

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

3 WHEREAS, Kentucky Power on June 28, 2017, filed a request for a \$69,600,000  
4 rate increase which will raise residential, commercial, and industrial rates between 8% and  
5 17%; and

6 WHEREAS, in 2006 the Kentucky Public Service Commission (KPSC) approved a  
7 \$41,000,000 annual rate increase for Kentucky Power. In 2010, the KPSC approved a rate  
8 increase exceeding \$63,000,000. In 2015, Kentucky Power received approval from KPSC  
9 for a revenue increase, including more than \$68,000,000 in riders not counted in base  
10 rates; and

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

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

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

24 WHEREAS, when the KPSC accepted a rate increase for Kentucky Power  
25 customers in 2015, it also accepted a variety of new surcharges that appear as line items  
26 on the ratepayer's monthly bill. These include the cost of retiring the Big Sandy units at a  
27 cost of \$16,000,000 a year for 25 years. They also include the cost of environmental

1 compliance at the Mitchell plant which had already been paid for in part by AEP's Ohio  
2 ratepayers;

3 NOW, THEREFORE,

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

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

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

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