

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF EAST KENTUCKY POWER)
COOPERATIVE, INC. FOR A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY FOR)
CONSTRUCTION OF AN ASH LANDFILL AT) CASE NO.
J. K. SMITH STATION, THE REMOVAL OF) 2014-00252
IMPOUNDED ASH FROM WILLIAM C. DALE STATION)
FOR TRANSPORT TO J. K. SMITH, AND APPROVAL)
OF A COMPLIANCE PLAN AMENDMENT FOR)
ENVIRONMENTAL SURCHARGE RECOVERY)

COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION
TO EAST KENTUCKY POWER COOPERATIVE, INC.

East Kentucky Power Cooperative, Inc. ("EKPC"), pursuant to 807 KAR 5:001, is to file with the Commission the original and ten copies of the following information, with a copy to all parties of record. The information requested herein is due no later than October 24, 2014. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

EKPC shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which EKPC fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Refer to paragraph 2, at page 2 of the Application, which indicates that the Dale Station ash ponds contain 560,000 cubic yards of coal ash. Refer also to footnote 4, pages 3–4 of the Application, which indicates that Ash Pond 2 has 248,000 cubic yards of coal ash, Ash Pond 3 has 58,000 cubic yards of coal ash, and Ash Pond 4 has 67,000 cubic yards of coal ash, for a total of 373,000 cubic yards of coal ash. Do the structural fills account for the remaining coal ash of 187,000 cubic yards out of the 560,000 cubic yards referenced in paragraph 2 of the Application?

2. Refer to paragraph 7, at page 4 of the Application, regarding beneficial reuse.

a. What types of beneficial reuse projects have utilized the Dale Station coal ash?

b. What percentage of the 40,000–60,000 tons of ash annually produced by the Dale Station when it was in full operation was used in beneficial reuse projects?

c. Can any of the ash that will be removed from Dale be used in beneficial reuse projects?

3. Refer to paragraph 12, at page 7 of the Application.

a. Identify the outside consultants referred to in paragraph 12 of the Application and the subject area that each consultant addressed.

b. How were these consultants selected?

c. Provide any studies, reports, or analysis conducted by the consultants in connection with the investigation concerning the permanent disposal of the Dale Station coal ash.

4. Refer to paragraph 13, at page 9 of the Application, regarding Alternative 1, involving the construction a special waste landfill at the Dale Station. Did EKPC conduct a detailed analysis of this alternative? If so, provide the analysis. If not, explain why EKPC did not conduct such an analysis.

5. Refer to paragraph 14, page 9 of the Application, regarding Alternative 2, involving the construction of a special waste landfill in close proximity to the Dale Station.

a. Provide the analysis conducted by EKPC and the retained engineering firm.

b. Identify the engineering firm retained by EKPC to assist in the analysis of Alternative 2 and explain how the engineering firm was selected by EKPC.

6. Refer to paragraph 15, page 10 of the Application, regarding Alternatives 3, 4 and 5, involving the removal of coal ash from Dale and the various transportation methods used to deliver the ash to EKPC's the special waste landfill at EKPC's Spurlock Station or to a private landfill.

- a. Provide the distance from the Dale Station to the Spurlock Station.
- b. Provide the distance from the Dale Station to the private landfill.

7. Refer to the Off-Site Alternative Cost Analysis on page 11 of the Application. In the same format as found on page 22 of the Application, provide a detailed summary of the costs for Alternatives 3, 4, and 5.

8. Refer to footnote 10, at page 11 of the Application. Provide a copy of the "Environmental Assessment to USDA Rural Utilities Service dated October, 2012."

9. Refer to footnote 11, at page 11 of the Application. Provide a detailed explanation of the mitigation fees referenced in this footnote and a detailed cost breakdown of the items included in such fees.

10. Refer to page 15 of the Application regarding the provision to store coal ash from the Cooper and Spurlock Stations as well as coal ash from the Dale Station.

- a. Provide the number of occurrences for the period 2009-2014 that required EKPC to divert coal ash disposal to another location from the Cooper or Spurlock Stations.

- b. How much disposal capacity for coal ash is left for the Cooper Station at its current special waste landfill? When does EKPC anticipate that the Cooper Station special waste landfill will reach its maximum capacity?

c. How much disposal capacity for coal ash is left for the Spurlock Station at its current special waste landfill? When does EKPC anticipate that the Spurlock Station special waste landfill will reach its maximum capacity?

11. Refer to paragraph 25 and Exhibit 1 of the Application, which show the Dale Station ash ponds and illustrates the existing placement of transmission lines near those ash ponds.

a. Explain in detail the process and equipment positioning that will be utilized in removing the ash material from these ponds.

b. Explain in detail the value and requirement for the proposed relocation of the four indicated electric lines and how their relocation will facilitate the ash material removal, improve the safety of the process, and enhance its loading and transportation.

c. Provide details of any other location(s) considered for relocating the four noted electric lines.

12. Refer to the estimated capital cost summary on page 22 of the Application.

a. Provide a detailed explanation and listing of the components included in the \$1,252,000 of Owner's Costs.

b. Provide a detailed explanation and listing of the components included in the J.K. Smith landfill construction costs of \$ 4,000,000.

13. Refer to Exhibit 1 of the Application, which shows a spray field. Describe the purpose and function of the spray field.

14. Refer to the Direct Testimony of Don Mosier (“Mosier Testimony”), page 4, regarding the closure of Dale Units 1 and 2. Provide a detailed explanation of EKPC’s efforts to market the assets of Dale Units 1 and 2, including an update of such marketing efforts.

15. Refer to the Mosier Testimony, page 4, regarding the future of Dale Units 3 and 4.

a. Explain in detail what is meant by the reference to “plans to condition Dale Units 3 and 4 for indefinite storage,” including, but not limited to, the measures needed to place the units in indefinite storage and the associated costs of such measures.

b. Identify the “market, regulatory or other conditions” that would need to be changed in order to allow Dale Units 3 and 4 to operate economically again. Identify also what type of retrofit or conversion would need to take place in order to allow Dale Units 3 and 4 to operate in the future.

16. Refer to the Mosier Testimony, page 8, regarding the anticipated “decommissioning” of the Dale Station.

a. Define the term “decommissioning” as used with respect to the future status of Dale Units 3 and 4.

b. Does the “indefinite storage” of Dale Units 3 and 4 constitute “decommissioning” such that it would trigger the requirement that the Dale Station ash ponds obtain a special waste landfill permit? If so, explain why.

17. Refer to the Mosier Testimony, page 10. Explain why it would be “highly improbable” that a special waste landfill permit could be obtained for the current Dale Station ash ponds and how EKPC arrived at this conclusion.

18. Refer to the Direct Testimony of Jerry B. Purvis (“Purvis Testimony”), page 8, regarding the statement, “If and when the ash ponds at Dale Station cease to be used as impoundments, they will lose the permit by rule status provided by 401 KAR 45:060, Section 1(4).”

a. Explain what is meant by the phrase “cease to be used as impoundments.”

b. Given that Dale Units 3 and 4 would be placed in a state of “indefinite storage,” would the potential for the continued operation of those units at some point in the future affect whether the Dale Station ash ponds would be determined to have ceased to be used as impoundments as provided under 401 KAR 45:060, Section 1(4)?

19. Refer to the Purvis Testimony, page 11, regarding the issuance of a permit to construct a special waste landfill at the Smith Station by the Kentucky Division of Waste Management on July 29, 2013.

a. Provide the date when EKPC filed an application or requested a permit to construct a special waste landfill at the Smith Station.

b. Explain why EKPC sought to request such a permit at that time.

20. Refer to the Purvis Testimony, page 12, regarding the two options for a bottom liner at the proposed special waste landfill at the Smith Station.

a. What are the advantages and disadvantages of each of these two bottom liner options?

b. When will EKPC make a determination as to which option to use?

c. Explain how each option would comply with the federally proposed Carbon Combustion Rule.

d. Provide the cost of each type of liner and explain which cost was included in the proposed Smith landfill construction cost of \$4,000,000 on the project cost estimate on page 22 of the Application.

21. Refer to the Purvis Testimony, page 15, regarding the closure of the Dale Station ash ponds. Confirm that the cost estimate to close the Dale Station ash ponds would be \$17,790,000, as shown on page 22 of the Application.

22. Refer to the Purvis Testimony, at page 16, lines 8 – 10.

a. What is the estimated amount in cubic yards of soil that will need to be transported from the landfill borrow areas?

b. How many truckloads of material is this, and when would it be transported to the Dale Station?

c. Will EKPC load the trucks returning from hauling ash from Dale Station to Smith Station with the soil in order to minimize truck traffic?

d. The proposed Smith Station landfill project is estimated to be completed by the end of 2017. Does this include the grading impoundments at the Dale Station ash ponds with onsite soils and soils transported from the Smith Station?

23. Refer to the Direct Testimony of Matt Clark (“Clark Testimony”), page 8, regarding the four locations near the Dale Station identified as potential sites for a special waste landfill.

a. Provide a map depicting the location of these four sites in proximity to the Dale Station.

b. Explain in more detail the reasons why EKPC removed sites 3 and 4 from consideration.

c. With respect to site 2, what reason did the owners of that site provide as to why they did not want to continue discussions with EKPC about selling the property?

d. What is the status of EKPC’s consideration of site 1?

24. Refer to the Clark testimony and Exhibit ET-1 to the Direct Testimony of Ed Tohill, Table 6-1: Schedule Summary.

a. Page 19, lines 11–13 of the Clark Testimony, states that “[c]onstruction and handling for dewatering, excavating and moving coal ash from Dale during the wet months (November and April) can be challenging, so the excavation of ash may be temporarily halted during these months.” Provide in detail the challenges mentioned in this statement and explain why the project may be shut down during these months.

b. Are the same considerations for coal ash referenced in Question 24.a. also applicable to construction activities related to the new landfill at Smith Station? Explain.

25. Refer to the Clark Testimony, page 20, indicating that the haul route has been publicly vetted.

a. Explain when and how the haul route was publically vetted.

b. Provide details of any other routes considered by EKPC and why they were dismissed from further consideration.

26. Refer to the Clark Testimony, page 22, lines 4–8, regarding the fleet of trucks required for the proposed haul plan.

a. Explain whether there is any concern for the availability of 33 trucks per day to meet the proposed haul plan of 132 loads per day.

b. Describe the type of trucks that EKPC plans to use for transporting the ash to the Smith Station landfill, i.e., standard dump truck, semi-trailer dump truck, or covered roll-off container trucks.

c. State whether EKPC will be required to obtain any special permits in order to haul the ash over the proposed route in the trucks described above.

27. Will the haul route go past the entrance to the new high school complex in Clark County?

a. If so, has this been discussed with county officials regarding the truck traffic? If it has been discussed, what was the county's reaction to the haul route? If no discussion has taken place, explain why EKPC has not reached out to county officials concerning the truck traffic.

b. Assuming there are 132 full truckloads in an eight-hour day plus the returning 132 empty trucks, confirm that would be about one truck every two minutes passing the entrance to the new high school.

28. Was rail transportation considered as an alternative from Dale Station to Smith Station?

a. Are there railroad spurs present at the Dale Station? If so, how far away are they from the ash ponds?

b. Are railroad spurs present at the Smith Station? How far are they from the proposed special waste landfill?

c. What is the cost of transporting coal ash by rail from Dale Station to Smith Station?

d. Describe the options available to EKPC for loading coal ash into rail cars at the Dale Station, and similarly, to unload the rail cars at the Smith Station.

29. Refer to the Direct Testimony of Ed Tohill ("Tohill Testimony").

a. On page 14 of the Tohill Testimony is a list of costs not included in the estimated costs for Alternative 8. With the exception of future O&M costs for groundwater monitoring, explain for each cost why it was not included.

b. Page 16 indicates that 16 cubic yards of coal ash will be placed on each truck. Provide the equivalent weight in tons or pounds per truck.

c. Refer to Exhibit 1 to the Tohill Testimony. Page 3-1 states that EKPC will conduct a new site survey, the cost of which is not included in the project estimate.

(1) Explain why this cost is not included in the project estimate.

(2) Provide the estimated cost of the survey.

(3) Explain whether EKPC anticipates recovering this expense via the environmental surcharge.

30. Refer to the Direct Testimony of Isaac S. Scott (“Scott Testimony”).
- a. Refer to page 5, lines 4–11. Provide a breakdown of the operations and maintenance expenses associated with the project, including the expenses that do not occur every year.
 - b. Refer to page 8, lines 14–20. Explain whether EKPC will separately accumulate the costs for each of the components of the project on Form 2.1 of the monthly report.
 - c. Refer to page 10, lines 3–9. Provide the 2013 journal entries that recorded the Asset Retirement Obligation for the Dale Station ash ponds.
 - d. Refer to page 10, lines 14–21.
 - (1) Explain why it is appropriate for EKPC to amortize the new Smith Station landfill over ten years if the “potential service life for such construction is expected to be several decades.”
 - (2) Provide a listing of all landfills that EKPC currently has recorded on its books, including the original cost, accumulated depreciation and depreciable lives.
 - (3) Provide the amount of coal ash that was deposited in the Hancock Creek Inert Landfill (“Hancock Creek”).
 - (4) Explain why it is appropriate for EKPC to amortize the new Smith Station landfill over ten years, given that Hancock Creek in which Dale coal ash was deposited was used from 1985 to 2010, a period of 25 years.
 - e. Provide a revised Exhibit ISS-4 using amortization periods of 15, 20 and 25 years.

f. Refer to Exhibit ISS-4, page 1 of 2. Provide the calculations and supporting documentation for the property tax, property insurance and total O&M factors used to determine the fixed charge rate.



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