



FILE

PLAIN TOWNSHIP TRUSTEES

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Fax Transmittal

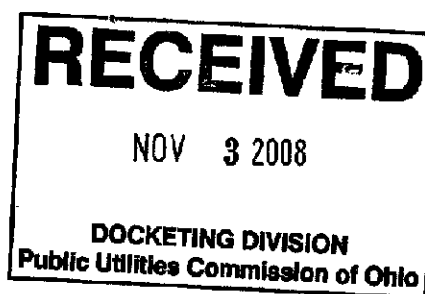
To: PUCO - ATTN: DOCKETING DIVISION

Fax: 614-752-8351

From: LISA SABINA-CAMPBELL

Date: 11-3-08

Pages: 3

RE: CHANGES IN RATES - CASE 08-0917-EL-SS0
AMERICAN ELECTRIC POWERATTACHED IS A RESOLUTION PASSED BY PLAIN TOWNSHIP
TRUSTEES IN REGARDS TO THE A.E.P. RATE INCREASE.

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Technician Sm Date Processed NOV 04 2008

10/28/08

UB #1

#08-

Motion by *Bossart*

WHEREAS, American Electric Power ("AEP"), provides electric service to the residents and businesses in Plain Township, Stark County, Ohio, and

WHEREAS, AEP has requested that Public Utilities Commission of Ohio approve its electric rates for each of the next three (3) years, and

WHEREAS, the AEP rate increase proposal calls for a fifteen percent (15%) residential rate increase in each the next three (3) years, and

WHEREAS, the AEP proposed compounded rate of increase will increase the electric rates of Plain Township, Stark County, Ohio residents by Fifty Two (52) percent by 2011, and

WHEREAS, the compounded rate of increase for industrial and commercial customers in Plain Township, Stark County, Ohio would amount to a Sixty Two (62) percent increase, and

WHEREAS, AEP's proposal does not cover any additional transmission cost increases, which in the future may also be requested separately, and in addition to these proposed increases, and

WHEREAS, AEP also requests that the Public Utilities Commission (PUCO) authorize various riders and surcharges over and above the fifteen percent (15%) annual increase for future cost recovery, and

WHEREAS, Plain Township, Stark County, Ohio citizens and businesses already currently faced with tumultuous and uncertain economic times, including but not limited to increased expenses and declining revenues, should not be burdened by excessive costs associated with this proposed rate increase, and

THEREFORE, BE IT HEREBY RESOLVED by the Plain Township Board of Trustees, Stark County, Ohio to hereby officially oppose the proposed rate increase of AEP for Plain Township residents and businesses, and requests the PUCO require and ensure that any rate increase granted is logically derived, reasonably justified, necessary and in the best interests of utility users in Plain Township, Stark County, Ohio and throughout the rest of the State of Ohio.

Seconded by *Leno*Vote: Mr. Giavasis, *Y* ; Mr. Leno, *Y* ; Mrs. Bossart, *Y* .

Law Director

10-3-08

Date

Reviewed as to form
pursuant to O.R.C. 504.15



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For the record, I would like to read what was reported in the October 21, 2008 Wall Street Journal: AEP chairman, president and chief executive was quoted, "Our earnings for the first nine months of this year are well ahead of where we were for the same period in 2007, and we have experienced very well-balanced regulatory treatment in 2008."

"We remain confident in our earnings projections for the year."

"We are taking sensible measures to ensure we have sufficient cash on hand to carry us through 2009."

After quotes like that from the top of AEP, is it fair to ask is this what the 15% annual increases are for?

It has also been reported that the AEP produces more electricity than Ohioans currently consume, and that the excesses are sold out of state at high market prices, the profits from this go to AEP shareholders in West Virginia and Kentucky by virtue of the AEP interstate pool. Essentially, we are subsidizing power customers in other states.

The Plain Township Board of Trustees understand that utility rates can and do increase for various reasons associated with costs, but we ask, are the current AEP rate increase requests reflective of true cost increases or a desire to use the weakening economy and national financial crisis to drive up profits? With AEP's nearly \$1.1 billion profit last year and third quarter earnings for 2008 being "well ahead of last year," is it not difficult to justify rate increases of this magnitude under their current financial circumstances?

For AEP to say that they understand that these rate increases would cause hardships minimizes the affects it will have on Plain Township residents and businesses. For many residents, it will force them to decide to pay for gas, groceries, or other necessities such as medications. For businesses it will cause more job cuts and layoffs, and push Stark County even further into deficits. It is this Board's opinion that this security plan filed by AEP deserves even further scrutiny by the PUCO to state the least. The Plain Township Board of Trustees strongly urges the PUCO not to allow AEP's electric security plan to go forward as submitted.

This board feels it has a significant interest in the issues pertinent to the effect of the prices of electricity will have on our residents and business's if the PUCO approves the security plan submitted by AEP, because it will establish the framework by which rate will be established over the next three years, as the long-term affects could become devastating to the Stark County community as a whole.

According to the security plan filed by AEP, they are asking for a 15% annual rate increase over the next three years, 2009-2011. Once these are compounded over three years it is a much higher increase that averages approximately 52% to our residents, 62% to larger industrial users. Reported in the October 31, 2008 Wall Street Journal, AEP reported a \$1.1 billion profit last year that that earnings for the first nine months of this year were well ahead of last year.

It is believed that AEP, with these new increases, will yield an increase of another \$1 billion over the next three years. It has been brought to our attention that as part of these increases in rates, AEP is seeking recovery for past and non-fuel costs it identifies as not being recovered in the current rate stabilization plan that expires at the end of this year.

We have some questions for the PUCO that should be considered; the current rate stabilization plan that is expiring has allowed AEP a 7% stabilization increase in the opportunity for additional 4% incremental discretionary increase each year for carrying cost, capital investments and regional transmission. It is understood from the testimony given to the PUCO that AEP has indicated that one of the aforementioned revenues went to recovery priorities, or fuel costs. This Board would like to know how and where these revenues were directed because rates have increased during the current re-stabilization plan.

AEP, under the new plan they have filed, is now requesting the PUCO grant various discretionary riders and surcharges for future cost recovery in association with various program such as energy efficiency. These riders will be in excess of hundreds of thousands in additional revenue of this period. Additionally, another concern is that AEP's security plan does not address transmission costs that may they may ask to recover separately above the 15% annual rate increases.