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NEWS RELEASE

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Siting Board Approves Application for Greenup County Plant

Electric generating facility would use waste heat from coke ovens

FRANKFORT, Ky. (Feb. 23, 2015) – The Kentucky State Board on Electric Generation and Transmission Siting has granted a construction certificate for an electric generating plant and associated electric transmission line at a planned coke plant in northern Greenup County.

SunCoke Energy South Shore LLC, of Lisle, Illinois, intends to construct a 90-megawatt (MW) plant in conjunction with a coke plant to be built on about 250 acres along the Ohio River 2 miles northeast of the city of South Shore. The site is currently in agricultural use, but is near other industrial facilities.

SunCoke Energy South Shore LLC is a subsidiary of SunCoke Energy Inc., which produces coke for use in steelmaking. Coke production involves heating coal to drive off volatile compounds, leaving behind a material that is pure carbon.

The SunCoke plant will capture and burn the volatile compounds to produce steam, which will drive a turbine to generate electricity. The plant could generate up to 90 MW of electricity, but typically will produce 40 to 80 MW for sale on the open market.

The Siting Board found that the SunCoke project will have significant economic benefits for the community. The facility will use nearly 1 million tons of high-grade metallurgical coal annually, with nearly a quarter of it coming from Kentucky, according to SunCoke.

The entire plant will cost \$450 million and have 100 to 120 employees, with an annual payroll of about \$9 million. Construction will require as many as 600 workers at a time, with total construction wages and benefits of about \$150 million. SunCoke stated that it intends to employ as many Kentucky workers as possible during construction and in the plant itself.

In an order issued Friday, the Siting Board approved the application and directed SunCoke to take several steps to mitigate the impact of the plant. Those include a landscaped green belt around the site and lighting that will make plant less visible at night.

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The Siting Board also directed SunCoke to implement several measures to reduce traffic impacts, both during construction and once the plant is operational. A number of the mitigation measures were agreed to by SunCoke prior to the Siting Board decision.

Friday's order also approves construction of a 138-kilovolt transmission line that will connect the plant to the electric grid via an American Electric Power Co. substation in New Boston, Ohio, a distance of about a mile. The transmission line is to be routed to avoid wetland areas in order to minimize potential impacts on wildlife.

The SunCoke facility falls within Siting Board jurisdiction because the electricity it produces will be sold on the open, wholesale market.

The Siting Board is an agency within the Energy and Environment Cabinet. Under a law passed in 2002 by the Kentucky General Assembly, the Siting Board is charged with reviewing applications for merchant power plants, also known as independent power producers (IPPs), which sell electricity on the wholesale, unregulated market.

IPPs are not regulated by the Kentucky Public Service Commission. Applicants to the Siting Board are not required to meet the criteria set by the PSC for new facilities built by regulated utilities, and thus do not need to prove that the proposed facility is necessary to meet demand for electricity.

The Siting Board considers issues such as noise, visual impact, traffic, economic impacts and effects of the proposed facility on Kentucky's electric grid.

Environmental matters such as air emissions, water quality and solid waste are the subject of separate proceedings before the Kentucky Department for Environmental Protection.

By law, the Siting Board consists of the three members of the PSC, the secretary Kentucky Energy and Environmental Cabinet or his designee, the secretary of the Kentucky Economic Development Cabinet or his designee and two local members appointed by the governor to serve for a specific case. The chairman of the PSC also chairs the Siting Board.

In addition to the PSC commissioners, the Siting Board members for the SunCoke case are Talina Mathews, designated by Kentucky Energy and Environmental Cabinet Secretary Leonard Peters; Kentucky Economic Development Cabinet Secretary Larry Hayes; and two members named by Governor Steve Beshear: Greenup County Judge-Executive Robert Carpenter and South Shore resident Dr. Elinda Boyles, who is a university administrator.

There were no other parties to the SunCoke case.

Friday's order, SunCoke's application and other documents in the case may be found here: http://psc.ky.gov/PSC_WebNet/ViewCaseFilings.aspx?Case=2014-00162.

The PSC's 85 employees provide staff and administrative support to the Siting Board.