

# Goss ■ Samford PLLC



Attorneys at Law

**Mark David Goss**  
mdgoss@gosssamfordlaw.com  
(859) 368-7740

October 31, 2014

**RECEIVED**

OCT 31 2014

**PUBLIC SERVICE  
COMMISSION**

***Via Hand-Delivery***

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

Re: 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  
PSC Case No. 2014-00252

Dear Mr. Derouen:

Enclosed please find for filing with the Commission in the above-referenced case an original and ten (10) copies of East Kentucky Power Cooperative, Inc.'s Notice of Filing of Supplemental Direct Testimony of Matt Clark and Supplemental Response to Request No. 9 of Commission Staff's First Request for Information regarding the above-styled matter. Please return a file-stamped copy to me.

Do not hesitate to contact me if you have any questions.

Very truly yours,

Mark David Goss

Enclosures

M:\Clients\4000 - East Kentucky Power\1450 - Dale Ash Landfill  
CPCN\Correspondence\Ltr. to Jeff Derouen - 141031

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**RECEIVED**  
OCT 31 2014  
PUBLIC SERVICE  
COMMISSION

**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, THE )  
REMOVAL OF IMPOUNDED ASH FROM )  
WILLIAM C. DALE STATION FOR TRANSPORT )  
TO J. K. SMITH, AND APPROVAL OF A )  
COMPLIANCE PLAN AMENDMENT FOR )  
ENVIRONMENTAL SURCHARGE RECOVERY )**

**CASE NO.**  
**2014-00252**

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**NOTICE OF FILING**

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Comes now East Kentucky Power Cooperative, Inc. ("EKPC"), by and through counsel, and does hereby tender for filing in the above-styled matter: (i) the Supplemental Direct Testimony of Matt Clark; and (ii) EKPC's Supplemental Response to Request No. 9 of Commission Staff's First Request for Information dated October 9, 2014.

This 31<sup>st</sup> day of October, 2014.

Respectfully submitted,



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Mark David Goss  
David S. Samford  
M. Evan Buckley  
GOSS SAMFORD, PLLC  
2365 Harrodsburg Road, Suite B325  
Lexington, KY 40504  
(859) 368-7740  
*mdgoss@gosssamfordlaw.com*  
*david@gosssamfordlaw.com*  
*ebuckley@gosssamfordlaw.com*

*Counsel for East Kentucky Power Cooperative, Inc.*

**CERTIFICATE OF SERVICE**

This is to certify that a true and correct copy of the foregoing was deposited in the custody and care of the U.S. Mail, postage prepaid, on this the 31<sup>st</sup> day of October, 2014, addressed to the following:

Gregory T. Dutton  
Assistant Attorney General  
Office of the Attorney General Utility & Rate  
1024 Capital Center Drive, Suite 200  
Frankfort, KY 40601-8204



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*Counsel for East Kentucky Power Cooperative, Inc.*



**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**IN THE MATTER OF:**

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

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**SUPPLEMENTAL DIRECT TESTIMONY OF MATT CLARK  
ON BEHALF OF EAST KENTUCKY POWER COOPERATIVE, INC.**

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**Filed: October 31, 2014**

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND**  
2 **OCCUPATION.**

3 A. My name is Matt Clark and my business address is East Kentucky Power  
4 Cooperative, Inc. ("EKPC"), 4775 Lexington Road, Winchester, Kentucky 40391.  
5 I am a Senior Engineer in Production at EKPC.

6 **Q. HAVE YOU PREVIOUSLY OFFERED TESTIMONY IN THIS**  
7 **PROCEEDING?**

8 A. Yes. My Direct Testimony is attached as Exhibit 9 to the Application filed in this  
9 proceeding on or about September 8, 2014.

10 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY?**

11 A. The purpose of my supplemental testimony is to update and correct certain cost  
12 figures that were included in my Direct Testimony filed in this proceeding.

13 **Q. WHAT COST FIGURES CONTAINED IN YOUR DIRECT TESTIMONY**  
14 **WOULD YOU LIKE TO SUPPLEMENT AND/OR AMEND?**

15 A. The following portions of my Direct Testimony require supplementation and/or  
16 amendment:

- 17 • At page 9, lines 20-21, I was asked to describe the cost analysis developed for  
18 Alternative 3. I wish to replace the answer I provided (page 9, line 22 through  
19 page 10, line 2) with the following: "The total estimated cost to execute  
20 Alternative 3 was \$36,741,395. This figure included \$11,843,807 for  
21 excavation, site grading/management, controls, transmission relocation, etc.;  
22 \$23,260,413 for loading, hauling, and placing the coal ash; \$545,175 for  
23 reduced landfill capacity at Spurlock; and \$1,092,000 for Owner's Cost."



- 1           • At page 10, lines 3-4, I was asked to describe the cost analysis developed for  
2           Alternative 4. I wish to replace the answer I provided (page 10, lines 5-13)  
3           with the following: “The total estimated cost to execute Alternative 4 was  
4           \$31,820,081. This figure included \$11,843,807 for excavation, site  
5           grading/management, controls, transmission relocation, etc.; \$4,714,336 for  
6           loading, hauling, and placing the coal ash; \$13,624,763 for rail expenses;  
7           \$545,175 for reduced landfill capacity at Spurlock; and \$1,092,000 for  
8           Owner’s Cost. For the purpose of this cost analysis, it was assumed that no  
9           further infrastructure would be needed at Spurlock to perform this alternative.  
10          It is likely that infrastructure would be required for unloading at Spurlock but  
11          a study to develop this cost was not performed since the option was not the  
12          most economical without those potential costs added.”
- 13          • At page 10, lines 14-15, I was asked to describe the cost analysis developed  
14          for Alternative 5. I wish to replace the answer I provided (page 10, lines 16-  
15          19) with the following: “The total estimated cost to execute Alternative 5 was  
16          \$34,046,228. This figure included \$11,843,807 for excavation, site  
17          grading/management, controls, transmission relocation, etc.; \$10,193,893 for  
18          loading, hauling, and placing the coal ash; \$10,916,528 for private landfill  
19          fees; and \$1,092,000 for Owner’s Cost.”
- 20          • At page 10, line 20, I was asked why Alternatives 3, 4, and 5 were rejected by  
21          EKPC. I wish to replace the answer I provided (page 10, line 21 through page  
22          11, line 6) with the following: “Alternative 3 was \$9,779,395, or roughly  
23          36%, more expensive than the least-cost alternative. It also required more

1 than double the haul distance required for the preferred option which would  
2 result in the potential for more social, transportation, and environmental  
3 impacts. Alternative 4 was \$4,858,081, or roughly 18%, more expensive than  
4 the least-cost alternative and also required more than double the haul distance  
5 (although less than Alternative 3) required for the preferred option. Lastly, it  
6 was likely that Alternative 4 would require additional infrastructure not  
7 considered in its cost estimate. Alternative 5 was \$7,084,228, or roughly  
8 26%, more expensive than the least-cost alternative.”

- 9 • At page 13, lines 16-17, I was asked if Burns & McDonnell Engineering Co.,  
10 Inc. (“Burns & McDonnell”), developed a cost analysis for Alternative 8. I  
11 wish to replace the answer I provided (page 13, line 18 through page 14, line  
12 2) with the following: “Yes. Burns & McDonnell estimated the total cost to  
13 execute Alternative 8 at \$26,962,000, and a detailed projected cost estimate,  
14 which is incorporated herein by reference, is contained in Exhibit ET-1 to the  
15 Direct Testimony of Ed Tohill, Table 7-1. This figure includes \$11,843,807  
16 for excavation, site grading/management, controls, transmission relocation,  
17 etc.; \$9,866,193 for loading, hauling, and placing the coal ash; \$4,000,000 for  
18 the development of a new Special Waste Landfill at Smith Station; and  
19 \$1,252,000 for Owner’s Cost.”

20 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?**

21 **A. Yes.**



COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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 ASH LANDFILL AT J. K. SMITH STATION, THE )  
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 ENVIRONMENTAL SURCHARGE RECOVERY )

CASE NO.  
2014-00252

AFFIDAVIT

STATE OF KENTUCKY )  
 )  
 COUNTY OF CLARK )

Matt Clark, being duly sworn, states that he has read the foregoing prepared supplemental testimony and that he would respond in the same manner to the questions if so asked upon taking the stand, and that the matters and things set forth therein are true and correct to the best of his knowledge, information and belief.

Subscribed and sworn before me on this 30<sup>th</sup> day of October, 2014.

*Gwyn M. Willoughby*  
Notary Public #500144





COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

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ENVIRONMENTAL SURCHARGE RECOVERY )

CASE NO.  
2014-00252

AFFIDAVIT

STATE OF KENTUCKY )  
  )  
COUNTY OF CLARK     )

Matt Clark, being duly sworn, states that he has supervised the preparation of the following supplemental responses of East Kentucky Power Cooperative, Inc., to the Public Service Commission Staff’s Initial Request for Information in the above-referenced case dated October 9, 2014, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief.



Subscribed and sworn before me on this 30th 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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ENVIRONMENTAL SURCHARGE RECOVERY )**

**CASE NO.  
2014-00252**

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

**DATED OCTOBER 9, 2014**

**(REQUEST NO. 9)**



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

**COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION DATED 10/09/14**  
**REQUEST 9**

**RESPONSIBLE PARTY: Matt Clark**

**Request 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.

**Response 9.** Permitting Cost: \$46,311.38 (Charges are for lab fees for analysis used in KDWM permit, Redwing fees for 404 application, & Mist Net Survey)

Wetland & Stream Mitigation Cost: \$1,214,988.00 — See Page 18 of the 404 Application for a detailed breakdown of the Mitigation Cost, the 404 Application was provided as part of the response to Request #3.

These costs were incurred prior to the decision to retire Dale as part of the necessary steps to complete the permitting process for the Smith Special Waste Landfill. Since those costs were already sunk, they were not included in the project request authorization from the Board, although the Board was informed of the expenditure prior to their approval of the project. EKPC also erroneously omitted the \$1,261,299 from our request for cost recovery via

**Supplemental Response Page 2 of 4**

the Environmental Surcharge in this application. EKPC plans to immediately file a motion to supplement its Application to incorporate these fees into the ESC recovery total. In anticipation of said Supplemental filing, please see the corrected "Off-Site Alternative Cost Analysis", Page 11 of the Application, on page three of this response.

**Supplemental Response 9:** In its original response to Request No. 9 of the Commission Staff's Initial Data Request ("Staff's Initial Request"), EKPC described the permitting and mitigation fees mentioned in footnote 11 at page 11 of the Application. In that response, EKPC indicated it omitted these permitting and mitigation fees in its request for cost recovery through the environmental surcharge in the Application and would be filing a motion to supplement the Application to incorporate these fees into the ESC recovery total. Upon further consideration and evaluation, EKPC has determined that it will not seek recovery of the identified permitting and mitigation fees and consequently will not be filing a motion to supplement its Application in this proceeding.

EKPC does wish to supplement its response to Request No. 9 of Staff's Initial Request, however. Please find attached a revision to the chart submitted on page 3 of 3 of the response to Request 9. This revision removes the Smith Landfill Mitigation and Permitting Fees from Alternative 8. The base cost for work at Dale for all alternatives is \$11,843,807. Owner's Cost for Alternative 8 is \$1,252,000. Owner's Cost for Alternatives 3, 4, & 5 in the Application included values overstated by \$160,000. As indicated in footnote 11 at page 11 of the



**PSC Request 9**

**Supplemental Response Page 3 of 4**

Application, EKPC assumed that the permit and mitigation fees for the Smith Landfill were included in Alternative 8's cost of \$26,962,000, when developing the base cost for Dale Site work in Alternatives 3, 4, & 5. This was incorrect. EKPC's response to Staff's Initial Request No. 9 corrected the "Dale Excavation, Site Controls, & Closure" column for all alternatives. Owner's Cost specific to Alternatives 3, 4, & 5 were corrected, and Owner's Cost for all alternatives were shown in a separate column.

**Off-Site Alternative Cost Analysis**

<i>Alternative</i>	<i>Dale Excavation, Site Controls, &amp; Closure</i>	<i>Ash Loading, Hauling, &amp; Placing</i>	<i>Rail Fees</i>	<i>Private Landfill Fee</i>	<i>Property Acquisition</i>	<i>Landfill Development</i>	<i>Lost Landfill Capacity Value</i>	<i>Owner's Cost</i>	<i>Total Cost</i>
Alt. 8- Truck CCB to New Landfill at Smith Station	\$11,843,807	\$9,866,193	N/A	N/A	N/A	\$4,000,000	N/A	\$1,252,000	\$26,962,000
Alt. 3- Truck CCB to Spurlock Station	\$11,843,807	\$23,260,413	N/A	N/A	N/A	N/A	\$545,175	\$1,092,000	\$36,741,395
Alt. 4- Rail CCB to Spurlock Station	\$11,843,807	\$4,714,336	\$13,624,763	N/A	N/A	N/A	\$545,175	\$1,092,000	\$31,820,081
Alt. 5- Truck CCB to private landfill	\$11,843,807	\$10,193,893	N/A	\$10,916,528	N/A	N/A	N/A	\$1,092,000	\$34,046,228