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 Attorneys at Law

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PUBLIC SERVICE
COMMISSION

October 24, 2014

VIA HAND DELIVERY

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
P.O. Box 615
211 Sower Boulevard
Frankfort, KY 40602

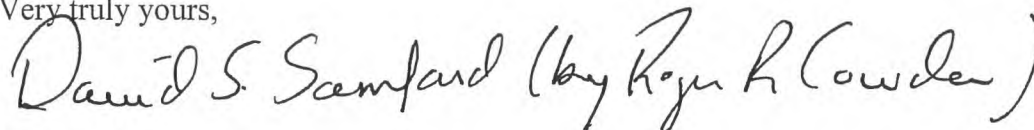
Re: PSC Case No. 2014-00252

Dear Mr. Derouen:

Please find enclosed for filing with the Commission in the above-referenced case an original and ten copies of the responses of East Kentucky Power Cooperative, Inc. ("EKPC"), to the Staff's Initial Request for Information dated October 9, 2014. Also included are an original and ten copies of EKPC's responses to the First Request for Information from the Attorney General dated October 10, 2014.

Also enclosed are an original and ten copies of EKPC's Petition for Confidential Treatment of Information ("Petition") regarding the response to Request 30f. One unredacted copy of the designated confidential portions of the response to Request 30f, which is the subject of the Petition, is enclosed in a sealed envelope.

Very truly yours,



David S. Samford

Enclosures

Cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

OCT 24 2014

PUBLIC SERVICE
COMMISSION

In the Matter of:

IN THE MATTER OF:
AN APPLICATION OF EAST KENTUCKY)
POWER COOPERATIVE, INC. FOR A)
CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY FOR CONSTRUCTION OF AN)
ASH LANDFILL AT J. K. SMITH STATION TO)
RECEIVE IMPOUNDED ASH FROM WILLIAM)
C. DALE STATION, AND FOR APPROVAL OF A)
COMPLIANCE PLAN AMENDMENT FOR)
ENVIRONMENTAL SURCHARGE RECOVERY)

CASE NO.
2014-00252

RESPONSES TO ATTORNEY GENERAL'S FIRST REQUEST FOR
INFORMATION TO EAST KENTUCKY POWER COOPERATIVE, INC.
DATED OCTOBER 10, 2014

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

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AN APPLICATION OF EAST KENTUCKY)
POWER COOPERATIVE, INC. FOR A)
CERTIFICATE OF PUBLIC CONVENIENCE)
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COMPLIANCE PLAN AMENDMENT FOR)
ENVIRONMENTAL SURCHARGE RECOVERY)

CASE NO.
2014-00252

CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Matt Clark, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Attorney General's First Request for Information in the above-referenced case dated October 10, 2014, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

Matthew Clark

Subscribed and sworn before me on this 24th day of October 2014.



Gwyn M. Willoughby
Notary Public

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

IN THE MATTER OF:
AN APPLICATION OF EAST KENTUCKY)
POWER COOPERATIVE, INC. FOR A)
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COMPLIANCE PLAN AMENDMENT FOR)
ENVIRONMENTAL SURCHARGE RECOVERY)

CASE NO.
2014-00252

CERTIFICATE

STATE OF KENTUCKY)
COUNTY OF CLARK)

Don Mosier, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Attorney General's First Request for Information in the above-referenced case dated October 10, 2014, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



Subscribed and sworn before me on this 24th day of October 2014.




Notary Public

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

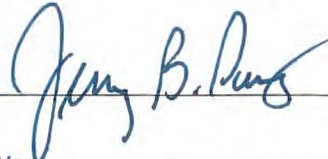
IN THE MATTER OF:
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ENVIRONMENTAL SURCHARGE RECOVERY)

CASE NO.
2014-00252

CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Jerry B. Purvis, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Attorney General's First Request for Information in the above-referenced case dated October 10, 2014, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



Subscribed and sworn before me on this 24th day of October 2014.




_____ Notary Public

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

IN THE MATTER OF:
AN APPLICATION OF EAST KENTUCKY)
POWER COOPERATIVE, INC. FOR A)
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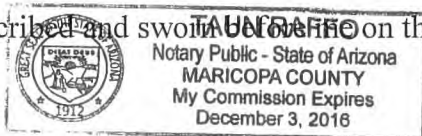
CERTIFICATE


STATE OF ARIZONA)
)
COUNTY OF MARICOPA)

Ed Tohill, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Attorney General's First Request for Information in the above-referenced case dated October 10, 2014, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



Subscribed and sworn to before me on this 22 day of October 2014.





Notary Public

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2014-00252
RESPONSE TO INFORMATION REQUEST

ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION DATED 10/10/14
REQUEST 1

RESPONSIBLE PARTY: **Matt Clark**

Request 1. Refer to paragraph 7, page 4 regarding beneficial reuse of coal ash.

Request 1(a). What specific beneficial reuse projects has the coal ash been utilized for?

Response 1(a). Offsite beneficial reuse projects are listed below:

- Clark Energy Office: Ash was used as fill to level the property in front of the office.
- Clark County Board of Education, George Rogers Clark ("GRC"): Ash was used as fill to create a football practice area behind GRC.
- Clark County Board of Education, Clark Middle School: Ash used as fill to create a softball field behind Clark Middle School.
- Clark County Board of Education, Strode Station Elementary: Ash used as fill to create a soccer field in front of Strode Station Elementary.
- Clark County Board of Education, GRC: Ash used as fill to create a softball field behind GRC.

- Clark Christian Church, Parking Lot: Ash used as fill to create a parking lot by the church.
- Department of Highways, Winchester Bypass: Ash used as fill in the construction of the new bypass.
- East Kentucky Power Cooperative, Smith Station: Ash used as fill in the construction of the new Combustion Turbine area.
- Yeiser Industrial Park: Ash used as fill to create the Yeiser Industrial Park.
- Lion's Club: Ash used as fill to create a parking lot area.

Request 1(b). Was any revenue or income generated from the projects, and if so how much?

Response 1(b). No revenue or income was generated.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2014-00252
RESPONSE TO INFORMATION REQUEST

ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION DATED 10/10/14
REQUEST 2

RESPONSIBLE PARTY: **Matt Clark**

Request 2. Refer to paragraph 2, page 2, footnote 1.

Request 2a. What is the estimated cubic yards of the structural fill?

Response 2a. 184,250 CY is the estimated quantity of structural fill on site at Dale Station. Please refer to Exhibit ET-1 page 3-1, section 3.1 for a full breakdown of the ash quantities.

Request 2b. Confirm that that while the structural fill is included in the 560,000 cubic yards estimate, the structural fill is not planned to be removed from the site.

Response 2b. The structural fill is included in the 560,000 CY, and only approximately 55,000 CY are currently planned to remain as beneficial reuse at Dale Station. The areas left for beneficial reuse are for support of the state highway, under the switchyard, and the area

previously dedicated for coal storage to allow for the possibility of future development of the site. The remainder of the structural fill is planned for removal.

Request 2c. If so, explain why the additional structural fill material was accounted for in calculating cost of removal.

Response 2c. The additional structural fill material was included in the cost of removal because the status and integrity of those areas must be confirmed. Once excavation begins in the areas next to the structural fills, exposing the composition of the structural fills, EKPC will reevaluate the structural integrity of those areas and make a final determination on whether they will remain. EKPC does not currently have concerns about these areas; however, it wishes to confirm the condition of the structural fills prior to a final design to leave them in place.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2014-00252
RESPONSE TO INFORMATION REQUEST

ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION DATED 10/10/14
REQUEST 3

RESPONSIBLE PARTY: **Jerry B. Purvis**

Request 3. Refer to paragraph 16, page 12.

Request 3a. Were discussions held with the Kentucky Division of Waste Management regarding closure in place?

Response 3a. Yes. EKPC invited the Kentucky Division of Waste Management ("KDWM") to William C. Dale Station for a site visit. EKPC and the KDWM met on site on June 27, 2014. EKPC provided an overview presentation of the closure in place and off-site disposal options, including a discussion of the siting requirements and limitations for special waste landfills in 401 KAR 45:130 that apply to the closure in place options. EKPC and KDWM then conducted a site walk at each of the ash pond locations, i.e. Ash Ponds 1, 2, 3 and 4. EKPC and KDWM had a lengthy discussion about the feasibility of the closure in place option, including capping and other closure requirements, and the clean closure with off-site disposal at J.K. Smith Station landfill option. EKPC and the KDWM discussed each pond, its location, regulatory requirements, the history of regulatory requirements, and engineering requirements.

KDWM agreed that the clean closure with off-site disposal at the J.K. Smith Station landfill option was the best option due to the constraints at Dale Station. Following the meeting, KDWM sent EKPC a letter dated July 14, 2014, that essentially set KDWM's requirements for the removal plan.

Request 3b. If not, why not?

Response 3b. Please see response to 3a above.

Request 3c. If so, please provide documentation of the communications between EKPC and KDWM regarding closure in place.

Response 3c. A copy of the presentation made to KDWM during the meeting on June 27, 2014 is provided on the enclosed CD. A copy of the KDWM letter dated June 27, 2014 was provided in the Application and is also provided on the enclosed CD.

**EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2014-00252
RESPONSE TO INFORMATION REQUEST**

**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION DATED 10/10/14
REQUEST 4**

RESPONSIBLE PARTY: Matt Clark

Request 4. Refer to page 15 regarding storing coal ash from Cooper and Spurlock stations. See also Request for Information number 10 from PSC Staff. Provide the emergency or other occurrence that required EKPC to divert coal ash disposal from the Cooper or Spurlock stations to another location.

Response 4. EKPC has never had an occurrence or emergency in which coal ash was diverted from Cooper or Spurlock landfills.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2014-00252
RESPONSE TO INFORMATION REQUEST

ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION DATED 10/10/14
REQUEST 5

RESPONSIBLE PARTY: **Matt Clark**

Request 5. Refer to paragraph 28, page 22.

Request 5a. What would be the landfill construction cost for a landfill to hold 373,000 cubic yards of CCR?

Response 5a. The construction cost of a landfill varies greatly depending on the topography over which the construction is taking place. Factors such as depth of rock, amount of stream, and current depth (hollow) can each greatly change the cost of a landfill. The cost of a 373,000 CY landfill at the proposed Smith Landfill has never been developed since a design of this size was never considered. EKPC cannot provide that information in the time given. However, EKPC did consider going from 560,000 CY to 750,000 CY in this specific location and it was an additional \$175,000. One could presume that going from 560,000 to 373,000 CY would be similar.

Request 5b. What would be the landfill construction cost for a landfill to hold 560,000 cubic yards of CCR??

Response 5b. Estimated cost would be: \$3,825,000.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2014-00252
RESPONSE TO INFORMATION REQUEST

ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION DATED 10/10/14
REQUEST 6

RESPONSIBLE PARTY: **Jerry B. Purvis**

Request 6. Refer to paragraph 2, page 2. Are the MATS rules and 111(d) rules the "stringent federal environmental regulations for coal-fired generation" referenced?

Response 6. EKPC's oldest coal-fired plant faces several new federal EPA rules (Mercury Air Toxics Standards (MATS), Cross State Air Pollution Rule, future revised National Effluent Limitations Guidelines, modification to the Clean Water Act Section 316 (b), new Coal Combustion Residual and the proposed Clean Power Plan.

Request 6a. If so, to what extent did MATS factor in shutting down Dale Station?

Response 6a. EKPC would have to invest several millions of dollars in order for Dale Station to comply with MATS by or before April 16, 2015. For instance, EKPC would have to install a wet or dry flue gas desulfurization system, a new particulate removal system and mercury controls. Given the vintage of the production units, the relatively inefficient unit heat

rates and lack of reheat turbine cycles (which make the units more efficient), EKPC has decided to not expend the investment necessary for Dale Station to comply with MATS.

Request 6b. To what extent, if any, does the proposed 111(d) carbon regulation factor in shutting down Dale Station?

Response 6b. The Proposed Section 111(d) Clean Power Plan is another reason why EKPC plans to retire the Dale units. It is unclear at this time if the Clean Power Plan will be finalized in its current form and if it will withstand legal challenge. However, the units at Dale Station are the highest in carbon intensity of EKPC's power generating asset portfolio, because, as discussed, the Dale units do not have an efficient cycles and heat rate as compared to modern generating units.

**EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2014-00252
RESPONSE TO INFORMATION REQUEST**

**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION DATED 10/10/14
REQUEST 7**

RESPONSIBLE PARTY: Matt Clark

Request 7. Reference paragraph 18, page 14. What evidence does EKPC have that leads it to believe that either liner option 1 or option 2 will comply with anticipated EPA CCR regulations?

Response 7. Please reference the EKPC response to PSC DR1, Request 20c.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2014-00252
RESPONSE TO INFORMATION REQUEST

ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION DATED 10/10/14
REQUEST 8

RESPONSIBLE PARTY: Don Mosier

Request 8. Refer to Mosier testimony page 10, lines 10-12. Is there insurance available for the potential environmental remediation of discharge from the current coal ash ponds into the Kentucky River? If not, what amount has EKPC previously set aside to self-insure from such an occurrence?

Response 8. EKPC is in the process of determining the availability of environmental pollution legal liability insurance products in the market, specifically for the coverage of remediating a potential breach of the ash facility at Dale. As part of that review, EKPC is also evaluating the cost of potential coverage, the limits of that coverage, and terms of coverage offered by potential insurers. EKPC will complete its review of available insurance products in the market by December, 2014 and will update this response at that time. Until that determination is completed, EKPC is self-insured for that risk with no reserves set aside.

**EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2014-00252
RESPONSE TO INFORMATION REQUEST**

**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION DATED 10/10/14
REQUEST 9**

RESPONSIBLE PARTY: Jerry B. Purvis

Request 9. Refer to Purvis testimony, page 7, lines 20-22. Please provide a copy of KPDES Permit No. KY0002194 and any NOV or other enforcement action notices EKPC has received related to this permit.

Response 9. The above requested information is provided on the enclosed CD.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2014-00252
RESPONSE TO INFORMATION REQUEST

ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION DATED 10/10/14
REQUEST 10

RESPONSIBLE PARTY: **Jerry B. Purvis**

Request 10. Refer to JBP-3.

Request 10a. Provide a copy of the 404 individual permit issued on June 10, 2013.

Response 10a. A copy of the 404 individual permit issued on June 10, 2013 is provided
on the enclosed CD.

Request 10b. Provide a copy of the KPDES permit when issued.

Response 10b. The KPDES permit requested has not been issued. EKPC will supplement
this response when it is able to do so.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2014-00252
RESPONSE TO INFORMATION REQUEST

ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION DATED 10/10/14
REQUEST 11

RESPONSIBLE PARTY: **Matt Clark**

Request 11. Refer to Clark testimony, page 10 lines 14-19.

Request 11a. Did EKPC attempt to negotiate lowered landfill fees that may have made the project more economically feasible? If not, why not.

Response 11a. As part of the alternative analysis EKPC met with Rumpke and Blue Ridge Landfill (Owners have changed several times) since these were the two closest Municipal Solid Waste Landfills to Dale Station. Both were told that EKPC was considering sending 1,000,000 CY of waste from Dale Station in lieu of constructing its own landfill and was requesting a preferred cost for the waste based on that high volume. Both provided cost estimates. Rumpke's estimate was considerably cheaper and was used for the alternative analysis. Over three years have passed since that quote, therefore, for the updated analysis provided on page 11, EKPC asked Rumpke to hold the same quote from earlier; however, they

were not able to do so and raised the price \$2/ton. The last time EKPC sent waste material to Rumpke, EKPC paid \$31.80/ton, and our price for the updated analysis on page 11 was \$16 per ton.

Request 11b. What would the landfill fees be based on 560,000 cubic yards of CCR, as opposed to the 1,000,000 cubic yards referenced on Clark Testimony page 9, line 15?

Response 11b. The cost based on 560,000 CY is the cost provided in the testimony and on the page 11 cost analysis. The page 11 analysis is an update to the original alternative analysis located in the RUS EA (provided in response to the PSC staff request #8). Please see page 11 of the Application footnote #10.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2014-00252
RESPONSE TO INFORMATION REQUEST

ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION DATED 10/10/14
REQUEST 12

RESPONSIBLE PARTY: Matt Clark

Request 12. Refer to Clark testimony, page 10 lines 1-2 and lines 8-9. Explain how the amount of \$545,175 was calculated for reduced landfill capacity.

Response 12. Since some of the options evaluated included using capacity in the existing Spurlock Landfill, it was appropriate to assign a value to the loss of that capacity in order to be able to put all alternatives on an equal footing for evaluation purposes. Cost data from the last construction and permitting activities at Spurlock Landfill were used. EKPC added the cost of the last construction project, engineering fees from the last project, permitting fees from the last permit (ratio of these fees based on the size of this cell divided by the size of the entire permitted area), and assumed a land value. This cost was divided by the projected airspace of the cell construction and provided a cost per CY of space at Spurlock landfill that was used to multiply by the amount of ash at Dale to provide the value of the reduced landfill capacity.

EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2014-00252
RESPONSE TO INFORMATION REQUEST

ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION DATED 10/10/14
REQUEST 13

RESPONSIBLE PARTY: **Matt Clark**

Request 13. Refer to Clark Testimony page 23, line 21 to page 24, line 2. Explain how the planned relocation will avoid any additional relocation activities should the Dale site be redeveloped in the future.

Response 13. The biggest challenge with the transmission relocation aspect of the Project was to ensure that this line would not need to be relocated in the future. EKPC had two primary challenges in preventing another future relocation.

First, EKPC would need to coordinate the relocation with the ash removal so that a temporary line would not be needed. EKPC believes this has been achieved by staging the ash removal from areas needed for new transmission structures first and then constructing small structural fills “peninsulas” in those areas that will allow room to relocate the structures. The schedule will then allow for the relocation prior to removal of the rest of the material.

The second challenge was to keep the line away from areas that could be used for future development. To do this, the transmission line relocation was held on the edge of

the structural fill that is planned to be left in place (coal pile) until it passes that fill. The area of the coal pile is the best area on the site for potential construction of new assets and therefore it was left open. From the edge of the coal pile fill, the transmission lines turn back toward the road at a small angle to avoid another large area for potential development even though a new structural fill would be needed to increase the area of the coal pile.