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## NEWS RELEASE

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# **PSC Affirms Approval of Landfills at KU, LG&E Power Plants**

## *Utilities required to seek separate approvals for future expansions*

**FRANKFORT, Ky. (Dec. 15, 2015)** – The Kentucky Public Service Commission (PSC) has affirmed its earlier approval of combustion waste landfills at power plants operated by the state's two largest electric utilities, despite sharp increases in the cost of the facilities.

But the PSC, in an order issued today, declined requests by Kentucky Utilities Co. (KU) and Louisville Gas & Electric Co. (LG&E) to extend that approval to future expansions of the landfills. The landfills are at the Trimble County Generating Station and at the Ghent Generating Station in Carroll County.

The PSC also denied a request by Sterling Ventures, LLC, which operates an underground limestone mine in Gallatin County, to revoke the approvals. Sterling Ventures argued that it would be less expensive to use the waste material as fill in the mine.

Plans for both the landfills were approved by the PSC six years ago. The landfills take a mix of wastes from coal combustion, including ash, small particles collected from boiler exhaust and gypsum generated by scrubbers that chemically remove acid-forming emissions from the smokestack gases.

When it approved construction of the landfills, the PSC also authorized KU and LG&E to recover the cost of building and operating the landfills through the environmental surcharge mechanism. The surcharge mechanism was established by state law in 1992 to expedite the recovery of the costs of complying with federal, state or local environmental requirements placed on coal-burning power plants.

However, the scope and increasing cost of both landfills became an issue earlier this year, when the PSC was considering a request by the utilities to increase base rates. After questions were raised by the PSC, KU and LG&E sought a declaration that the earlier approval of the landfill applied not just to initial construction, but to all planned expansions.

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At about the same time, Sterling Ventures filed a complaint stating that it would be less costly to pay the company to deposit combustion wastes from both the Ghent and Trimble plants in its limestone mine.

In June the PSC opened an investigation to consider both the request from KU and LG&E and the complaint from Sterling Ventures.

Testimony at an evidentiary hearing held Sept. 14 and 15 at the PSC offices in Frankfort focused on the relative costs of the landfills and the proposal to place the wastes in the limestone mine.

The cost of the first phase of the Ghent landfill was initially put at \$204 million. The first phase of the Trimble landfill was to cost \$94 million, with KU and LG&E bearing \$70.5 million (75 percent) of the cost and the rest paid by the Indiana and Illinois municipal utilities that jointly own one-fourth of the plant.

The first phase of the Ghent landfill was completed in December 2014 at a cost of \$341 million. Construction on the Trimble landfill has not begun due to delays in obtaining required state permits, largely because of environmental concerns about the proposed site that required a partial relocation of the facility. The estimated cost of the first phase has risen to \$322 million.

At the September hearing, utility officials testified that the cost increases for both landfills were due largely to design changes in the waste treatment facilities from a conceptual design to a final design. Even so, the landfills are still the least costly option for disposing of the wastes when compared to moving them to the limestone mine, they said.

Sterling Ventures countered with a proposal that called for transporting waste from Trimble by barge to a terminal near Warsaw, 44 miles up the Ohio River. The waste material would then be hauled by truck to the mine, a distance of 10 miles.

In today's order, the PSC found that KU and LG&E had conducted a thorough analysis of the various options for disposing of the wastes. Even with the increased cost of the landfills, and using assumptions favorable to Sterling Ventures, the landfills remain the least-cost options and their initial approval is affirmed, the PSC said.

Furthermore, even if the Sterling Ventures proposal made economic sense, it carries with it a number of risks associated with both the transportation of the wastes and their placement in the limestone mine, the PSC said.

However, noting that the cost of the first phase of both landfills increased substantially in a short period of time, the PSC declined to approve the planned further phases of the landfills – two more in the case of Ghent and three more at Trimble. Approval for each phase of those expansions will have to be obtained separately, the PSC said.

In addition to the two utilities and Sterling Ventures, parties to the case included the Kentucky Office of Attorney General and the Kentucky Industrial Utility Customers, Inc.

Today's order, other documents in the case and a video of the hearing are available on the PSC website, [psc.ky.gov](http://psc.ky.gov). The case number is 2015-00194. The original landfill cases were 2009-00197 (KU) and 2009-00198 (LG&E).

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.

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