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SITING BOARD ISSUES CONSTRUCTION CERTIFICATE TO KENTUCKY MOUNTAIN POWER

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FRANKFORT – The Kentucky State Board on Electric Generation and Transmission Siting today approved an application by Kentucky Mountain Power, LLC to construct a 520-megaWatt electric power plant in Knott County.

Kentucky Mountain Power was the first, and thus far only, applicant to the Siting Board, which was created earlier this year by the Kentucky General Assembly to oversee the siting of power plants not regulated by the Kentucky Public Service Commission. Generating facilities under Siting Board jurisdiction sell power only on the wholesale market and are commonly known as merchant power plants or independent power producers (IPPs).

The Kentucky Mountain Power facility will be located on reclaimed coal mine in southwest Knott County, about eight miles from Hazard. The plant will burn a combination of newly mined coal and coal wastes.

In reviewing the Kentucky Mountain Power application, the siting board considered the proposed facility's impacts on a number of factors, including:

- Scenic surroundings
- Property values
- Noise
- Traffic
- The local economy
- The electric transmission grid

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The Siting Board determined that the Kentucky Mountain Power plant would not adversely affect most of the factors under consideration. However, the Siting Board conditioned its approval on the implementation of a number of mitigation measures. These include:

- Traffic to and from the site, including construction traffic, will be required to use specified routes in order to minimize the impact to area residents.
- Kentucky Mountain Power must make a reasonable effort to hire as many workers as possible from the local area.
- The plant's smokestack, and water intakes on the Kentucky River, will be painted to blend into the landscape.
- Enclosures and baffles will be used to minimize noise from the plant and water pumping facilities.
- Unless Kentucky Mountain Power installs silencers, noise-producing "steam blows" that will occur during the plant's start-up period may be conducted only between the hours of 7 a.m. and 9 p.m.
- Kentucky Mountain Power must implement site security measures consistent with industry standards.

The Siting Board also is requiring Kentucky Mountain Power to report annually on its progress in both building the plant and complying with the Siting Board's conditions. The first report is due in a year. The report also is to include any comments or complaints the company receives from the public.

Documents in the Kentucky Mountain Power case are filed at the following Web address:

<http://www.psc.state.ky.us/pscecf/2002-00149/>

General information about the Siting Board and its regulations and operation is available on the board's Web site at:

http://www.psc.state.ky.us/agencies/psc/siting_board/merchant.htm

While the Siting Board has no other applications under consideration, four companies have filed notices of intent to submit applications. They are:

- Thoroughbred Generating (Peabody) – Muhlenberg County
- Estill County Energy Partners (Calla Energy) – Estill County
- Westlake Energy Corp. – Calvert City, Marshall County
- Kentucky Pioneer Energy, LLC (Clark County)

