

INTRA-AGENCY MEMORANDUM

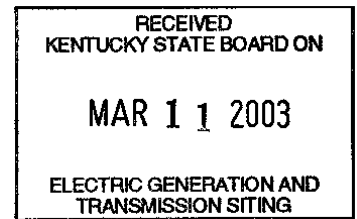
KENTUCKY PUBLIC SERVICE COMMISSION

TO: Main Case File  
PSC Case No. 2002-00312

FROM: Board Staff

DATE: March 11, 2003

RE: Kentucky State Board on Electric Generation and Transmission Siting  
Summary of Public Comments  
Tuesday, March 4, 2003



On Tuesday, March 4, 2003, the Kentucky State Board on Electric Generation and Transmission Siting (the "Board") met at the Clark County Cooperative Extension Service to hear public comment on the application of Kentucky Pioneer Energy, LLC ("KPE") for a certificate to construct a 540 MW synthetic gas-fueled generator in Clark County, Kentucky.

The meeting began at 6:00 p.m., Eastern Standard Time. Chairman Martin Huelsmann presided. In his opening remarks, Chairman Huelsmann explained the Board's purpose and provided a brief overview of the issues within the Board's jurisdiction. The Chairman asked the participants to limit their questions and comments to those issues within the Board's purview. Chairman Huelsmann informed the participants about the schedule the Board would follow during the hearing and requested speakers to limit the duration of their comments to four minutes.

Immediately following the Chairman's remarks, KPE provided a brief overview of the proposed project. The company presented information about Refuse Derived Fuel ("RDF") pellets, potential visual impacts of the proposed project, and transportation issues.

Representatives of East Kentucky Power Cooperative ("East Kentucky") also made a brief presentation. They restated the company's intention to honor the Power Purchase Agreement with KPE and spoke of East Kentucky's desire to remain a good neighbor to Clark County. They wanted local residents to continue to support East Kentucky's community endeavors.

Eighty-eight people attended the Local Public Hearing and approximately 26 people made public comment. A number of people also filed written comments. The participants consisted of local residents, residents of neighboring communities (i.e., Montgomery County, Fayette County), representatives from environmental organizations and labor unions. Of the 26 people that made public comment, many

expressed reservations about the proposed facility. However, one speaker supported the proposed plant because of the jobs it would bring to the area. Another speaker expressed indifference, but asked the Board to ensure that local labor would be used in the plant's construction and operation.

Several elected officials made comments about the KPE project. Representative Don Pasley expressed concern about potential damage to Highway 89, a local road used by many Trapp residents. He felt that, given the current budget crisis and the depletion of the road fund, local residents could be left with a damaged and hazardous road. He also expressed concern about the visual impact of the proposed smokestack and the potential for hazardous emissions. Representative Pasley's concerns were echoed by Judge Drew Graham, who also spoke about the RDF pellets that would serve as fuel for the plant. With regard to the potential damage to Highway 89, Judge Graham wanted to know who would be responsible for any damage resulting from the increased traffic. Magistrate Blackburn expressed concern about the proximity of Trapp School to the project. She also spoke about various water and wastewater issues.

Those participants that were opposed to the KPE project commented on a variety of issues. Their concerns related to public health issues, possible water contamination, air pollution, and diseases that could result from the plant's construction and operation.

The participants made several comments about the nature and origin of the RDF pellets. They questioned the geographical origin of the pellets and questioned whether Kentucky should be the proving ground for unknown technology. Some participants complained that Kentucky would become a dumping ground for Northern states and were concerned that Kentucky would not benefit from the cheap power that the plant would produce. Some questioned whether the RDF pellets contained metal materials and, if so, what the environmental impact of their use would be. Local residents were concerned about odors and fumes that could emit from the plant.

Representatives from the Sierra Club were particularly concerned that the KPE project would utilize untested technology. They noted that studies used to support the new technology were conducted on coal-based facilities that did not use RDF pellets for fuel. They also expressed concern about the vitrified frit that would remain after the gasification process.

Several participants were very concerned about potential damage to Highway 89. Many felt that Highway 89 was ill equipped to handle additional traffic and were certain that the KPE project would exacerbate the road's condition. Several participants felt that Trapp residents should not be financially responsible for any damage to Highway 89 resulting from the KPE project. With regard to railroad traffic, the participants were aware of KPE's intention to transport the RDF pellets by rail. One resident was concerned that the local rails could not handle the additional traffic.

Residents living near the proposed facility were concerned about diminished property values due to additional transmission lines, noise and negative visual impacts.

Several participants questioned whether existing transmission lines would be replaced and whether additional transmission lines would be built. Some speakers questioned the proposed location of new transmission lines and possible health risks associated with transmission lines. They were concerned that transmission lines would be placed near their homes and schools.

Laborers and representatives from local labor unions wanted to ensure that the project would bring more jobs to Clark County. They wanted KPE to commit to the utilization of local labor during the construction phase of the project.

The overwhelming majority of the participants expressed concern about the negative impact the project could have on the region and asked the Board to carefully consider local sentiment in rendering its decision.