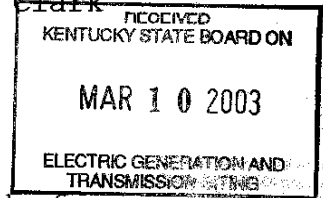


Case No. 2002-00312

To:
Kentucky State Board on Electric Generation and
Transmission Siting, P.O. Box 615, Frankfort, KY 40602.

Re: The proposal by Kentucky Pioneer Energy LLC to build
a 540-megawatt power plant on a site near Trapp in Clark
County, case number 2002-00312.



Sirs,

Please include these comments in the written record of
the KPE Trapp facility.

My name is Will Herrick, I live at 4859 Flat Mary Rd,
Campton, KY 41301.

I am writing to ask you to not approve a siting permit
for the KPE facility. My reasons, which are many, are
detailed below. I understand that the Kentucky State
Board on Electrical Generation and Transmission Siting
(the Board) has a narrow focus, and that this is one of
your first permits. I will use the guidelines set out by
the Committee Chair, Martin J. Huelsmann, to try and
present my comments in the context of your venue.

My arguments include some review of the Winchester
meeting of Tuesday, March 4th 2003, and issues germane
to the Board as defined by Chairman Huelsmann, especially
economic impacts, financial risk, and opportunity costs,
and unregulated environmental problems.

Mr Huelsmann opened the meeting by describing the scope
of issues that concern the Board. He stated that these
include "local economy" impacts, and "environmental
impacts not governed by other statutes." Issues he said
to be germane include noise, traffic, and power lines.
The Board would not consider previously regulated
environmental impacts to air, water or solid waste.

KPE's President Harry Grames & Regulatory Officer Dwight
Lockwood both gave short pitches. Mr. Grames described
the garbage fueled facility as "ultra-clean" and a great
opportunity to Kentucky's economy. I would note that Mr.
Grames does not have a great track record in the
fulfilled-economic-promise arena. He did not make note
of his firm's failure to secure critical timely funding,
a circumstance that has afforded KPE the opportunity to
avoid detailing the plant's design, and makes impossible
a factual assessment of its impacts and costs. KPE's
funding dilemma has also denied us the transmission line

design data. Mr. Grames assured us that, since Global (KPE's parent) was already running the cleanest plant in the world, that the Trapp plant would be clean too. This assertion is challenged by KPE's pursuit of \$60+ million in research funds from DOE. There, they make a case predicated on uncertainty, and want the money to research answers to important questions of safety, economy, and technology. Nor did Mr. Grames mention the fuel cell component of Trapp that has left the scene, EKPC's decision to build the Spurlock power plant, or EKPC's near divorce from them. My point here is that KPE & Global are risky partners that offer little confidence that they won't burden me with yet more decades of expense, paying off the second white elephant at the E.O. Smith site. Given EKPC's first failure there, and the subsequent mothballing and custodial costs that have been passed to me, the LVRECC client, I have a genuine concern regarding impacts on the local economy. I expect that all costs will eventually fall to the region's ratepayers, as they have in the past.

Mr. Lockwood assured the attending public that it was the Kentucky Department of Transportation's job to repair whatever regular damage KPE might do to KY 89. Given KPE's determined efforts to avoid any local permit or host agreement, it appears likely that KPE will try and avoid paying any costs incurred by the development and operation of their facilities that they can. Such an approach may be laudable from the view of the stockholders, but this is not the behavior of a good neighbor. Messrs Grames, Lockwood and Palk all avowed to the Board that they want to be good neighbors.

As I noted in my oral presentation to the Board, Secretary List has a decision to make regarding the applicability of KRS 224, and it's requirement for a local permit and host agreement. All the elected officials that spoke, and nearly all the vocal public present indicated that they want KRS 224 to apply so that they enjoy what all others in the Commonwealth have: the right of Local Control in the siting of Waste-to-Energy facilities. If Messrs Grames, Lockwood, and Palk are to be taken at their word, Secretary List would be promoting their interests as good neighbors, should he not appeal the administrative determination that has found KRS 224 to apply.

In the event that Secretary List does appeal the ruling of applicability, it then falls to the Board, in the context of "environmental impacts not governed by other statutes" to protect the local economy and the local

environment. If this becomes the case, I would ask the Board to refuse approving the Trapp site.

If Kentucky statute will not apply to the proposed plant, I would ask the Board to consider the genesis of SB2, Local Control of Waste-to-Energy plants and the derived regulations, with an eye to the economic impact your decision to site would have on the rest of the state's efforts to manage Solid Waste through the local planning process. Were you to set the precedent, I expect Kentucky to return to the proliferation era of Waste Incinerators like those proposed in Wolfe, Floyd, Letcher, & Bath counties (and many more) in the late 1980's and early 1990s. There are significant costs to be paid if we breach KRS 224.

As an aside, Solid Waste planning is the one good example we can use to encourage local planning and zoning in the rural parts of Kentucky. The economic prosperity engendered by planning and zoning should be clear to the Board. Striking down the best indigenous example will have impacts on economic development in rural Kentucky. Please consider this when you review the economic impacts of Trapp. The Board should consider those costs when they weigh the benefits of KPE at Trapp.

More than 100 people attended the meeting (my rough count was 120). A common observation was that merchant plants (especially those using unproven garbage based fuels) brought many costs with few benefits to the Commonwealth. Many spoke about the problems they had experienced with state road KY 89. Prior work at the Smith site in the 1980s established the durability of the road & the capacity of local and state government to afford its satisfactory maintenance. Common testimony was heard that traffic flow, vehicle wear and tear, and public safety quality and risk would be impacted throughout the 20(+) years that KPE has said they plan to operate the plant: first by the three years of ~1000 builders, then by the frequent traffic exporting Sulfur to the world market, frit (waste slag) exports en route to Estill or Montgomery Counties (or beyond), and finally the possible inbound trucks carrying garbage pellets, should trucking become cheaper than train transport. The costs of reduced land value & it's derivative tax values, increased accidents, and the subsequent burden of escalated insurance costs to those involved add up to real dollar costs to folks that use KY 89.

Mr. Lockwood brought up the logic of "economic multipliers" as he described the job creation virtues of

the plant. I doubt that he can then argue against the Board applying the same logic in its assessment of the facility. The Kentucky legislature has voiced its preference that Kentucky coal be used as a fuel to the extent possible. These two facts loom large in any economic comparison of a power station that can either use Kentucky coal or imported MSW pellets. Kentucky coal brings all the wages, sales tax, and indirect income (like bulldozer sales, coal truck sales, coal truck driver's wages, etc) to bear, and when one applies the multiplier logic, these advantages multiply too. The imported MSW has few such virtues, and instead brings the costs associated with the lost opportunities we'll forgo by favoring imported waste fuels.

In addition, it is important to note that while Mercury is not well regulated now (bringing it immediately under the Board's purview), nor is its fate at Trapp clear from the scant design information available to date, its deleterious effects are well documented. Significant airborne mercury controls are likely to be imposed by federal rule-making in the 20 year time frame of the Trapp plant. In this event, future economic growth in the Commonwealth can be constrained—we can dodge some of this by preferring Kentucky coal with its significantly lower burden of hazardous metals.

The Board should consider the state's new risks in the transport and storage of very large quantities of MSW pellets. Trains travel riparian routes, can spill their contents, vector disease, and be the source of fugitive particles and odors. The risks and costs of train reliability & economy over the lifespan of the Trapp facility had the attention of several presenters.

I can only wonder what a pellet fire might cost to put out, or what remediating the leachate runoff from a fire control effort that gets in to Lexington's drawdown pool and drinking water might cost. Dry housing the pellets brings to mind corn silo fires, and the recent dust explosion near London, Kentucky. Please apply the standard tools of Occasion Class risk management to value the cost to the local fire department, the city of Lexington, and the Commonwealth and compare those costs to the putative economic virtues of the KPE facility.

Another large concern voiced Tuesday was the transmission lines: why was the plant being sited here instead of a site nearer to its fuel source, consumers and transmission facilities, sparing us the cost of new power lines altogether. Who pays for the lines and where are

they going to be? Lost property values and genuine disappointment from the eminent domination of merchant transmission lines were common complaint. Others considered the likely opposition encumbering any construction of such merchant lines. No one had any firm information about lines, routes, or costs. This lack of data challenges the Board and the public to make a fair and reasoned decision.

Property value and quality of life issues led many impassioned residents to question their local investments. Current landowners, speculators, and invested second-home types made it clear that the proposed KPE facilities depreciated their real assets, lowered the values of their property, and reduced income to the county from property taxes. The eyesore factor was a concern to several in the Trapp neighborhood. The single Trapp resident who favored the plant recognized the likely eventuality of problems, but advocated fixing them after the fact rather than avoiding them. Children cited asthma risks, possible fugitive mercury, cadmium or other metals being taken up into agricultural products, and questioned the economic impact on the agricultural sector and on local health costs.

Some may think this paragraph should fall under the noise problems associated with Trapp. Many concerned opponents rose to speak against the KPE facility and its current approach: all parties should consider what this means--call it part of the risk assessment or funding problems if you need to find a financial aspect. The Trapp district's State Senator, Representative, County-Judge and Magistrates have all spoken against KPE's avoiding Local Control. Craig Williams (CWG) observed a discontent midst the residents that reminded him of the folks just south of Trapp, folks that made the Pentagon retreat. Rhamesh Bhatt of the Sierra Club noted the economic and health risks from being part of a high stakes garbage research effort. Water availability & pollution issues brought questions from Phil Crewe, Patty Draus, Don Pratt and others: that gets you Local Government, KRC, SC, CWG, KFTC, NOPE, KCC, KWA and a regular alphabet soup of opposition. They clearly intend to stop the facility, and that bodes poorly for investors. Investors and the Board might want to reflect on some equine aphorisms as you wade your way through the Trapp morass: "Why bet on a losing horse?", "Don't beat a dead horse." and "They shoot horses, don't they?"

In closing, the Board has good reason to deny KPE an affirmative siting determination. In consideration of

the cumulative impact of this plant versus others that are seeking permits, it ranks at the bottom for economic value to the state. KPE is an inconsistent, risky, and impoverished partner for the Commonwealth and EKPC. The Commonwealth can finesse the issue by agreeing that KRS 224 applies, and letting Clark County address the failings of KPE in the manner intended by the Kentucky Legislature. If the Board is encumbered with the choice, the dollar costs to the Commonwealth are real, the risks are genuine, and the payoff, if any, is small. Kentucky will get another shot at a Clean Coal power station: we should deny KPE and invite a good partner to step up in their stead.

Sincerely,

Will Herrick