



April 19, 2004

Mr. Gerard Mack, Project Manager  
Estill County Energy Partners, LLC  
6000 Sulphur Well Road  
Lexington, KY

Re: Evaluation of Potential Impact on Road and Rail Traffic from Estill County Energy Partners, LLC (“ECEP”) Proposed Power Plant – Site Assessment Report

Dear Mr. Mack:

This report addresses the requirements in KRS Chapter 278.708 (3) (e) assessing potential impact to road and rail traffic as a result of the proposed power plant addition. KRS 278.708 requires among other things:

278.708(3) (e) The impact of the facility’s operations on road and rail traffic to and within the facility, including anticipated levels of fugitive dust created by the traffic and anticipated degradation of roads and land in the vicinity of the facility.

The proposed site will be accessed from Highway 499, a newly constructed bypass around the town of Irvine, KY. Highway 499 connects Highways 89 and 52, and bridges the Kentucky River northwest of Irvine, KY. One of the main purposes of the new bypass was to create access to the Estill County Industrial Development (“ECID”) site where the proposed ECEP power plant is to be built. Other businesses are contemplated for the Industrial park, with one factory, Carhartt, Inc. already operating in the ECID site. The Kentucky Department Of Transportation (“KYDOT”) has plans for an access road from Highway 499 to the ECID site. Transportation to the proposed ECEP plant will be via this ECID access road.

Highway 499 was designed and built to support the ECID and to reduce the threat of traffic congestion by bypassing downtown Irvine. According to KYDOT, the hourly design volume is rated at 924 per hour and 8,400 vehicles per day. Presently, Highway 499 handles 4,000 to 5,000 vehicles per day. The proposed power plant will employ as many as 400 during construction at any point in time and approximately 46 during operation. Construction employees would not all be working at the same time, with as many as three shifts per day. No more than 150 construction workers would be on site during any shift, which could be readily accommodated by Highway 499. After construction, the total number of employees traveling to and from work could also be readily accommodated by Highway 499.

ECEP will reclaim power plant fuel from existing on-site coal refuse storage areas. Approximately 700,000 to 1.2 million tons per year of coal mine waste is expected to be reclaimed and consumed. Approximately 120,000 tons of coal per year may be purchased and delivered to the ECEP site to assure a consistent blend to fuel the power plant. The blend coal may be transported to the site by truck, but most likely will be delivered by rail. If all the coal were hauled in by truck, the tonnage would equate to approximately 15 truck deliveries per day. Coal truck traffic would be spread throughout the day further reducing any problems with excess traffic.

Traffic within the property (not including employees and coal/limestone transportation) will be comprised of large trucks and loaders used to transport fuel. The fuel is refuse that was disposed at the site in previous years. The trucks will travel from active mining operations on the property to the power generation facility where some of the trucks will pick up and haul back ash product. This cycle will likely involve 15 to 20 trucks per hour to generate sufficient product for the plant to burn. Transportation of fuel and ash will be on internal haul roads that will change periodically as the fuel is recovered and burned. Most of these roadways will not be paved. Instead the roads will be lined with durable material, watered and/or treated with dust palliatives. This on-site traffic will not impede or disrupt normal highway traffic outside the mining area.

ECEP will require approximately 100,000 tons per year of limestone and approximately 20,000 tons of lime for operation. Limestone and lime can be transported to the site via truck or rail. Less than 20 trucks per day would be required to meet demand for limestone and lime. Transportation of coal or limestone by truck will not threaten traffic flow at or near the site due to the limited number of vehicles per day.

Highways 89, 52 and 499 are weight restricted by KYDOT. Limestone and/or coal suppliers will be required to meet weight restrictions for each of the roads accessing ECEP. The restrictions are designed to limit trucking capacities and bearing pressures minimizing degradation to roadways. Other vendors and visitors may create some additional minor traffic.

The site is crossed by and has ready access to CSX Transportation's main line railroad. Since the former coal preparation facility began operation in 1957, coal was transported from mining operations and off-loaded at this site for washing. After washing, the coal was reloaded onto rail cars and transported to the customer. The waste product was sluiced to refuse piles and water impoundments. Some of the material was trucked from the plant and disposed at different locations on the site. When the ECEP facility begins commercial operation approximately 120,000 tons of coal per year is expected to be transported to the site by rail. The site previously processed in excess of 2 million tons per year. Existing rail facilities on the ECEP site are in place and operable. No congestion would be caused to rail transportation as proposed rates of coal delivery would be much less than previous processing at the site.

Highway 89 is a main state route traversing the northeast side of the property. Highway 89 has a design volume of 1,570 vehicles per hour, which is well in excess of the rate for Highway 499. Presently, Highway 89 handles an approximate 7,000 vehicles per day and is able to accommodate as many as 12,700 vehicles per day. Ample capacity exists for both roads.

Plans call for the use of asphalt for the access road, which alleviates the threat of fugitive dust from the site. However, during construction of the road and the power plant, gravel cover will be used. In that instance, roads will be watered or treated with dust palliatives as necessary to suppress dust contaminants. Gravel will be added on a periodic, as-needed basis supplemented by watering or using dust suppressants. The primary source of fuel for the ECEP plant will be refuse disposed at the site over many years. Plans call for the fuel to be mined and transported to the plant and burned at a later time. Roads will need to be constructed to haul the fuel. These interior “haul” roads will be treated in much the same way – graveled and watered with the additions of dust palliatives as necessary. Fugitive dust standards have been promulgated by Kentucky’s Department for Surface Mining Reclamation and Enforcement (“DSMRE”). DSMRE enforces these standards at surface mining operations with frequent inspections.

In summary, with the addition of Highway 499, the roadway system has already been expanded to alleviate traffic congestion. Access from 499 to the site will be paved with asphalt after or during construction. Statistics from the state DOT demonstrate that an increase of traffic due to the power plant construction will not cause congestion. Water treatment or dust suppressants will be used to reduce fugitive dust emissions, as necessary. Rail traffic to and from the site will drastically be reduced from previous rates when the former coal preparation plant was in operation.

Sincerely,

Dell Jagers, VP & General Manager