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NEWS RELEASE

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PSC Approves Modifications at EKPC Cooper Power Plant *\$15 million environmental project will allow coal-burning unit to remain open*

FRANKFORT, Ky. (Feb. 20, 2014) – The Kentucky Public Service Commission (PSC) has approved a plan that will allow the continued operation of a coal-burning unit at the East Kentucky Power Cooperative (EKPC) J.S. Cooper Generating Station near Burnside.

In an order issued today, the PSC noted the “relatively inexpensive” cost of the project and found that it was the least costly of the alternatives evaluated by EKPC.

The \$15 million project involves adding ductwork that will redirect emissions from the 116-megawatt Cooper Unit 1 to emission control equipment already in place to handle emissions from the 225-megawatt Cooper Unit 2. The equipment has the capacity to handle emissions from both units.

Adding the ductwork will bring Cooper Unit 1 – which currently has less extensive emissions controls than Cooper Unit 2 - into compliance with stricter federal air quality standards that further limit emissions from coal-burning power plants.

The PSC also approved plans by EKPC to recover the cost of the project through its environmental surcharge, as authorized by Kentucky statute. The cost will be passed on to customers of the 16 electric distribution cooperatives that purchase power from and own EKPC.

Keeping Cooper Unit 1 in operation will allow EKPC to maintain adequate generating capacity at the lowest possible cost and at relatively little financial risk, the PSC found. EKPC looked at a number of alternatives for meeting its capacity requirements, the PSC said.

However, the PSC also noted that the analysis did not look farther ahead to consider potential future environmental compliance requirements. While it may have been unnecessary in this case, the PSC said that it expects such analysis to be conducted in the future “as part of a utility’s prudent evaluation of alternatives to any environmental compliance plan.”

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The PSC also noted that EKPC intends to continue to pursue energy efficiency programs in tandem with the improvements at the Cooper power plant. Those programs are designed to reduce demand for power and thus reduce or delay the need for additional electricity generating capacity.

EKPC's demand-side management and energy efficiency efforts have shown progress, the PSC said, adding that it expects the utility to continue to expand and develop its portfolio of programs.

The PSC conducted an evidentiary hearing in the case on January 14 and 15, 2014. Other parties to the case included Gallatin Steel Co., which is a major customer on the EKPC system, and the Sierra Club, an environmental organization.

Today's order and related documents are available on the PSC website, psc.ky.gov. The case number is 2013-00259.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in Kentucky and has approximately 90 employees.