

COMMONWEALTH OF KENTUCKY

BEFORE THE KENTUCKY STATE BOARD ON
ELECTRIC GENERATION AND TRANSMISSION SITING

In the Matter of:

APPLICATION OF SUNCOKE ENERGY)	
SOUTH SHORE, LLC FOR A CERTIFICATE)	CASE NO.
TO CONSTRUCT A MERCHANT ELECTRIC)	2014-00162
GENERATING FACILITY AND NON-)	
REGULATED ELECTRIC TRANSMISSION)	
LINE)	

ORDER

On October 24, 2014, SunCoke Energy South Shore, LLC ("SunCoke") filed an application with the Kentucky State Board on Electric Generation and Transmission Siting ("Siting Board" or "Board") for a certificate to construct a merchant electric generating facility and a 138-kilovolt ("kV") non-regulated transmission line near South Shore, Greenup County, Kentucky. The proposed merchant generating facility would be a critical component of, and contained within, a new advanced heat-recovery coke plant that SunCoke proposes to construct. The coke plant facility would be located on approximately 250 acres in an area that is primarily industrial. The coke plant would annually produce 831,100 tons of coke and coke breeze, which will be sold to integrated steel makers for iron production in blast furnaces and/or to foundries. The feedstock for the coke-making process is metallurgical coal. Approximately 982,000 tons of metallurgical coal will be used annually. SunCoke anticipates that 24 percent of metallurgical coal may be sourced from Kentucky.

In addition to the merchant generating facility and associated transmission line, the proposed coke plant facility contains 120 heat-recovery coke ovens, coal charging, coke pushing and handling equipment, a quench tower, coke storage facilities, various administrative and support buildings, associated air pollution control equipment consisting of a flue gas desulfurization system, and a final stack to emit the desulfurized flue gas. The waste heat produced by the coking process is converted to steam by the heat-recovery steam generators. The steam is then transferred to the merchant generating facility's steam turbine generator ("STG") to produce electricity.

The proposed merchant generating facility includes a steam turbine generator, vacuum condenser, cooling tower, extraction steam systems, related process and instrument control systems, and a step-up unit and associated electrical equipment. The proposed generating facility produces power at 13.8 kV and has a nominally rated capacity at 90 megawatts ("MW"). However, due to the batch process of the coke plant, the typical nominal power production is expected to vary in the 40- to 80-MW range, as the steam supply varies. A generator step-up transformer will increase the voltage from 13.8 kV to 138 kV. The power will be transmitted via the proposed 138-kV transmission line to American Electric Power's Millbrook Park substation, which is located approximately one mile north in New Boston, Scioto County, Ohio. Approximately 0.7 miles of the proposed transmission line will be located in Kentucky, traversing only property owned by SunCoke and the Ohio River.

PROCEDURAL BACKGROUND

On November 11, 2014, the Board issued a procedural schedule providing for one round of discovery and for an evidentiary hearing to begin on January 28, 2015.

On December 1, 2014, Board Staff propounded its requests for information to SunCoke. On December 15, 2014, SunCoke filed its responses to Staff's requests. The procedural schedule also established November 24, 2014, as the deadline for any person to file a request for intervention and for any person to file a request for a local public hearing. No one filed a request for intervention in this matter, nor did anyone file a request for a local public hearing. Therefore, a local public hearing was not held in this matter.¹

On November 4, 2014, SunCoke filed a motion requesting authority to deviate from the 1,000-foot exhaust setback requirement of KRS 278.704(2).² Although the main stack is associated with the coke facility rather than with the merchant generating facility, which does not have an exhaust stack, SunCoke states that, in order to ensure full compliance with the spirit of the statute, it is applying the criteria of KRS 278.704(2) to the main stack of the coke plant, as if it were an exhaust stack. SunCoke points out that the coke plant's stack is within 1,000 feet of an adjacent property owned by DGGG Realty LLC and occupied by Graf Brothers Flooring and Lumber ("Graf Brothers") in contravention of the requirements of KRS 278.704(2). SunCoke contends that the goals of KRS 278.700 *et seq.* have been met in locating its proposed facility in an

¹ Although no local public meeting was held during the pendency of this matter, the Board notes that, pursuant to KRS 278.706(2)(f), SunCoke provided a complete report of its public involvement program activities undertaken prior to the filing of the application. Those activities included meeting with the public, nearby property owners, local officials, and various federal and state agencies. In addition, SunCoke conducted a public meeting on July 8, 2014 from 5:30 p.m. until 6:30 p.m. at McKell Middle School in South Shore, Kentucky to inform the public of the proposed project and to receive public comments.

² KRS 278.704(2) provides in, relevant parts, as follows:

[N]o construction certificate shall be issued to construct a merchant electric generating facility unless the exhaust stack of the proposed facility . . . is at least one-thousand (1,000) feet from the property boundary of any adjoining property owner. . . .

environmentally compatible location, by disclosing the facts surrounding its proposed operation, responding to inquiries from the public and adjacent landowners, and obtaining the proper permits for the facility. Because it has made every effort to protect property owners from all adverse impacts that might result from the construction and operation of the coke facility, SunCoke contends that it should be allowed to deviate from the exhaust setback requirement.

On December 8, 2014, the Board filed the report of its consultant, BBC Research and Consulting ("BBC"), which evaluated the Site Assessment Report ("SAR") that had been filed as part of the application.³ As discussed in more detail later in this Order, BBC recommends that the Board approve SunCoke's application for a certificate to construct based upon the siting considerations addressed in the report.

On December 31, 2014, SunCoke filed a motion to cancel the evidentiary hearing that had been previously scheduled for January 28, 2015. In support of its motion, SunCoke states that, to the best of its knowledge, there are no substantive issues of fact outstanding in this matter. SunCoke also states that there have been no requests for a local public hearing or for a formal evidentiary hearing in this proceeding. On January 12, 2015, the Board issued an order granting SunCoke's request to cancel the formal evidentiary hearing and ordering the case to be taken under submission for a decision based upon the existing record.

SunCoke provided public notice of the Application by publication in *The Independent*, the *Portsmouth Daily Times*, and *The Greenup News* on October 9, 2014. The public notice provided the location of the proposed merchant generating facility and

³ Pursuant to the authority vested under KRS 278.708(5), the Board retained BBC to assist in reviewing the SAR and to provide recommendations concerning the adequacy of the SAR and proposed mitigation measures.

the proposed 138-kV transmission line, stated that the proposed facilities are subject to Board approval, and provided the Kentucky Public Service Commission's address and telephone number.⁴ SunCoke filed an affidavit from the newspapers attesting to the publication. SunCoke also filed proof of service for the Application. SunCoke mailed notification letters to landowners whose properties border the proposed site and transmission line by registered mail, return receipt requested, on October 13, 2014. Copies of the letters and certified mail return receipts for all property owners of record were included in the Application.

In response to the letters and public notices, the Board received no comments or protests, no requests for public hearings, and no motions to intervene. Following the expiration of the time for formal intervention in the case and for any request for a local public hearing, the Siting Board determined that a formal evidentiary hearing in this matter was not necessary. Therefore, no local public hearing or formal evidentiary hearing was held in this matter and, in accordance with KRS 278.710(1) and KRS 278.714(3), the Siting Board has issued this Order granting SunCoke's application within the 120-day statutory time period from the date of the October 24, 2014 filing of the instant Application.

BACKGROUND

In its Application, SunCoke states that it plans to build and operate an advanced heat-recovery coke plant located on approximately 250 acres in an industrial area near South Shore, Kentucky, in Greenup County. The proposed merchant generating facility will be contained within the coke plant. Waste heat used to generate high-pressure,

⁴ The Siting Board is attached to the Kentucky Public Service Commission for administrative purposes. See KRS 278.702(3).

high-temperature steam at the heat-recovery coke facility will feed the merchant electric generating facility's STG to produce electricity. Steam produced by waste heat from the coking process is the only source of power provided to the merchant generating facility; no additional fuels are used in the generation of steam. Accordingly, the merchant generating facility does not require an exhaust stack. Because there is no independent footprint for the merchant electric generating facility separate from the heat-recovery coke plant, SunCoke used the central STG for defining the location of the merchant generating facility.

The coke facility site is not located within any city, but is subject to the jurisdiction of the Greenup County Fiscal Court. The site is approximately two miles east-northeast of South Shore, Kentucky, and across U.S. Highway 23 from the unincorporated area of Frost.

SunCoke also proposes to construct a 138-kV transmission line sufficient to transmit the electric power generated to the Millbrook Park substation in the city of New Boston, Scioto County, Ohio, approximately one mile north, across the Ohio River. The Millbrook Park substation is owned by American Electric Power. A majority of the transmission line, approximately 0.7 miles, would be located in Kentucky. For portions of the transmission line located in Kentucky, the proposed transmission line structures would be located solely within the proposed coke plant site.

According to SunCoke, the overall economic impact of the coke plant and generating facility will be significant and positive for the community. The capital investment for the project will be approximately \$450 million. Suncoke anticipates that the project will employ up to 400 workers on average during the 24-27 month

construction period, with a peak of approximately 600 workers. Construction wages and benefits will total about \$150 million. During normal operation, the proposed coke facility will directly employ approximately 100-120 full-time employees. Wages and benefits for these full-time employees will likely total around \$9 million annually. In addition, full-time contractor wages and benefits will total around \$1 million annually.

Site Assessment Report

As required by KRS 278.708, SunCoke submitted a SAR. The SAR provides a description of the coke plant and proposed merchant generating facility and includes a site development plan that discusses: surrounding land uses; legal boundaries of the site; proposed access control to the site; location of facility buildings, transmission line, and other structures; location and use of access ways, internal roads, and railways; existing or proposed utilities to service the facility; compliance with applicable setback requirements; and evaluation of noise levels expected to be produced by the facility. The SAR also includes an evaluation of the facility's compatibility with scenic surroundings; its impact on property values located adjacent to the facility; and its impact on road and rail traffic to and within the facility, including anticipated levels of fugitive dust and any anticipated degradation of roads and lands in the vicinity. Lastly, the SAR includes several mitigation measures that SunCoke has identified and will commit to implement.

The SAR indicated that SunCoke conducted an extensive search for an appropriate location for the proposed project. The site is in an existing industrial area surrounded by current and former industrial sites. The site is also appropriately sized and allows access to adequate service and transportation assets for the project.

The proposed site is located on approximately 250 acres in an industrial area. The Ohio River is to the north. A natural gas and natural gas liquids plant is to the west. To the east is a plant that manufactures and stores hardwood flooring and lumber. U.S. Highway 23 is to the south of the site. The SAR also indicated that the proposed site is aesthetically compatible with the existing surroundings. To further mitigate any potential visual impact to the existing surroundings, SunCoke will install a "green belt" consisting of a border of berms, trees, and landscaping surrounding the exterior view of the coke facility. This will be designed to be consistent with safety and security at the facility's U.S. Highway 23 entrance.

There are no residential structures or neighborhoods adjacent to the proposed site or within 1,000 feet of the coke facility's main exhaust stack. One residential structure is within 1,700 feet and another is within 2,200 feet of where the steam turbine generator is expected to be located. There are five residential neighborhoods and two schools within two miles of the proposed site. There are no hospitals, nursing homes, public parks, or private parks within two miles of proposed site.

The coke facility will be fenced, with access through controlled gates, which will be monitored at all times. Employees, material delivery trucks, documented visitors, utility providers, and vendors/contractors will have access.

With respect to the level of noise expected to be generated by the facility, SunCoke indicated that a noise study was conducted at its Middletown, Ohio, heat-recovery coke plant, which is similar to the proposed South Shore facility. The study for the Middletown facility indicated that background noise levels related to traffic and other area activities matched or were higher than those from the facility. SunCoke points out

that the Middletown facility is located on topography similar to the proposed South Shore facility location, which suppresses the noise generated at the plant site. The impact of noise generated by the South Shore facility would be less than the impact of noise from the Middletown facility, because the South Shore site is farther away from the roadway and the neighboring community than the Middletown operation, and the steam turbine generator at South Shore would be contained inside the coke facility. Based upon the noise study, SunCoke states that it can be assumed that the noise levels generated by the proposed coke facility would not pose a negative contributing effect upon the noise levels within the surrounding properties, which have a high noise level due to the industrial nature of the area and the traffic noise from U.S. Highway 23 and a CSX railway nearby.

SunCoke maintains that in developing and designing the site of the coke facility, it has considered certain mitigating measures to reduce any potential adverse impact to the surrounding community and environment. The SAR identified, and SunCoke has implemented or will commit to, the following measures:

1. SunCoke has designated a site in an established industrial park to decrease the effect of the project on an area less compatible with the project.
2. SunCoke will provide a green belt around portions of the site to provide a visual barrier to the local area and reduce the noise levels generated.
3. SunCoke will locate all transmission structures outside of wetland areas in order to minimize potential impacts to wildlife and jurisdictional waters.

4. To minimize the potential for effects on the cultural resources to the area and to reduce impact to sensitive areas near the Ohio River, SunCoke will restrict site activities to defined minimal corridor areas.

5. The site has been designed so that facility buildings and operations are set back approximately 1,400 feet from the U.S. Highway 23 entrance to mitigate any potential adverse visual and noise level impacts.

6. SunCoke will paint project structures a neutral color, excluding markings which may be required by the federal Occupational Safety and Health Administration, the Federal Aviation Administration ("FAA"), and/or Kentucky Airport Zoning Commission or to otherwise protect the safety of its employees.

Proposed Transmission Line

In addition to the proposed route, SunCoke retained a consultant to conduct a feasibility study of three alternative routes. The alternative routes generally extended east for approximately one mile from the coke facility, then turned north and crossed the Ohio River before heading west to connect to the Millbrook Park substation. The study was designed to identify and compare suitable routes that would minimize the overall effects on ecology, land use, and cultural features, while maintaining economic and technical feasibility.

There are existing transmission and distribution lines near the proposed coke facility. The lines are Kentucky Power Company's 69-kV Tap to Millbrook Park and East Kentucky Power Cooperative, Inc.'s 138-kV Millbrook Park tap. According to SunCoke, the proposed route would have minimal ecological impact, minimal impact on property parcels, minimal overall route length, a minimal number of line angles, the

most suitable engineering constraints, and would be consistent with similar surrounding land use. SunCoke further points out that there are no schools or public or private parks within one mile of the proposed transmission line.

BBC Report

As authorized by KRS 278.708(5), the Siting Board retained BBC to independently review and evaluate SunCoke's SAR. BBC reviewed the SAR for adequacy, visited the proposed site, conducted supplemental research, and provided a written report, which was filed into the record of this matter on December 8, 2014.

BBC states that, in general, the proposed site appears to have been well selected. BBC found that the proposed electric generating and transmission facilities would be compatible with the existing scenic industrial surroundings. BBC notes that the proposed site is located in an area that is primarily industrial in nature, including power plants, other coke plants, chemical facilities and other heavy industrial operations. BBC notes that the proposed transmission line would not impact the existing scenic surroundings as there are other transmission lines in the area. BBC states that retaining the existing tree and brush screen along U.S. Highway 23 and supplementing remaining vegetation with a new green belt, as discussed and proposed in SunCoke's SAR, would help reduce the facility's visual impact to the neighborhood directly south of the facility and across U.S. Highway 23. BBC recommends that SunCoke minimize night time lighting (subject to FAA and other regulatory requirements and plant safety needs) in order to help mitigate the facility's visual impact. BBC points out that modern industrial lighting technologies are now available that can minimize light

trespass and night glow, such as LED lights which focus concentrated lighting downward on targeted areas.

Regarding the impact to property values, BBC concluded that the values of the industrial properties adjacent to the proposed site would not be adversely impacted by the proposed facilities. BBC states that although the proposed facilities would increase the industrial character of the surroundings for two isolated residences north of U.S. Highway 23 and for the neighborhood south of the highway, such change would have a marginal adverse impact on the property values of those homes, and that such impact could be more than offset by upward pressure on home values from the potential increase in demand for housing due to the proximity to the proposed facilities.

With respect to the noise level impact, BBC indicated that the data contained in the noise study conducted provided by SunCoke for the Middletown coke facility may provide more accurate information on the noises that would be generated from construction and operations of the proposed facility than a modeled noise assessment. However, BBC is uncertain about the transferability of the conclusions from the Middletown noise study to the proposed site because the SAR did not include any baseline data on existing noise levels at the Kentucky site. BBC recommends that SunCoke perform a noise study to obtain data on existing noise levels in the Sand Hill subdivision directly south of U.S. Highway 23 to confirm that the noise levels associated with the proposed coke and merchant generating facilities would not adversely impact the existing surroundings.

With respect to the impact on transportation, BBC found that the proposed site was selected, in part, because of its direct access to three forms of transportation – via

river barge, railroad, and road. BBC noted that access to the proposed site is limited. Currently, the site must be accessed via Johnson Lane, which is a relatively narrow road that intersects U.S. Highway 23 southeast of the proposed plant. Johnson Lane is currently used by Graf Brothers Flooring and Lumber and is heavily used by trucks entering from U.S. Highway 23 with logs and leaving the highway with finished products. This limited access via Johnson Lane could pose a challenge during construction of the proposed facilities. BBC indicates that SunCoke has developed plans to mitigate potential road access problems. First, SunCoke plans to develop a new access to U.S. Highway 23 west of Johnson Lane that would bring construction employees to a parking lot to be built on the southern portion of the proposed site. This plan eliminates the use of Johnson Lane by construction workers commuting to the site. Second, SunCoke has been working with Greenup County on plans to build a bypass around the lower portion of Johnson Lane. Lastly, SunCoke plans to work with the Kentucky Transportation Cabinet on developing a permanent overpass spanning the railway from the new entrance to the proposed site to the completed plant that would provide the primary road access for ongoing operations. BBC is supportive of SunCoke's mitigation plans and further recommends that SunCoke work with Graf Brothers to schedule delivery of large loads along Johnson Lane during nighttime hours or as necessary to help minimize congestion along this narrow roadway.

SunCoke's Motion for Deviation from Setback Requirements

KRS 278.704(2) requires an exhaust stack of a merchant generating facility to be at least 1,000 feet from the property boundary of any adjoining property owner.

Although the proposed merchant generating facility does not have an exhaust stack, as discussed earlier herein, the coke facility will have a main stack to vent coke oven flue gas after treatment by the flue gas desulfurization system. The location of the coke facility's main stack would be less than 1,000 feet from the adjacent property owned by Graf Brothers Flooring and Lumber, which operates a commercial and industrial facility where hardwood flooring and lumber is manufactured and stored.

SunCoke has filed a motion requesting a deviation from the 1,000-foot setback requirement, noting that the exhaust stack is associated with the coke plant, and that the merchant generating facility itself would not require a stack. SunCoke further relies on KRS 278.704(4) for its proposition that a deviation from the setback requirement is permitted if the proposed facility is designed to, and as located, meet certain statutory goals that would afford some level of protection for persons occupying a property adjacent to a property where a merchant generating plant is to be constructed and operated. SunCoke points out that the coke plant is designed in accordance with the strictest of emissions requirements and is fitted with the best available emissions control technology.

SunCoke states that, in selecting the proposed site, it has made every effort to protect adjacent property owners from any adverse impacts that might result from the facility. SunCoke argues that the proposed site would not negatively impact the existing noise level; would not obstruct the existing scenic surroundings; would not have a significant impact on nearby traffic flow; and would not negatively impact surrounding properties, which are primarily industrial in nature. SunCoke further states that it has complied with all of the necessary environmental requirements, as well as the siting

requirements imposed by the Siting Board statutes and regulations. Lastly, SunCoke notes that it has engaged in extensive public education and public notification, having held a public meeting to respond to inquiries concerning the project, and that it has discussed the project with and made itself available for questioning by adjoining landowners, including Graf Brothers, concerning the site.

DISCUSSION

Pursuant to KRS 278.704(1), no person shall commence to construct a merchant generating facility until that person has applied for and obtained a construction certificate for the proposed facility from the Siting Board. KRS 278.710(1) directs the Siting Board to consider the following criteria in rendering its decision:

- impact on scenic surroundings, property values, pattern and type of adjacent property, and surrounding roads;
- anticipated noise levels from construction and operation of proposed facility;
- economic impact of the facility on the region and state;
- whether the facility is proposed for a site upon which existing generating facilities, capable of generating 10 MW or more of electricity, are currently located;
- whether the facility will meet all local existing planning and zoning requirements;
- impact on transmission system;
- compliance with statutory setback requirements;
- efficacy of proposed mitigation measures; and

- history of environmental compliance.

Having reviewed the record and being otherwise sufficiently advised, the Siting Board finds that SunCoke should be granted a conditional construction certificate for the proposed merchant generating facility and the transmission line. We find that SunCoke, by choosing to locate its proposed generating facility and transmission line in an area that is primarily industrial in nature, has largely mitigated the effects the proposed facilities may have on the scenic surroundings of the site. We find that the proposed facilities would not have an adverse impact on the property values of the nearby properties, nor would it adversely impact the pattern and type of properties adjacent to the proposed site.

Although the proposed site has been well selected and designed to minimize any potential impacts on the scenic surroundings, the Siting Board agrees with SunCoke's proposal and BBC's recommendation that a green belt be constructed around portions of the proposed site to provide a visual barrier to the local area and reduce the noise levels generated. The Siting Board also agrees with SunCoke's commitment to a site design that will have the facility buildings and operations set back approximately 1,400 feet from the U.S. Highway 23 entrance in order to mitigate any potential adverse impact to noise levels and scenic surroundings. The Siting Board agrees with SunCoke's proposed mitigation measure of painting project structures a neutral color, subject to certain exceptions as described earlier in this Order. Lastly, we agree with BBC's recommendation that SunCoke minimize nighttime lighting (subject to FAA and other regulatory requirements and plant safety needs) in order to help mitigate the facility's visual impact. The Board concludes that implementation of these mitigation

strategies will render the SunCoke project compatible with the nearby area. The Board will therefore require SunCoke to implement these mitigation measures as a condition to our approval of this project.

The two issues of any significance were the impact on traffic on Johnson Lane, particularly during construction, and noise. The Siting Board agrees with BBC that the mitigation measures proposed by SunCoke regarding the traffic impact on Johnson Lane should be required as a condition of granting the construction certificate. The Siting Board will require SunCoke: (1) to develop a new access to U.S. Highway 23 west of Johnson Lane to bring construction employees to a parking lot to be built on the southern portion of the proposed site; (2) to continue working with Greenup County on plans to construct a bypass around the lower portion of Johnson Lane; (3) to continue to work with the Kentucky Transportation Cabinet on developing a permanent overpass that would span the railway from the new entrance to the proposed site to the completed coke plant and would provide the primary road access for ongoing operations; and (4) to continue working with Graf Brothers to schedule delivery of large loads along Johnson Lane during nighttime hours or as necessary to help minimize congestion along this narrow roadway.

With respect to the noise impact, SunCoke conducted a study subsequent to the filing of the BBC report to assess the current background levels at two positions near the Sand Hill subdivision, which is the residential neighborhood directly south of the proposed site and across from U.S. Highway 23. The current background noise levels were measured at 60 dBA. The noise study conducted for the Middletown coke facility showed that the average noise level during construction was 52 dBA and the average

noise level during operation was 58 dBA. Based upon the noise study conducted by SunCoke, the Board agrees with SunCoke's position that the proposed facility would have a negligible impact, if any, on the noise level in the nearby area. However, as discussed earlier herein, the Board will require SunCoke to implement a green belt and design the site so that the facility buildings and operations will have a setback of approximately 1,400 feet from the U.S. Highway 23 entrance to mitigate any potential adverse impact from noise.

With respect to the economic impact to the area and the state, the proposed project will have a significant positive economic impact for the state and for Greenup County. Construction wages and benefits during construction would total about \$150 million. When the facility is in full operation, wages and benefits for approximately 100-120 full-time employees would be around \$9 million annually. In addition, full-time contractor wages and benefits would be around \$1 million annually. Moreover, SunCoke will seek to maximize the use of Kentucky workers during construction. SunCoke will work with its general contractors and local union leadership to develop a craft labor plan that would seek to staff the local Kentucky union halls on a primary basis and then move to out-of-state halls to round out the project needs, if necessary. With respect to post-construction labor, SunCoke intends to maximize the use of Kentucky residents by advertising in local Kentucky newspapers and by holding information sessions to provide prospective Kentucky employees a chance to learn more about SunCoke and the plant.

Although the proposed site is not on a site where existing electric generating facilities are located, the Board finds that SunCoke's proposed site is reasonable, given that the primary factor for the site involves the location of a coke facility, a component of which is the merchant generating facility. Based on the finding of BBC, the Board notes that the proposed site is reasonable and has been well selected.

Given that the proposed transmission line will be tied into a substation located in Ohio, the Board agrees with SunCoke that the proposed merchant generating facility's produced power would have no impact on the electricity transmission system in Kentucky.

The Board finds that SunCoke has not violated any federal or state environmental laws, rules or administrative regulations.

The Board finds that Greenup County does not have any local planning and zoning ordinances, and that there are no local setback requirements established by local planning and zoning commission that would apply to the proposed project.

In addition to the mitigation measures mentioned above, the Board finds that SunCoke should implement proposed strategies to locate all transmission structures outside of wetland areas in order to minimize potential impacts to wildlife and jurisdictional waters; to restrict site activities to defined minimal corridor areas to minimize the potential for effects on the cultural resources to the area and reduce impacts to sensitive areas near the Ohio River, thus ensuring that the project will not adversely impact the surrounding community. The Siting Board will therefore require SunCoke to implement these mitigation measures as a condition to the approval of SunCoke's application.

Lastly, the Board finds that SunCoke's request to deviate from the 1,000-foot stack setback requirement should be granted. KRS 278.704 states, in relevant parts, as follows:

[N]o construction certificate shall be issued to construct a merchant electric generating facility unless the exhaust stack **of the proposed facility** . . . is at least one thousand (1,000) feet from the property boundary of any adjoining property owner. . . . (Emphasis added).

Although the exhaust stack in this instance is approximately 300 feet from an adjacent property, that exhaust stack is associated with the coke facility rather than with the merchant generating facility. Because of its design and symbiotic relationship with the coke facility, the merchant generating facility does not have an exhaust stack. Because the proposed merchant generating facility does not have an exhaust stack, the Siting Board finds that a deviation is permissible under the factual circumstances of this case.

With respect to the proposed transmission line, the Siting Board finds that the proposed route selected by SunCoke will minimize significant adverse impact on the scenic assets of Kentucky and that SunCoke will construct and maintain the line according to all applicable legal requirements in compliance with KRS 278.714(3). The Siting Board finds that the proposed transmission line should be approved as filed.

CONCLUSION

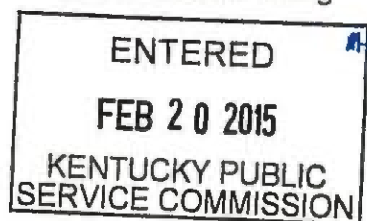
After carefully considering the criteria outlined in KRS Chapter 278, the Siting Board finds that SunCoke has presented sufficient evidence to support the issuance of a certificate to construct the proposed merchant generating facility and a non-regulated

electric transmission line as well as a deviation from the setback requirements of KRS 278.704(2). The Board conditions its approval upon the full implementation of all mitigation measures described herein and listed in Appendix A to this Order. A map showing the location of the proposed site of the coke facility and associated merchant generating facility is attached hereto as Appendix B. A map showing the location of the proposed transmission line is attached hereto as Appendix C.


IT IS THEREFORE ORDERED that:

1. SunCoke's Motion for Deviation from Setback Requirements is granted.
2. SunCoke's Application for a Certificate to Construct a merchant electric generating facility and a 138 kV nonregulated transmission line in Greenup County, Kentucky is granted subject to SunCoke fully complying with all mitigating measures and conditions prescribed in Appendix A attached hereto.

By the Kentucky State Board on
Electric Generation and
Transmission Siting



ATTEST:



Executive Director
Public Service Commission
On behalf of The Kentucky State Board on
Electric Generation and Transmission Siting

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY STATE BOARD ON ELECTRIC GENERATION AND TRANSMISSION SITING IN CASE NO. 2014-00162 DATED **FEB 20 2015**

MITIGATION MEASURES IMPOSED

The following mitigation measures are hereby imposed on SunCoke Energy South Shore, LLC ("SunCoke") to ensure that the facilities proposed in this proceeding are constructed as ordered:

1. SunCoke shall designate a site in an established industrial park to decrease the effect of the project on an area less compatible with the project.
2. SunCoke shall provide a green belt around portions of the site to provide a visual barrier to the local area and reduce the noise levels generated.
3. SunCoke shall locate all transmission structures outside of wetland areas in order to minimize potential impacts to wildlife and jurisdictional waters.
4. To minimize the potential for effects on the cultural resources to the area and reduce impacts to sensitive areas near the Ohio River, SunCoke shall restrict site activities to defined minimal corridor areas.
5. SunCoke shall have a site design that would have facility buildings and operations set back approximately 1,400 feet from the U.S. Highway 23 entrance in order to mitigate any potential adverse visual and noise level impacts.
6. SunCoke shall paint project structures a neutral color, excluding markings which may be required by the federal Occupational Safety and Health Administration, the Federal Aviation Administration ("FAA"), and/or Kentucky Airport Zoning Commission or to otherwise protect the safety of its employees.

7. SunCoke shall minimize nighttime lighting (subject to FAA and other regulatory requirements and plant safety needs) in order to help mitigate the facility's visual impact. SunCoke shall utilize modern industrial lighting technologies currently available that can minimize light trespass and night glow, such as LED lights that focus concentrated lighting downward on targeted areas.

8. SunCoke shall develop a new access to U.S. Highway 23 west of Johnson Lane to bring construction employees to a parking lot that is to be built on the southern portion of the proposed site.

9. SunCoke shall continue to work with Greenup County on plans to construct a bypass around the lower portion of Johnson Lane.

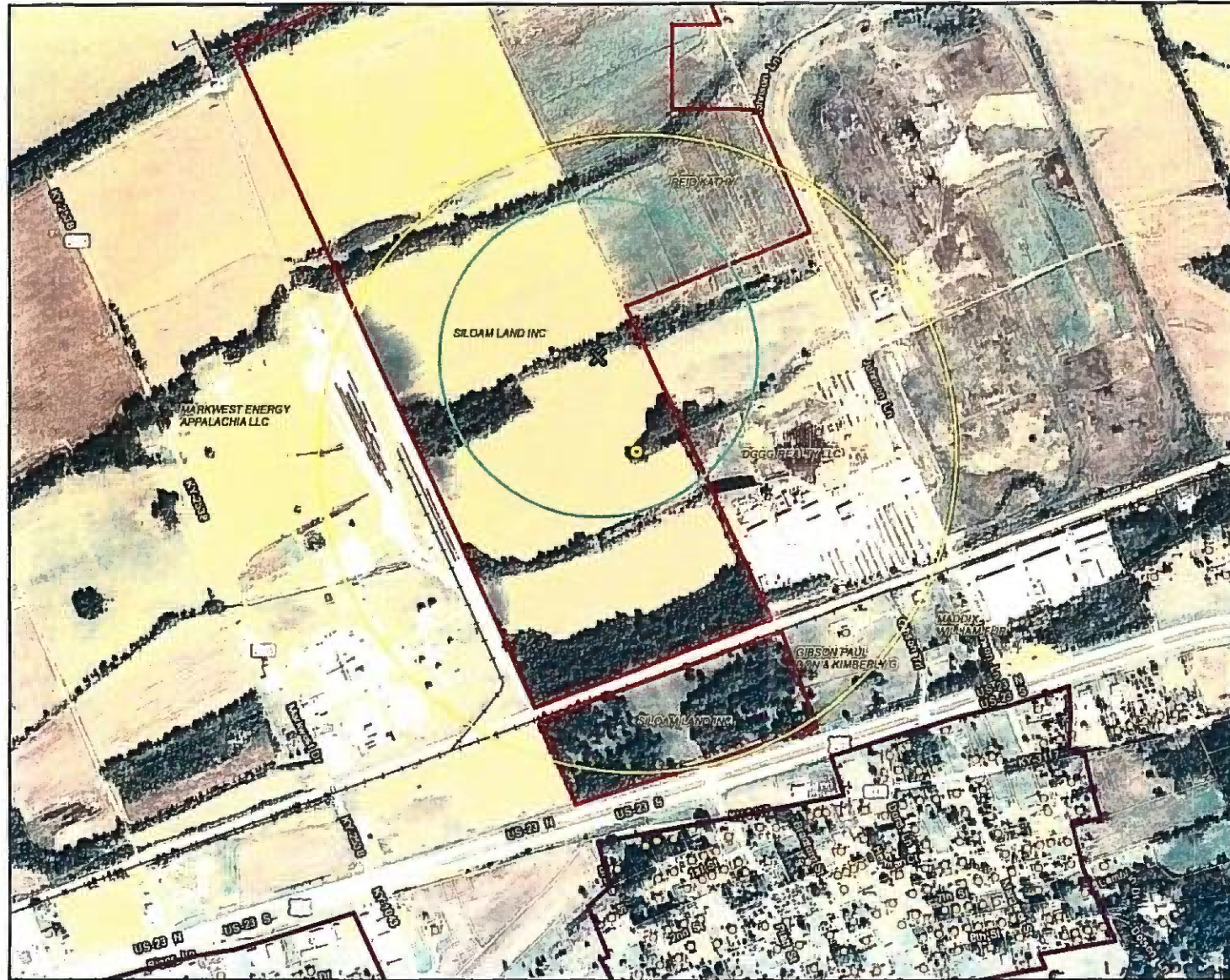
10. SunCoke shall continue to work with the Kentucky Transportation Cabinet on developing a permanent overpass spanning the railway from the new entrance to the proposed site to the completed coke plant that would provide the primary road access for ongoing operations.

11. SunCoke shall continue to work with Graf Brothers to schedule delivery of large loads along Johnson Lane during nighttime hours or as necessary to help minimize congestion along this narrow roadway.

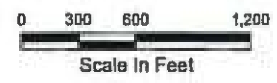
APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY STATE BOARD ON
ELECTRIC GENERATION AND TRANSMISSION SITING IN
CASE NO. 2014-00162 DATED **FEB 20 2015**

4:\Projects\Suncoke\25366724 Project Review\Drawings\Tech\GIS\Setback\Figure 4_SouthShoreSeting_Requirements.mxd



- Legend**
- Residential Structure
 - Approximate Steam Turbine Generator Location
 - Approximate Main Stack Location
 - 1,000' Buffer of Approximate Main Stack Location
 - 2,000' Buffer of Approximate Steam Turbine Generator Location
 - Approximate Project Boundary
 - Residential Neighborhood as defined by KRS 278.700(8)
 - Greenup County Parcel
 - Rail Line



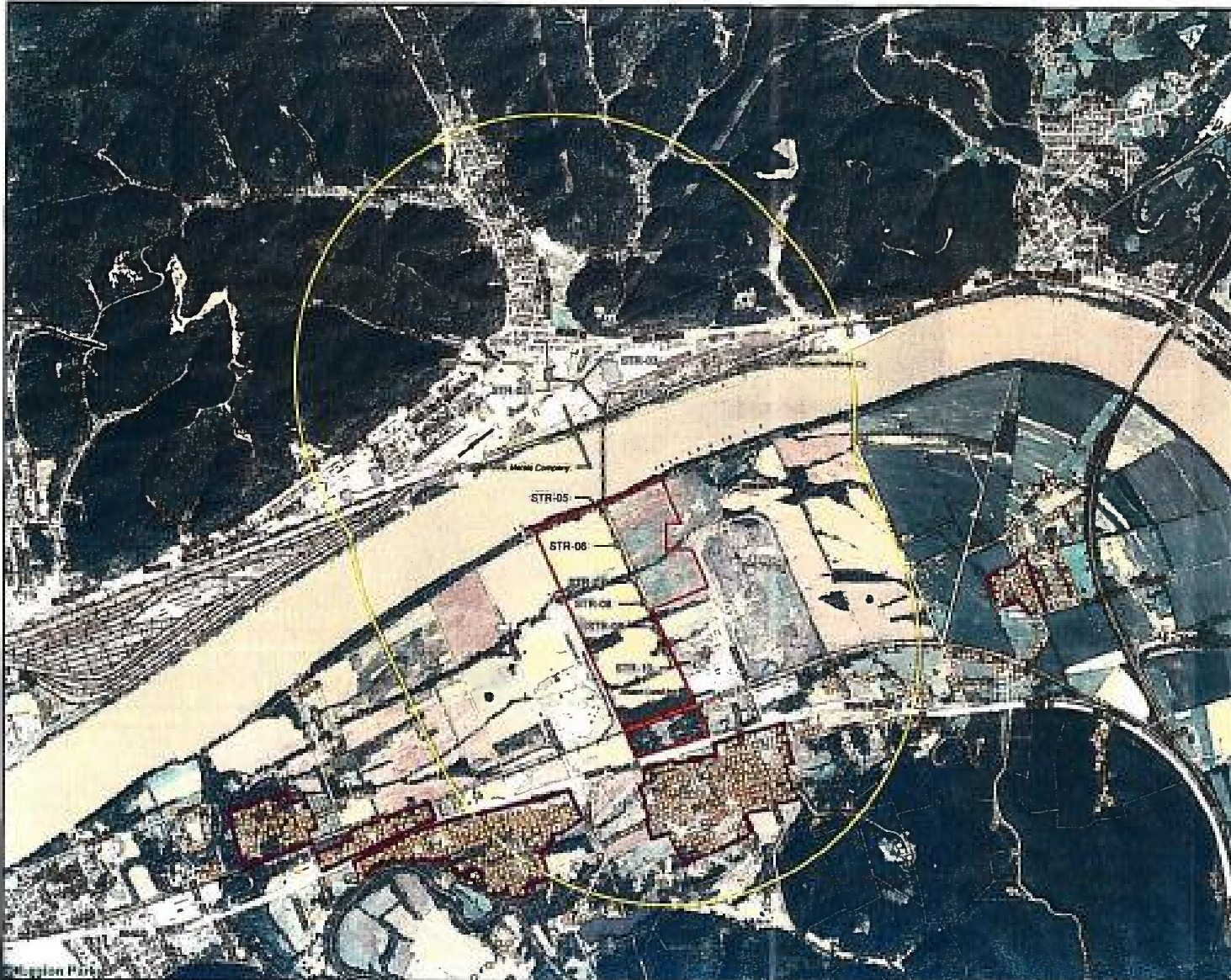
BASE MAP SOURCE:
National Agricultural Imagery Program, 2013

SunCoke Energy South Shore Facility	
FIGURE 4 SETBACK REQUIREMENTS MAP	
DATE: 10/10/2014	CHECKED BY: JP
CREATED BY: KB	URS
JOB NO. 25366724	

APPENDIX C

APPENDIX TO AN ORDER OF THE KENTUCKY STATE BOARD ON
ELECTRIC GENERATION AND TRANSMISSION SITING IN
CASE NO. 2014-00162 DATED **FEB 20 2015**

J:\Project\Suncoke\2536874 Project RavenData\Tech\GIS\String\Figure 6_SouthShoreSiting_proposed_radial_line_overview_radial.mxd



Legend

- Residential Structure
- ⊙ Proposed Radial Tie Line Structure
- Schools
- Proposed Radial Tie Line
- One-Mile Buffer of Proposed Radial Tie Line
- Park
- ▭ Approximate Project Boundary
- ▭ Residential Neighborhood as defined by KRS 27B.700(6)
- Rail Line

0 1,000 2,000 4,000

Scale In Feet

BASE MAP SOURCE:
National Agricultural Imagery Program, 2013

**SunCoke Energy
South Shore Facility**

**FIGURE 6
RADIAL TIE LINE ROUTE AND
ONE-MILE VICINITY PLAN**

DATE: 10/22/2014	
CREATED BY: KB	CHECKED BY: JP
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