Steven L. Beshear Governor

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Commonwealth of Kentucky

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David L. Armstrong Chairman

James W. Gardner Vice Chairman

April 25, 2012

## PARTIES OF RECORD

Re: Case No. 2011-00401

Attached is a copy of the Summary Notes, and attached Exhibit, of the proceedings from the Public Meeting held in Louisa, Kentucky on April 4, 2012.

Jeff Derbuen Executive Director

**Attachments** 

cc: Parties of record



## SUMMARY NOTES PUBLIC MEETING CASE NO. 2011-00401

## KENTUCKY POWER COMPANY LOUISA, KENTUCKY APRIL 4, 2012

A public meeting concerning Case No. 2011-00401 In the Matter of: Application of Kentucky Power Company For Approval Of its 2011 Environmental Compliance Plan, For Approval Of Its Amended Environmental Cost Recovery Surcharge Tariff, And For The Grant Of A Certificate Of Public Convenience And Necessity For The Construction And Acquisition Of Related Facilities, was conducted at approximately 1:45 p.m. on April 4, 2011 at the Lawrence County Community Center, 205 Bulldog Lane, Louisa, Kentucky.

A sign in sheet of attendees (excluding PSC staff) is attached as Exhibit # 1.

This document is intended to be the summary notes of the proceeding and is not intended to be a verbatim transcription.<sup>1</sup>

Chairman Armstrong called the meeting to order at approximately 1:45 p.m. He introduced himself, Vice Chairman James Gardner, and staff members<sup>2</sup> Talina Matthews, Kimra Cole, Faith Burns, John Rogness, Andrew Melnykovych, Jim Rhodes, and Van Kuhnapfel.

The Chairman indicated that the purpose of the meeting was to hear comments about Kentucky Power Company's approval for environmental compliance plan and associated environmental surcharge. Kentucky Power is seeking the Public Service authorization to spend about \$940 million for the construction of a system commonly known as a scrubber as well as associated facilities to control air emissions from the 800 megawatt generating unit at the Company's Big Sandy power plant near right here in Louisa.

Kentucky Power is required to comply with new federal environmental requirements affecting utilities that burn coal to generate electricity. Furthermore, Kentucky Power is under federal court order that requires installation of the scrubber by the end of 2015 if the company intends to continue burning coal at the Big Sandy plant. Kentucky Power says that plans to retire an older 278 megawatt coal burning unit at Big Sandy at the end of 2014. The PSC approves this application, if it approves this application,

This summary composed by PSC staff member Faith Burns. These notes are intended to be a summary of the proceedings and not an exact verbatim transcription. The spelling of some names and/or locations may not be accurate. While attention has been given to assure the accuracy of this summary of public testimony and the information submitted by the public to be included in the public record in this case proceeding, this staff member was not in possession of all information at all times submitted by the public to be filed in the public record, and as such, cannot verify either the completeness of the information filed herewith (including any and all attachments), or the identity of the person or entity submitting such information.

<sup>&</sup>lt;sup>2</sup> PSC Staff Attorney Steven Bailey was also in attendance.

Kentucky Power estimates that the total monthly electric bills for a typical residential customer would increase about \$31.00 or 30% beginning in 2016. For a residential customer using 1000 kW hours per month, kilowatt hour is the amount of electricity that's used by a 100 watt electric bulb in a 10 hour period – the monthly bill would increase about \$98.00 to about \$129.00 in 2016. Individual bill increases would vary with electric consumption. If you were here for the earlier informational session you got the "dos" and "don'ts" of how this public meeting will be conducted. Therefore the PSC has really no jurisdiction over whether Kentucky Power should comply with the standards. Our jurisdiction is solely over the reasonableness of the Company's compliance plan and the cost recovery mechanism and the most useful comments will be those that address those issues.

This meeting is being held as part of the PSC's consideration of the proposed compliance plan and surcharge. The case number is known as 2011-00401. This is the first of four such meetings in this case. We'll hold a meeting in Pikeville later this evening. Tomorrow afternoon we'll be meeting in Whitesburg, and we'll conclude our series of meetings tomorrow evening in Hazard, Kentucky.

We understand that this proposal increases generation considerably is a controversial matter. We also recognize that this can be an emotional issue, particularly given the current economic situation here and all throughout Kentucky. We trust that everyone here this afternoon will present opinions in a respectful manner and respect the right for everyone to be heard. Now let me explain to you how we'll proceed for the remainder of the event. We're here to listen to you as I mentioned. Therefore there'll be no presentations by the Kentucky Power Company or by any other parties to this case. Nor will there be any question and answer period involving the parties. Commission will be taking sworn testimony at a later time in a forthcoming evidentiary hearing which will be conducted in Frankfort, Kentucky. And at that time, we will be allowing questions and answers to be on the record of this case. And part of this case record will have this meeting and your statements that you make through the microphone that's centered in front of us. However representatives of the Kentucky Power Company have agreed to remain after the conclusion of the public comments to answer any informal questions you may have about other matters other than just this proceeding.

Those of you who wish to be heard has previously signed up on these papers as you came in the register. This will be part of the record. If this should go into further litigation these will be considered part of the testimony and your statements today will also be part of the testimony that someone over us will be able to review like a Circuit Judge. Based on the number of people who are here and desire to speak, right now, I believe there's only three people who've asked to be heard, I'm going to allow each speaker, unless we have more who desire to speak, to have at least ten minutes. And if you're not concluded by then, I'll give you an extra five minutes. We have a timer over here, John would you raise your hand. He has two cards. One is a yellow card, which means get ready, we're gonna' flash a red card at you and tell you to stop. But since we only have so few speakers — now you can change your mind — anyone who's out there once this gets started, usually there are people who did not sign up who, some issue has come to their mind that they want to raise. Feel free to raise your hand,

proceed to the microphone, and identify who you are and that you're in this district and you would like to be heard on an issue or two, and we'll give you the time to speak, and we will listen intently. If, after this is over with, you still have a burning desire to communicate with the PSC, there are cards that are available to you out front at the registration desk where you can fill out the form and submit by e-mail through the PSC website, which is psc.ky.gov, or you can simply send them to us and they will become part of the official record. Also the meeting that I referred to that's going to be held later on, after we finish all of our public hearings, will be videotaped and you'll be able to see that on PSC website. A summary of the public comments received today will be prepared by the PSC and will become part of this public record that will go on through the duration of this matter. All written comments will be entered into the record as I mentioned. This hearing today which Kentucky Power and other parties will be heard later on and they'll all be subject to cross examination, will begin at 10:00 a.m. on Monday, April the 30<sup>th</sup>. That's an important date, at 10:00 a.m., April the 30<sup>th</sup> at the the PSC headquarters on Sower Boulevard, right off of the connector, in Frankfort, Kentucky.

Three more important things that Andrew may have mentioned to you to keep in mind. Because PSC acts as a quasi-judicial capacity, the Commissioners must rule on the Kentucky Power application, they cannot answer questions pertaining to substance of the case at this proceeding. However, questions you raise during this meeting might well assist us in formulating questions that we will ask of Kentucky Power and their staff. So the PSC considers this a very important beginning of this process of being fair, just and reasonable to the request of the Company. The most helpful comments, I might suggest, are directly towards the merit of what Kentucky Power wants to do to meet the compliance plan. And keep in mind we are a least cost state in complying with the environmental requirements. If you have concerns or questions about service or billing as I mentioned before, of your own accounts, the best way to address them is to address them to a member of the PSC staff or the consumer hotline which is 800-772-4636 during our regular business hours. And again, Kentucky Power officials have agreed to answer any questions that you have regarding that same things at the conclusion of this public hearing.

Now it has been our custom to invite any elected officials who wish to make comments to begin the public hearing. Are there any public officials here who would like to be heard at this time? When I say public officials it can be a council person, a town official, or a city official, or a state official who is here. We welcome you at this time. The microphone I believe is set and you can adjust it to your height so that your voice will be picked up clearly.

I want to first invite to the microphone Mark Johnson who has signed up to be heard. Welcome Mr. Johnson.

#### Mark Johnson

Thank you. My name is Mark Johnson. I'm a representative of Tri-State Building and Construction Trades Council. We represent approximately 7,000 members in eastern

Kentucky. And we've built and maintained this Big Sandy power house from its inception. And the maintenance jobs alone is very important to our membership. During the spring and fall outages we may have hundreds of people working in there. We also understand that there's very few alternatives that we see that that's more cost effective. And I think long term to deny the rate increase would end up costing the residents more money in the long run. To go out of state and the importance of coal to the region of eastern Kentucky in a viable market is also important. But we want to go on the record that we support the proposed scrubber projects and it will give approximately hundreds of jobs somewhere – 800 to 1,000 jobs that they've committed to utilize local people on from eastern Kentucky. AEP has been an important customer of ours and we have performed these projects in similar power houses outside the state of Kentucky. Mountaineer, Gavin, Kyger Creek, and we just completed the Kyger Creek Project and we never had one injury up there. And we just want to go on record that we support the project. Thank you.

### Chairman Armstrong

Thank you Mr. Johnson. Our next speaker Patty Wallace. Patty Wallace. Yes mam. I suppose you may want to adjust the microphone down.

### Patty Wallace

My name is Patty Wallace. I'm from Louisa; grew up in West Virginia, across the river, and you can tell by looking at me, that I wasn't born yesterday. And you can take that more ways than one. Because I spent 13 years on the Environmental Quality Commission. I was Chairman of Kentuckians for the Commonwealth when we got rid of the broad form deed. I'm very much interested in saving our earth for our children to come after. I won't be around but I want my children and my grandchildren to know that I tried. I stood up and I told the truth and tried to protect the environment for them. Let me think. I've never been this old before and sometimes you forget what you plan I don't' have a whole lot to say except that I think that the group this morning from Kentucky Power gave best example of why this should not be considered as a way for energy for us when there's all kinds of studies underway free sun there'll be other jobs for the men. They can do all this stuff. They can build alternative energy places. We have sun, we have wind, and Lord only knows what's under consideration now. Let's don't destroy our mountains and send them to China. Our mountaintop removal is going by shiploads to China where Don Blankenship is invested a lot of money and it's the scientific studies show us that it's blowing right back on us. Studies show us also that our area right here is the highest in cancer, colon cancer, and as I've said before, my first trip to Frankfort is probably, I don't know, 40 years ago, when we were, maybe a little less fighting a hazardous waste incinerator, the fellow at the Natural at the Human Resources office said, You couldn't pay me to live in Lawrence County. The power plant is so bad to put out CO2 and whatever, you know, and I question today about the big ash pit that we have that we just recently found out was there. It was well hidden, and what are they going to do with the fly ash? I mean it's doesn't have a liner in it and I went to a meeting in Louisville and it told about how dangerous, how toxic just

that dust for those surrounding people that live right there to breathe. And anyway, I'm not going to go on anymore. I but you can tell I don't have a lot of time to get it off my chest, and I'm gonna' keep talking as long as I can to try to emphasize. You all know you know, you've got to know it's this would be shameless to vote for this real expensive way contaminating way to create power and tease these people with jobs and so forth. And I appreciate you listening. Thank you.

### Chairman Armstrong

Thank you Ms. Wallace. Our next speaker Jerry Salyers. Mr. Salyers.

Jerry Salyer Salyer.

<u>Chairman Armstrong</u> Welcome. Salyer.

### Jerry Salyer

Thank you Mr. Chairman and Commissioners. I appreciate this opportunity to be able to come and for you providing this for us. I'm here today because I need your help. I represent over budgets of \$50 million, over 6,000 students in eastern Kentucky. And our biggest problem that we have is we are being classified and placed in with our tariffs and things into commercial and manufacturing plants. And it's very difficult for us as a school system in looking at the cuts that we've had from the legislation, we're looking at our leanest years coming because I'm the energy manager for Johnson County, Lawrence County and also Paintsville Independent School Systems. And I'm part of the KSBA SEMP program - Storm Manager's Energy Project<sup>3</sup> which our wonderful Governor started through us to the Department of Energy. And we've begun a great But the biggest work with awareness and behavioral changes with our students. problem that we're having is what this additional cost is going to cost us in 2016. We're not here to debate the statute because we we believe in that. We believe that the federal government passes equal rights for our air and things and that's fine. And AEP has been a great provider for us in all of our schools and we're with them too so I am not in disagreement of what the statute and things there are. But I am appealing to you today of the classification of where school districts are. As I mentioned earlier, last year alone, in school districts 80% or above on your line item budget in your school districts are for personnel. The second largest line item budget for a school district is energy. Out of that energy over 80% is electricity. To give you an example in Johnson County alone last year we spent \$886,000 on electricity. If that rate were to go into effect today, that would cost our district an additional \$271,000 with the usage staying where it's at. And as you all know with the cuts we've had from the legislature we we don't have the benefit of a manufacturing plant to be able to pass on that cost to our consumers, you know through our goods or the price of cost of goods. We are based on enrollment and students and that's how we get our funding. We have been told that

<sup>&</sup>lt;sup>3</sup> School Energy Manager Project

next year is going to be one of the leanest years that we have in a long time. And I know in particular here in Lawrence County we could have a shortfall over \$200,000 - just next year. We're looking at alternative ways to be able to combat rate increases and things that are necessary and has to happen. We're looking at renewable energy products. Our children, we have energy teams, in every school that we have — over 40 teams in eastern Kentucky. We've done energy forums for awareness. We're actually doing the first eastern Kentucky energy fair at Johnson Central High School a week from Friday where students will be able to come in and share energy projects that they can be able to expand the awareness and things to happen. So what has happened with that? In the last 19 months we have saved over \$800,000 in our schools — of averted costs. We've saved over 2 million kilowatt hours.

So my appeal to you today is we're going to do everything that we can. And we know as you as a PSC can come in here and say ok there's a need for something for our schools where they don't have the capacity to be able to generate revenue. There's two ways to run a business. Number one is you increase your sales, which we cannot. Number two is you control your cost. That's the only option that we have. In Johnson County alone it could be 8 to 10 teaching positions. In Lawrence County here it could be possibly 5. In Paintsville it could be 3. So that enables us to go back to our people to say, are we going to be able to offer the same type of educational opportunities that we currently do based on this. And that is my appeal to you today. We know in talking this morning with Mr. Wayne when he was talking saying there's ability even within this application to make an adjustment maybe in a rate specifically to where we could be singled out maybe to be helped and you all can do that. Now you ask me has this been done before and through our program at SEMP, just last year we to natural gas providers and developed a coalition of school districts all across this state that's going to enable our schools to save anywhere from 5 to 10%. That 5 or 10% will be able to offset the increases that we have to be able to place the scrubber in Louisa. We are looking at means right now to go into solar, adding that to our schools, to be able to offset that increase. That must happen. And we understand the environmental part of that. We're trying to do our best as we can. Not only educating our students, but also getting into the families. And we've been very successful with the juice crew project that we've had of awareness in our schools. But we need your help today. We need something that we can look at for specifically school districts. I've already talked to 2 of the RECC units that service our schools. One is out of Grayson - Blaine Elementary here in Lawrence County; the other is Flat Gap Elementary with Big Sandy RECC. Both of their officials have already confirmed to me we are willing to sit down and write a tariff specifically for school districts. They're willing to do that. So what I appeal to you today if they're willing to do that and know the plight that we're having, with the deficit in schools that we're going to be facing, we gotta' have your help. We're able to do it in natural gas and some of the other things so we want to be able to try to do that in electricity as well. We're gonna' to do everything that we possibly can on our side to be able to conserve, to be able to cut those costs. But we feel as education leading into our students and also we want to reach into our community. As in May, in the Johnson County area and we hope to extend it down here in Lawrence, we're gonna' be doing town meetings where we're going to be educating people on how do you read a utility bill, 'cause I tell you, in the last 19 months, I had over 100 teachers in our educational system that cannot even read their utility bills. They don't know how they're charged;

they don't know what a kilowatt hour is; they have no idea. We're also going to be able to come and say how they can conserve. Our students put together a 24-page personal energy manual that we use in all of our schools and we send it out electronically to a lot of people. So not only can they learn about conservation within their school but they can take that home. Perfect example is my granddaughter Lana. A little whole ago she came along and was spending the weekend with me up there and it was a Saturday morning and Lana was out there and she was watching the cartoons on TV and she was in the back room there of the apartment that I have. And I noticed it was around 12 she was probably getting hungry. So Lana got up and went over and turned the TV off and walked back and said papaw, what are we gonna' have for lunch? And as I looked, the light was left on in the room. And I said, Miss Lana, did you forget something? And she said, what do you mean papaw? I said, is there anybody in that room back there? And she says, no. And I said, well, let me explain it to you this way. If that light's on and there's no one in there providing light for somebody then we're kinda' wasting that don't you think? And she said well I guess so. I said let me put it this way. When we go to WalMart you like to buy what? She says I like Barbie dolls. I said let me tell you this. If we can turn that light when we walk out of a room and save that money, papaw may have some more money to be able to buy you more Barbie dolls. So we all know what Miss Lana did? She ran to that back room to turn that light off. Our kids are having that minded. The third phase of our town meeting is to talk about renewable energy that we can do here in Kentucky. A lot of people think we can't do solar but we can. We're looking at school roofs right now to be able to put panels up to be able hopefully to offset that this cost increase that's gonna' come. But we need your help. We need for you to sit down and really take a good look at schools like we have with SEMP to the natural gas program. We need the PSC to be able to take and see is there something that we can do when we have schools in the same manufacturing and commercial division looked at as tariffs. And I don't blame the utility for that. But there's a second phase that I want you to look at too. We know the primary care comes from a utility to our campuses. Just here alone right behind us there's a primary source for that electricity. We have over 18 meters on this campus. Each one of those has 3 different tariffs. We have a small, medium and large based on demand and load that come into that. But if we have one source coming in, why can't we spend the 8 ½ cents that we do at our high school per kilowatt hour just like what we do in some of our others 11 1/2 cents. That's where we need you. And we need your help. If there's some way that we could get one rate coming into our schools we would be able to set goals and things that we could go to achieve with our students, with our staff, and with our administration. So my appeal to you today is to not talk against the statute because I know we need it. We need it for our environment and that scrubber has to happen or whatever capacity it is. We want be able to have a mechanism that we can't run deficits in our schools because the legislature constantly continues to cut us. So with this increase, give us something to be able to work with where we can help offset those costs of increase that's gonna' be to us. I guarantee you, I have 34 other colleagues in this state. They represent 147 out of 174 school districts. They will work together with you to be able to make that happen not only for our students but also for their families and our AEP will have more power to be able to extradite or use somewhere else or whatever. It helps them. But conservation is the way that we have to look at it. We've been blessed in the United States and I'm gonna' get off my soap box. But right now in eastern Kentucky we have to have the awareness and behavioral change

happen because now energy, when I have a teacher come up and say Terry, February of last year, you know what, I paid more on my electric bill than my mortgage. People, that opens people's eyes. When energy and electricity costs more than their home mortgage. And we all know, as we grow older or whatever, our most important purchase in our life usually is our home. But energy is something from now on that we're going to have to budget. And we realize that in schools and through the SEMP program alone, and I don't know if you all are aware, in the last 19 months, we have saved schools \$7 million just on awareness. So we don't have any control over rates and this and that or whatever. So that's why I'm here today. As we know this increase is coming but we can't afford it. So what can we do specifically for school? And you all can get together if it be with a utility provider if it be with members of our association there in Frankfort but we need to come together and do something specifically for school districts that can't create the revenue to pass it on to the consumer. And if you could do that, I would greatly appreciate it. Thanks for your time.

## Chairman Armstrong

Thank you Mr. Salyer. From the sign-up sheet is there others that is there anyone who did not get a chance to sign in at all? Is there anyone now who would like to speak even though they indicated they did not want to speak?

There appearing to be no further speakers, this public hearing, unless there's a change of mind, I'm gonna' call this meeting to a close. And I want to thank everyone for being here. By your presence, you show the concern and interest that you have in this issue. And that will be taken from this meeting to the PSC headquarters and we thank all of you for signing up and for being here and again, stay tuned and you have at any given time between now and April the 30th the opportunity to communicate with us and you can be there and present and testify before mike again and we would welcome your public comment on the 30<sup>th</sup>. You do not want to miss any aspect of impact this decision will bring on any institution. I want to thank you for your innovative work in the schools. But a lot of things can be done. I'm not here to preach. I'm just saying that there are probably things that you have not told us that are A number one things that we're looking for and unless we hear from you it does not get in the record. I'm making a plea for this because I know how important this issue is. So don't forget you can communicate by calling us on our hotline, by writing to us, by expressing something that someone may have said today that you want to follow up on. Please give us vour thoughts.

If there's nothing else, once again, on behalf of the Commission I thank you for being here and this meeting is adjourned.

#### Attachment:

Exhibit # 1 Sign-In Sheets consisting of 4 pages



Kentucky Power Co./AEP – Case No. 2011-00401 Louisa – April 4, 2012

Na		DO YOU WISH TO SPEAK?
1_6	sing Mai Malfiet Bruklegus	YES NO
2	Mark Thomas Insulators	YES NO
_	Dennis B. Horaan Teausters L.V. 505	YES NO
-	Villian G. Roush 500 exactled Allow I'm	YES NO
	MARK JOHNSON - 2141 CARTER AVE ASHLAND, KY	YES NO
6_(	huck Oden OPCMTA. Loca 132	YES NO
7	Relierte J Blevin (media)	YES NO
8	Tilly M. Addine (Big Sandy News)	YES (NO )
9	Nick Oney Canus Local 1445	YES NO
10_	BioOney Cabaraloce 1445	YES NO



Kentucky Power Co./AEP – Case No. 2011-00401 Louisa – April 4, 2012

Name	Address	DO YOU	
		TO SPE	AK?
1 Br Delsen	1178 Rice St Louisa, Ky	YES	NO
2 Keigh Dixon	11674 So. Hwy 3 Low	159 Ky 41230 YES	NO
3 Patty D. Wallace	10106 Hung 32 Low	132 1541230 YES	NO?
4 Terry V. Solyer	253 North Mayo Trail Pairets	ille Ky 41240 (YES	NO
5 Sell Throson	1150 Cherry Knoll Rd Low	usa Ky 41230 YES	NO
6 Simb Enters	0AG 1024 (Spital (A)	Y Dr. Manlant YES	NO
7 Mars 7. Compton	313 8. LARY Cakeshington, Lou	PISA, Ky YES	NO
8 Everet Phillips	12333 Kevin Av. Ashland, Ky	YES	NO
9 DEL BORDEN	12333 KEVIN AVE ASHL	tus Ky YES	NO
10 JERNAD SEXTED	BIL CHERRYWOOD LW. GRAYSO	W, 164. 41143 YES	NO
,	*	- 1/	



Kentucky Power Co./AEP – Case No. 2011-00401 Louisa – April 4, 2012

Name	Address	DO YOU WISH TO SPEAK?
1 Ricky Brown	122 Timberlake Druc Louisa, KY 41230	YES NO
2 Logan Arnett	304 Combs Br Rd Salgersville, KY 4146	YES NO
3 Kidy Da evert	368 Combstor R& Salyasiille KY 2	1146 YES NO
4 KEN LARAT	226 17th St. Ashlud 14 (110)	YES NO
5 John Holbrook	40 Bx 924 Green up Ave, Ashland,	ly YES NO
6 Jamie Rucker	924 Greenup AV- AShland, Ky	YES NO
7 Anthony Hol BROOK	12103 Virginia Rind Ashland KY	YES NO
8 Ed Reliford	12103 Viveinia Rlud Ashland Ky	YES NO
9 Show Well	4457 Please Vie Rd Hunting h	YES NO
10 Kanje Wohnhas	1846 M.Il Crock Pike Laurendoug	YES NO

Kentucky Power Co./AEP - Case No. 2011-00401

Louisa – April 4, 2012

Name	Address	DO YOU WISH TO SPEAK?
1 Aaron S. ak	2300 Hwy 23 Louis, KY 41230	YES NO
2 GENE BAIR!	29 Ograsor DR. Hertington WV	YES NO
3 Jet lone	16 colley Cf. Huntington WU.	YES NO
4 Joe MMaster	fo Box 275 Chesaporte OH 45619	YES
5 Parl Gulkh	314 Shady Grave Ro 41230	YES NO
6 Javed Arnet	119 and St. Fax Btm 41635	YES NO
7		YES NO
8		YES NO
9		YES NO
10		YES NO