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NEWS RELEASE

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PSC OKs Move of EKPC Coal Ash from Ponds to Landfill *Waste material would be trucked across Clark County*

FRANKFORT, Ky. (March 6, 2015) – The Kentucky Public Service Commission (PSC) has approved a proposal by East Kentucky Power Cooperative, Inc. (EKPC) to move 560,000 cubic yards of coal combustion waste to a new storage facility.

EKPC is planning to empty and restore three ash ponds at its William C. Dale generating station, which is located on the Kentucky River in southwestern Clark County. The waste is to be placed into a dry landfill at the J.K. Smith power plant near Trapp, in central Clark County.

The ash needs to be moved because EKPC is planning to shut down the last two units at the coal-fired Dale plant by April 2016 because it is not economical to retrofit them to comply with stricter federal air quality requirements. The two units, with a capacity of 75 megawatts each, are at least 55 years old. Two older and smaller units at Dale are already out of service.

EKPC said that once the Dale plant stops generating electricity, the ash ponds there must either be emptied and restored or reconstructed to meet the terms of a new permit.

In its application, EKPC stated that it examined a number of options. Two involved reconstruction of the existing ponds, two required construction of a new landfill at or near the Dale plant, and four called for moving the ash to a landfill at another location.

The utility stated that any plan that left the ash at the Dale site was unlikely to receive necessary environmental permits because it would leave the material in place close to the Kentucky River. EKPC's analysis found that moving the ash to a new landfill at the Smith site was \$5 million to \$10 million less expensive than any of the other feasible options.

In an order issued today, the PSC agreed and approved construction of the project. The PSC also approved recovery of the estimated \$26.9 million cost through EKPC's environmental surcharge over several years.

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Construction of the landfill at Smith is scheduled to begin next month. Hauling of ash from Dale to Smith is likely to start in late summer or early fall and continue over 53 weeks through 2017, with breaks during the colder months.

The haul route is about 27 miles each way over state and interstate highways. EKPC estimates about 132 truckloads of ash per day can be moved from Dale to Smith.

An evidentiary hearing in the case was held on Feb. 3, 2015. Other parties to the case were the Kentucky Office of Attorney General and Grayson Rural Electric Cooperative Corp., one of 16 distribution cooperatives that owns and purchases power from EKPC.

The EKPC system has about 520,000 retail customers in 87 counties in eastern and central Kentucky.

Today's order, documents in the case and a video of the hearing are available on the PSC website, psc.ky.gov. The case number is 2014-00252.

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 85 employees.