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PUBLIC SERVICE
COMMISSION**PUBLIC COMMENT FORM****PAUL H. GOODMAN (RETIRED PIKE COUNTY EDUCATOR)****P.O BOX 263, VIRGIE, KY 41572****CASE: 2017 – 00179 (KENTUCKY POWER RATE CASE)**

COMMENTS: Greed. Arrogance. Two words I would use to describe the present request by Kentucky Power for a rate increase and the efforts to hide the financial data from the public.

GREED. I attended the public meeting in Prestonsburg on November 2, 2017. Approximately twenty-six (26) people spoke in opposition to the rate increase. Among the 26 were our local elected leaders, including: Senator Ray Jones; Representatives Angie Hatton, Chris Harris, Larry Brown; and Floyd County Judge Executive Ben Hale. They, along with concerned citizens, stated that the people of an economically depressed area cannot afford “another” rate increase.

Some of the poorest counties in the U.S. are in Eastern Kentucky and are affected by the rate increase. The area has high unemployment and many “fixed income” households. State government employees/teacher retirees receive a 1.5% COLA increase that Governor Bevin wants to eliminate for the next 5 years. Social Security recipients received a 2% COLA increase. The requested rate increase is unreasonable when considered with other approved increases. In recent years, the requested \$34.7 million is indefensible.

Since 2005, Kentucky Power has asked for and received 3 rate increases. Before 2005, it had not requested an increase in more than 20 years. The requests were:

2005 - \$64.8 million

2009 - \$123.6 million

2015 - \$70 million

Although the current rate request, originally 16%, has been reduced to 9% in a settlement offer Kentucky Power Company has done little to control costs and expenses incurred in conducting business. What is Kentucky Power doing to reduce costs and control spending? The only answer I have seen is the refinancing of some long-term debts that should have been done before requesting the new rate. Kentucky Power wants its remaining customers to make up the revenue lost from lost customers.

As a retired educator, I can tell you when we lost students in our schools, we lost staff. We had to reduce our budgets and expenses. When most businesses lose customers, they lose staff and have to cut expenses. Kentucky Power's answer to lost customers is to raise the rates of remaining customers. As long as this is allowed to go on, it has no incentive to control costs. It is time for Kentucky Power to consider staff reductions, salary adjustments and focus on what the public expects of it.

Representative Chris Harris may have said it best: We want safe, dependable and affordable electric service. The public does not need or want to pay for all the other things Kentucky Power is trying to do. Economic development is not the job of Kentucky Power. This is especially true if the costs are passed on to its customers. Every city, county, local chamber of commerce and numerous State and Federal agencies are working on economic development. Activities outside the production of safe, dependable electricity leave Kentucky Power open to criticism.

Some complaints at the Prestonsburg meeting included participation in activities like: the Paris Air Show; golf tournaments; use of corporate jets; and the awarding of grants that have nothing to do with producing electricity. Since the request of higher rates, I have noticed a flurry of check presentations (and photos showing them) that some may consider an effort to lessen the resistance to the rate request. Kentucky Attorney General Andy Beshear recently stated, "Eastern Kentucky families cannot afford another rate increase and my office will oppose any increase."

ARROGANCE: Kentucky Power has now filed a motion asking that the PSC grant confidential treatment to specific documents. It seems Kentucky Power feels there is a conspiracy that competitors are out to get their data. In fact, it is the public (their customers) who want the data. Kentucky Power has a virtual monopoly in Eastern Kentucky. Transparency creates trust while hiding data creates suspicion and distrust. Customers should have access to all data that affects the rates we are charged. Specific documents cited are:

- (1) Maintenance Budgeting Information – According to the company, public disclosure would give a competitive advantage to its direct competitors and hinder the company's ability to minimize costs for rate-paying customers. There are no direct competitors in Eastern Kentucky and there is no evidence showing an effort to minimize costs for the customers. If these efforts exist, sharing would be a good thing/
- (2) Kentucky Power's 2018 Salary Increases - The request also states that KPC's 2018 salary increases should not be made public. It is not competitor recruitment of personnel that it fears, I suspect, but rather anger of the public when executive compensation is

disclosed. According to the Morning Star website* (see enclosed chart), data from 2016 shows Nicholas Akins, AEP CEO, received \$11,472,740.00. Compensation for four (4) other executives are on the chart. Data for 2017 could not be found. Information on Kentucky Power's president, Matt Satterwhite, could not be found. The hiding of information has already begun. Suspicion and distrust is the result.

*Kentucky Power does not post salaries on its website. After seeing them, we know why.

12/7/2017

AEP American Electric Power Co Inc Executive Compensation

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Overview Executive Compensation Insider Activity Key Executives Board of Directors Committees

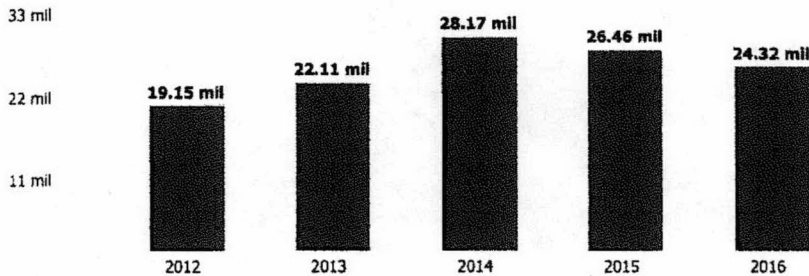
2016 Executive Compensation

Total Compensation **\$24,324,868**
1-Year % Change **-8.07%**

Compensation vs. Performance (1-Year % Change)

CEO Compensation	Stock Return	Revenue	Return on Equity	Net Income
0.18%	11.94%	-0.44%	-70.65%	-70.16%

Total Executive Compensation AEP



Stock Price



Note: Currency in USD.

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Key Executive Compensation AEP

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Name/Title	2012	2013	2014	2015	2016
Key Executive Compensation	16,737,548	19,934,504	24,026,727	23,842,810	24,324,868
Nicholas K. Akins/Chairman of the Board and Chief Executive Officer	7,286,490	10,612,588	11,373,520	11,452,566	11,472,740
Brian X. Tierney/Executive Vice President and Chief Financial Officer	3,627,587	3,521,319	3,979,032	3,800,587	3,842,439
Robert P. Powers/Vice Chairman	3,996,528	3,521,814	4,417,885	3,762,488	4,028,702
David M. Feinberg/Executive Vice President and General Counsel	1,826,943	2,278,783	2,338,838	2,517,052	2,632,891
Lisa M. Barton/Executive Vice President, Transmission	-	-	1,917,452	2,310,117	2,348,096

A publicly-traded company is only required to disclose information concerning the amount and type of compensation paid to its CEO, CFO, and the three other most highly compensated executive officers in a given year. Information about compensation for these individuals may be unavailable in prior years if they were not in their current roles or did not qualify as among the most highly compensated officers at the time.

We value your **feedback**. Let us know what you think.

- (3) Generation Performance – The company also seeks to protect generation unit performance data. The public should have access to this data. The data would be “sensitive” in nature, only if it reveals poor performance.

Finally, on the issues of a simplified bill, the public has a right to know what we are paying for. According to Kentucky Power, a simplified bill streamlines many confusing line items into base rates. We are not confused. In my October bill, I can see that 10 other line items were added to the residential rate billing. Another way to simplify the bill would be to quit charging those items. Until then, I want to see all charges identified.

At a time when many families are struggling to pay their bills and having to choose whether to buy groceries or medicine or pay their power bills, they should not have to endure another rate increase by Kentucky Power.

The Public Service Commission can accept, reject or modify the settlement offered by Kentucky Power. I respectfully request you reject the offer and grant no increase in rates. Also, I ask you to reject the request to keep confidential those documents that truly reveal how the company spends the money it receives from its customers.