



COMMONWEALTH OF KENTUCKY  
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September 5, 2018

Ms. Gwen R. Pinson  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40601

**In Re: Freddie J. Coleman, Complainant v. Kentucky Power Company, Defendant; Case No. 2018-00297**

Dear Ms. Pinson:

Kentucky families in the Kentucky Power service territory pay a significantly larger percentage of their gross income for their power bills compared to other Kentuckians. These families have seen steadily ever-increasing bills over the last decade, while unemployment in the region has remained high and wage growth has stagnated. The result is that the utility faces declining sales and customer base as the people of the region can no longer afford to turn on the lights. These Kentucky families, represented by the more than 8,000 signatures filed with the Commission in this case, deserve a better future.

Recently, Kentucky Power has satisfied its generation needs by routinely charging Kentucky families for solutions that ultimately benefit AEP affiliates. The company is rapidly approaching the point where its upcoming decisions place the economic future of its service territory in question. Presently, Kentucky Power has 1) a "paper" asset, Big Sandy Unit 2, worth nothing, on which Kentucky Power customers will owe \$170M that they will continue to pay until 2040; 2) an increasingly uneconomic generating station, Mitchell, which was purchased to replace that paper asset; 3) the recently re-fueled Big Sandy unit 1, which is expected to be retired within a dozen years, and 4) a Unit Power Agreement with an affiliate that is expiring in a few years from an asset that itself is expected to soon be retired. Kentucky Power's generation and transmission needs are literally changing before our eyes, and Kentucky families have every right to question the decisions being made.

I support the request of the Kentucky families served by Kentucky Power for significant review of the operations and management of the utility, and should the Commission decide to initiate such an audit, I recommend that any audit independently study Kentucky Power's resource options in the near and reasonably foreseeable future. Further, I request that the Commission allow the Attorney General's office, on behalf of consumers, to recommend for consideration issues to be reviewed by such an audit.

Sincerely,

Andy Beshear  
Attorney General