

1 A JOINT RESOLUTION directing the Public Service Commission to re-examine
2 certain rate cases.

3 WHEREAS, in 2006 the Kentucky Public Service Commission (KPSC) approved a
4 forty-one million dollar (\$41,000,000) annual rate increase for Kentucky Power. In 2010,
5 the KPSC approved a rate increase exceeding sixty-three million dollars (\$63,000,000).
6 In 2015, Kentucky Power received approval from KPSC for a revenue increase including
7 more than sixty eight million dollars (\$68,000,000) in riders not counted in base rates;
8 and

9 WHEREAS, Kentucky Power's service territory includes some of the poorest
10 counties in the Commonwealth and the nation. High levels of poverty and unemployment
11 are the result of the decline of the coal industry in eastern Kentucky; and

12 WHEREAS, the loss of good coal jobs in eastern Kentucky has resulted in
13 population decline from migration and a declining birth rate. A great many of Kentucky
14 Power's customers live on fixed incomes and government benefits; and

15 WHEREAS, Kentucky Power, seeking the least cost alternative to achieve
16 compliance with anticipated EPA regulations, testified to the KPSC that the best option
17 was for Kentucky Power (a regulated subsidiary of American Electric Power (AEP)) to
18 buy a half interest in the Mitchell generation station owned by AEP Ohio, a deregulated
19 subsidiary. AEP reported to its shareholders that moving the service territory of the
20 Mitchell station from deregulated Ohio to regulated markets in Kentucky and West
21 Virginia would improve corporate profitability; and

22 WHEREAS, when the KPSC accepted a rate increase for Kentucky Power
23 customers in 2015, it also accepted a variety of new surcharges that appear as line items
24 on the ratepayer's monthly bill. These include the cost of retiring the Big Sandy units at a
25 cost of sixteen million dollars(\$16,000,000) a year for twenty-five (25) years. They also
26 include the cost of environmental compliance at the Mitchell plant which had already
27 been paid for in part by AEP's Ohio ratepayers.

1 NOW, THEREFORE,

2 *Be it resolved by the General Assembly of the Commonwealth of Kentucky:*

3 ➔Section 1. That the economic downturn and financial hardship of the past 10
4 years has been disproportionately concentrated in the Kentucky Power service area. For
5 that reason, rates and charges approved by the Kentucky Public Service Commission in
6 earlier proceedings should be reexamined to determine if they are still fair, just, and
7 reasonable and in the public interest.

8 ➔Section 2. The Public Service Commission is hereby directed to open a
9 proceeding within 90 days of the effective date of this resolution to determine whether the
10 current approved rates and charges are still fair, just, reasonable, and in the public
11 interest, or if they should be modified, repealed, or replaced.

12 ➔Section 3. The KPSC shall, within nine months of the opening of the
13 proceeding, make findings and report them in writing and in testimony to a committee or
14 committees of appropriate jurisdiction of the Legislative Research Commission.