

2600 Easton St. NE
Canton, OH 44721

Page 1 of 3
November 3, 08

SPECIAL MEETING

ATTENDANCE:

Pamela Bossart, Louis Giavasis, Albert Leno, Lisa Campbell and Claude Shriver.

OPENING:

The Special Meeting was called to order at 12:30 p.m. by President Bossart who dispensed with the pledge of allegiance.

UNFINISHED BUSINESS:

#08-763

1. Discussion of Proposed AEP Rate Increase
Motion by Mrs. 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 percent (52%) 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 percent (62) 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 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.

Discussion: Mr. Giavasis read the following statement and asked that it be included in the resolution and be sent to the PUCO:

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 if the PUCO approves the security plan submitted by AEP, because it will establish the framework by which rates will be established over the next three years, as the long term effects could and very well become devastating to the Stark County community as a whole.

2600 Easton St. NE
Canton, OH 44721

Page 2 of 3
November 3, 08

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 dollar profit last year and that earnings for the first nine (9) months of this year are well ahead of last year.

It is believed that AEP with these new increases will yield an increase of another \$1 billion dollars 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 the year.

We have some questions for the PUCO that should be considered. The current rate stabilization plan that is expiring has allowed AEP a seven percent (7%) stabilization increase and the opportunity for an additional four percent (4%) incremental discretionary increase each year for carrying cost, capital investments and regional transmission. It is an understanding from testimony given to the PUCO that AEP has indicated that none 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 programs such as energy efficiency. These riders will be in excess of hundreds of thousands in additional revenue for this period.

Additionally, another concern is that AEP's security plan does not address improved service, and again it does not address transmission costs that they may ask to recover separately above the fifteen percent (15%) annual rate increases.

For the record, I would like to read what was reported in the October 31, 2008 Wall Street Journal. AEP Chairman, president and chief executive officer **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, it is fair to ask is this what the 15% annual increases are for?**

It has also been reported that 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.

2600 Easton St. NE
Canton, OH 44721

Page 3 of 3
November 3, 08

The Plain Township Board of Trustees understands that utility rates can and do increase for various reasons associated with costs, but we ask are the current AEP rate increase request 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, 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 effect it will have on Plain Township residents and businesses. For many residents, it will force them into having to decide on paying for gas, groceries or other necessities such as buying needed medicines. For business it will kill jobs, causing more 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.**

Mr. Giavasis also said that another concern is the author of Senate Bill 221 allowed this to happen and has been silent through this whole process. I think that Stark County as a whole should be asking the author of this Senate Bill some questions about these type of rate increases and why now. He should also be asked if he understands what the net effect will have on the entire community as a whole.

Vote: Mr. Giavasis, yes; Mr. Leno, yes; Mrs. Bossart, yes.

ADJOURNMENT:

#08-764 Motion by Mrs. Bossart,
BE IT HEREBY RESOLVED by the Plain Township Board of Trustees,
Stark County, Ohio to adjourn at 12:39 p.m.
Seconded by Mr. Leno.
Vote: Mr. Leno, yes; Mr. Giavasis, yes; Mrs. Bossart, yes.

Pamela S. Bossart
Trustee

Louis P. Giavasis
Trustee

Albert P. Leno, II
Trustee

ATTEST: _____
Claude W. Shriver
Fiscal Officer