7% be justified, if at all?

We appreciate some of the grant making and charitable efforts of AEP, and some of the smaller investments in energy saving efforts like DSM. We encourage their growth and alternative energy incentives for homeowners which should bring rates down.

We urge the Commission to look carefully and with some justifiable skepticism at the stated reasons for the proposed increases. We ask you to bear in mind the hardships which our Seniors and other citizens of the region are facing every day in simply trying to afford the basic necessities of life. Please reject Kentucky Power's request for a rate increase. It is neither fair, just, nor reasonable.

Sincerely yours,


John M. Rosenberg
Vice-Chair

Cc: Sandy Runyon, Ex. Dir.
Big Sandy ADD