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## NEWS RELEASE

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### **PSC APPROVES EAST KENTUCKY POWER ENVIRONMENTAL COSTS** *Projects needed to comply with federal air quality mandate*

FRANKFORT, Ky. (Sept. 29, 2008) – The Kentucky Public Service Commission (PSC) today allowed East Kentucky Power Cooperative Inc. (EKPC) to increase the amount it charges its customers to pay for environmental projects required by the U.S. Environmental Protection Agency (EPA).

Residential customers in the EKPC system will see their monthly bills increase by as much as \$5. The increase will occur over time, as the environmental projects are completed.

EKPC is owned by the 16 distribution cooperatives to which it provides power. The cooperatives serve more than 500,000 customers in 89 Kentucky counties.

In an order issued today, the PSC approved a settlement agreement reached by EKPC and the Kentucky Industrial Utility Customers Inc., a group which represents large industries.

The environmental projects include:

- Modifications to the Dale power plant in Clark County and Spurlock power plant in Mason County to reduce emissions of nitrogen oxide, a pollutant that contributes to both acid rain and smog.
- Construction of two scrubbers at the Spurlock plant. The scrubbers reduce emissions of sulfur dioxide, the principal precursor of acid rain.
- Recovery of pollution control costs included in the construction of a new circulating fluidized bed combustion unit at the Spurlock plant. The unit uses newer technology that produces fewer emissions.

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- Installation of new emission monitors at the Spurlock and Dale power plants and at the Cooper power plant in Pulaski County.

The scrubbers at Spurlock and the modifications at the Dale facility are required by a consent decree that EKPC reached with the EPA to settle a lawsuit filed by the federal agency alleging a number of environmental violations. The other projects are needed to comply with federal air quality requirements.

Under Kentucky law, electric utilities are entitled to pass through the costs they incur to comply with local, state and federal environmental requirements. The costs are recovered through a surcharge that appears as a separate line on a customer's bill.

The PSC must approve projects before they are paid for through the surcharge and regularly reviews the amount of the surcharge.

A hearing on the EKPC settlement agreement was held by the PSC on Aug. 20.

A videotape of that hearing, today's order and related documents in the case are available on the PSC Web site, [psc.ky.gov](http://psc.ky.gov). The case number is 2008-00115.

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 100 employees.