

# FIVE-YEAR REVIEW

Years Ended December 31 — (Dollars in thousands)

SUMMARY OF OPERATIONS	2010	2009	2008	2007	2006
Operating Revenue:					
Power Contracts Revenue	\$527,324	\$341,333	\$214,758	\$271,605	\$200,692
Lease Revenue	-	32,027	58,423	58,265	57,896
Total Operating Revenue	<u>527,324</u>	<u>373,360</u>	<u>273,181</u>	<u>329,870</u>	<u>258,588</u>
Operating Expenses:					
Fuel for Electric Generation	207,749	80,655	-	-	-
Power Purchased	99,421	116,883	114,643	169,768	114,516
Operations (Excluding Fuel), Maintenance, Other	134,660	87,645	32,858	31,436	25,336
Depreciation	<u>34,242</u>	<u>32,485</u>	<u>31,041</u>	<u>30,632</u>	<u>30,408</u>
Total Operating Expenses	<u>476,072</u>	<u>317,668</u>	<u>178,542</u>	<u>231,836</u>	<u>170,260</u>
Interest Expense and Other:					
Interest	46,570	59,898	72,710	70,851	70,259
Other – net	<u>425</u>	<u>3,309</u>	<u>6,868</u>	<u>103</u>	<u>111</u>
Total Interest Expense & Other	<u>46,995</u>	<u>63,207</u>	<u>79,578</u>	<u>70,954</u>	<u>70,370</u>
Operating Margin	4,257	(7,515)	15,061	27,080	17,958
Non-Operating Margin	2,734	538,845	12,755	20,097	16,584
<b>NET MARGIN</b>	<u><b>\$6,991</b></u>	<u><b>\$531,330</b></u>	<u><b>\$27,816</b></u>	<u><b>\$47,177</b></u>	<u><b>\$34,542</b></u>
SUMMARY OF BALANCE SHEET					
Total Utility Plant	\$2,001,067	\$1,986,373	\$1,791,772	\$1,764,924	\$1,744,315
Accumulated Depreciation	<u>909,501</u>	<u>908,099</u>	<u>879,073</u>	<u>853,290</u>	<u>826,647</u>
Net Utility Plant	1,091,566	1,078,274	912,699	911,634	917,668
Cash and Cash Equivalents	44,780	60,290	38,903	148,914	96,143
Reserve Account Investments <sup>1</sup>	218,955	244,641	-	-	-
Other Assets	<u>116,884</u>	<u>122,278</u>	<u>122,834</u>	<u>253,610</u>	<u>240,578</u>
<b>TOTAL ASSETS</b>	<u><b>\$1,472,185</b></u>	<u><b>\$1,505,483</b></u>	<u><b>\$1,074,436</b></u>	<u><b>\$1,314,158</b></u>	<u><b>\$1,254,389</b></u>
Equities (deficit)	\$386,575	\$ 379,392	\$ (154,602)	\$ (174,137)	\$ (217,371)
Long-term Debt <sup>2</sup>	816,996	848,552	987,349	1,022,345	1,041,075
Regulatory Liability – Member Rate Mitigation	185,893	207,348	-	-	-
Other Liabilities and Deferred Credits	<u>82,721</u>	<u>70,191</u>	<u>241,689</u>	<u>465,950</u>	<u>430,685</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u><b>\$1,472,185</b></u>	<u><b>\$1,505,483</b></u>	<u><b>\$1,074,436</b></u>	<u><b>\$1,314,158</b></u>	<u><b>\$1,254,389</b></u>
ENERGY SALES - MWhs					
Member Rural	2,481,390	2,239,445	2,386,916	2,406,446	2,231,554
Member Large Industrial	930,168	919,587	925,793	921,359	956,502
Smelter Contracts	6,348,431	2,885,491	-	-	-
Other	<u>2,209,431</u>	<u>1,746,438</u>	<u>1,844,677</u>	<u>2,835,789</u>	<u>2,062,286</u>
Total Energy Sales	<u>11,969,420</u>	<u>7,790,961</u>	<u>5,157,386</u>	<u>6,163,594</u>	<u>5,250,342</u>
SOURCES OF ENERGY - MWhs					
Generated	9,895,512	3,715,544	-	-	-
Purchased	2,220,994	4,166,916	5,211,789	6,213,682	5,294,138
Losses and Net Interchange	<u>(147,086)</u>	<u>(91,499)</u>	<u>(54,403)</u>	<u>(50,088)</u>	<u>(43,796)</u>
Total Energy Available	<u>11,969,420</u>	<u>7,790,961</u>	<u>5,157,386</u>	<u>6,163,594</u>	<u>5,250,342</u>
NET CAPACITY - MWs					
Net Generating Capacity Owned	1,444	1,444	1,459	1,459	1,459
Rights to HMP&L Station Two	207	212	217	217	217
Other Net Capacity Available	178	178	178	178	178

<sup>1</sup>Includes investment income receivable.

<sup>2</sup>Includes current maturities of long-term obligations.



**BIG RIVERS ELECTRIC CORPORATION**

201 Third Street (42420)  
PO Box 24 (42419-0024)  
Henderson, KY

phone 270.827.2561  
fax 270.827.2558  
[www.bigrivers.com](http://www.bigrivers.com)

**APPENDIX H**

**CITY OF HENDERSON, KENTUCKY  
ELECTRIC SYSTEM REVENUE BONDS, SERIES 2011B**

**FORM OF BOND COUNSEL OPINION**

---

THIS PAGE INTENTIONALLY  
LEFT BLANK

---

*Upon delivery of the Series 2011B Bonds, Stoll Keenon Ogden PLLC, Bond Counsel to the City, proposes to issue its approving opinion in substantially the following form, dated the date of such delivery.*

STOLL KEENON OGDEN PLLC  
 2000 PNC Plaza  
 500 West Jefferson Street  
 Louisville, Kentucky 40202

September \_\_, 2011

Re: \$3,670,000 City of Henderson, Kentucky, Electric System Revenue Bonds, Series 2011B

We have examined executed, certified or otherwise authenticated copies of the proceedings of the City of Henderson, Kentucky (the “City”), in respect of the authorization and issuance of \$3,670,000 City of Henderson, Kentucky, Electric System Revenue Bonds, Series 2011B, dated the date of issuance (the “Bonds”), consisting of fully registered bonds in the denominations of \$5,000 or integral multiples thereof, maturing on December 1 of the respective years and bearing interest to maturity payable on each June 1 and December 1, beginning December 1, 2011, as shown in the following schedule:

<u>Maturity December 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity December 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2012	\$150,000	1.250%	2020	\$170,000	2.650%
2013	150,000	1.250	2021	175,000	2.875
2014	150,000	1.250	2023*	360,000	3.250
2015	155,000	1.250	2025*	385,000	3.600
2016	155,000	1.500	2027*	415,000	3.750
2017	155,000	2.000	2029*	445,000	4.000
2018	160,000	2.200	2031*	480,000	4.100
2019	165,000	2.400			

\* Term Bond subject to mandatory sinking fund redemption as set forth in the text of each Bond.

provided, however, that the Bonds maturing on and after December 1, 2021 are subject to redemption before stated maturity at the option of the City on September 1, 2021 and on any day thereafter, subject to notice as set forth in the text of each Bond. In expressing the opinions set forth below, we have relied on such proceedings, including without limitation the duly adopted ordinances and other official action of the City authorizing and providing for the sale and issuance of the Bonds (collectively the “Ordinances”), certifications and representations of officials of the City as to certain facts and expectations and the opinion of counsel for the City as to certain legal matters. We have been furnished a certificate of an authorized officer of the Trustee and Paying Agent (identified in the text of each Bond) acknowledging authentication by

Re: \$3,670,000 City of Henderson, Kentucky,  
Electric System Revenue Bonds, Series 2011B

the Trustee and Paying Agent of the Bonds and have examined the form of Bond and find it to be in due form of law.

The described proceedings, including the Ordinances, show proper authority for the issuance of the Bonds under the laws of the Commonwealth of Kentucky, particular reference being made to Sections 96.520, 96.530 and 96.370 through 96.510 of the Kentucky Revised Statutes. The Bonds are being issued to pay and discharge certain bond anticipation notes issued to finance certain improvements and additions to the City's electric generation, transmission and distribution system (the "System").

Based upon our examination of the proceedings described above, it is our opinion that the Bonds constitute valid special and limited obligations of the City according to their terms and applicable provisions of Kentucky law and that the Bonds, together with any additional bonds ranking on a parity therewith that may be subsequently issued and outstanding under the conditions and restrictions set out in the Ordinances, will be payable as to both principal and interest solely from, and secured by a pledge of, a fixed portion of the gross revenues of the System, which fixed portion is provided to be sufficient to pay when due the principal of and interest on the Bonds and any such parity bonds when due.

Further, based on existing laws as construed and applied at the date hereof, and assuming the accuracy of certain representations and warranties of the City made in connection with the issuance of the Bonds, it is our opinion that interest on the Bonds (a) is excluded from gross income for federal and Kentucky income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, it should be noted that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations under the United States Internal Revenue Code of 1986, as amended (the "Code"). The opinions set forth in the first sentence of this paragraph are subject to the conditions that the representations and warranties of the City described above are accurate and that the City complies with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be excluded from gross income for federal income tax purposes. The City has covenanted to comply with such requirements. Failure to comply with certain of such requirements, or a determination that certain of such representations and warranties are inaccurate, could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal and Kentucky income tax consequences arising with respect to the Bonds.

The City has determined the Bonds are treated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. In the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction is presently allowed for 80% of that portion of such a financial institution's interest expense that is allocable to interest on such "qualified tax-exempt obligations."

Re: \$3,670,000 City of Henderson, Kentucky,  
Electric System Revenue Bonds, Series 2011B

It is also our opinion that the Bonds are exempt from *ad valorem* taxation by the Commonwealth of Kentucky and its political subdivisions.

With respect to the opinions expressed herein, (a) the rights and obligations under the Bonds and the Ordinances are subject to bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights generally and to the application of equitable principles if equitable remedies are sought, and (b) we are passing on only those matters set forth in such opinions and are not passing on the investment quality of the Bonds or the accuracy or completeness of any statements made in connection with any sale of the Bonds.

Respectfully submitted,

STOLL KEENON OGDEN PLLC

1 **Item 41) Please provide all studies, correspondence, or other Documents relating to**  
2 **asbestos, asbestos removal, asbestos abatement, or asbestos maintenance at Station Two.**

3 **Response)** Henderson has not performed any studies related to asbestos removal, abatement,  
4 or maintenance at Station Two.

5 **Witness) Chris Heimgartner**

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21



1 **Item 42) Did the Integrated Resource Plan (IRP) prepared for Henderson in 2018**  
2 **include an assumption as to the annual cost to maintain Station Two in place, prior to**  
3 **dismantlement? If yes,**

4 **a. Provide the total annual cost and Henderson’s share of such cost assumed in**  
5 **the IRP.**

6 **b. Provide a detailed list of all activities and related cost that comprise the total**  
7 **annual cost identified in subpart a of this information request.**

8 **c. Provide the assumptions and detailed calculations of each component**  
9 **identified in subpart b of this information request.**

10 **d. Provide all assumptions and detailed calculations of the total annual cost**  
11 **identified in subpart a of this information request.**

12 **e. Provide the source, and any related Documents, for each assumption**  
13 **identified in subparts b, c, and d of this information request.**

14 **Response)** Yes, although the assumption does not take into account subsequent events.

15 a. As stated in Section 3.1.4 of Henderson’s 2018 IRP, the total annual cost to  
16 maintain Station Two in place was \$775,000. This cost was escalated annually in the IRP study  
17 at the IRP inflation assumption of 2.15 percent.

18 b. Detailed activities included for the Station Two “retirement in place” cost  
19 estimate involved having two security guards on duty at the plant site around the clock.

20 c. Assumptions associated with having two security guards on duty at the plant site  
21 around the clock were \$40 per hour salary (including benefits), 8,760 hours per year, with a 10  
22 percent A&G charge.

23 d. Please see response to subparts b and c.

1 e. See “Status Quo – 2 Units” attached to this response and prepared by GDS  
2 Associates as part of Henderson’s 2018 IRP study.

3 **Witness) Chris Dawson**

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

# Status Quo - 2 Units

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Total Energy Requirements</b>	Gwh	612	612	612	612	612	613	614	615	616
<b>Resource Generation:</b>										
7x24 Block	GWh	0	0	0	0	0	0	0	0	0
5x16 Block	GWh	0	0	0	0	0	0	0	0	0
HGS 1	GWh	301	274	247	220	193	154	143	132	120
HGS 2	GWh	301	274	247	220	193	154	143	132	120
Wartsila / LM2500 / LM6000	GWh	0	0	0	0	0	0	0	0	0
Wind	GWh	0	0	0	0	0	0	0	0	0
Solar	GWh	0	0	0	0	0	0	0	0	0
Nuclear	GWh	0	0	0	0	0	0	0	0	0
<b>MISO Energy Purchases</b>	GWh	10	64	118	172	226	304	328	352	375
<b>MISO Energy Rate</b>	\$/MWh	27.84	28.03	28.23	28.42	28.61	29.12	29.44	29.76	30.08
<b>MISO Energy Cost</b>	Cost \$000	\$284	\$1,801	\$3,340	\$4,899	\$6,479	\$8,860	\$9,655	\$10,464	\$11,289
<b>MISO Capacity Obligation</b>	MW	102.6	103.2	103.8	104.3	104.9	105.4	105.4	105.4	105.3
<b>HMP&amp;L Resource Capacity</b>	MW	102.6	103.2	103.8	104.3	104.9	105.4	105.4	105.4	105.3
<b>Capacity Deficiency</b>	MW	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>MISO Capacity Price</b>	\$/kW-Mo	0.5	0.9	1.1	1.4	1.7	2.4	2.8	3.1	3.4
<b>MISO Capacity Cost</b>	\$000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL MISO COST</b>	\$000	\$284	\$1,801	\$3,340	\$4,899	\$6,479	\$8,860	\$9,655	\$10,464	\$11,289

1 **Item 43) Please provide the calculations of the Capacity and Energy Requirements in**  
2 **each of the scenario’s presented in the 2018 IRP prepared for Henderson.**

3 **Response)** The calculations of the capacity and energy requirements in each scenario of  
4 Henderson’s 2018 IRP are based on the long-term load forecast for demand and energy as  
5 described in Section 2.3 of Henderson’s 2018 IRP. The total energy requirements shown in  
6 Section 2.3 reflect Henderson’s energy consumption in the MISO market. As described in  
7 Section 2.2 of the IRP “Determining Capacity Requirements,” the summer peak demand  
8 projections in Section 2.3 were adjusted by a 96 percent MISO CP factor, increased 2.4 percent  
9 for transmission losses and 8.2 percent for MISO’s PRM requirement. The actual projected  
10 capacity requirements, for the first year of the IRP study, 2019, the IRP projected HMP&L’s  
11 capacity requirement to be 114.0 MW. While the projected capacity requirement change slightly  
12 over the duration of the IRP study period, it was very minimal and resulted in a 2038 (the last  
13 year of the IRP study) projected capacity requirement of 115.5 MW.

14 **Witness) Chris Dawson**

15  
16  
17  
18  
19  
20  
21  
22  
23

1 **Item 44) Please refer to Section 3.1.4 of the 2018 IRP prepared for Henderson.**

2 **a. Explain the source of the amount including in the IRP for the annual cost for**  
3 **security at Station Two associated with decommissioning. Provide all assumptions,**  
4 **supporting calculations, workpapers, and other Documents relating to that amount.**

5 **b. What was the present value of the cost of security over the 20-year study**  
6 **period?**

7 **c. Were any scenarios developed in which Station Two was demolished? If so,**  
8 **provide all assumptions, workpapers, and other Documents relating to each such scenario.**

9 **Response) a. Please see response to Items 42(a), (b), and (c).**

10 **b. The present value of the security guard related expenses over the 20-year**  
11 **IRP study period was \$12.410 million (4 percent discount rate).**

12 **c. No scenarios were developed in the IRP in which Station Two was**  
13 **demolished.**

14 **Witness) Chris Dawson**

15

16

17

18

19

20

21

22

23

1 **Item 45) Please refer to Appendix A of the 2018 IRP prepared for Henderson. Provide**  
2 **a detailed breakdown of the MISO Costs included in each of the scenarios, and provide all**  
3 **assumption, workpapers, and other Documents relating to those costs.**

4 **Response) See attached.**

5 **Witness) Chris Dawson**

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

# Status Quo - 2 Units

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Total Energy Requirements</b>	GWh	612	612	612	612	612	613	614	615	616
<b>Resource Generation:</b>										
7x24 Block	GWh	0	0	0	0	0	0	0	0	0
5x16 Block	GWh	0	0	0	0	0	0	0	0	0
HGS 1	GWh	816	743	669	596	523	419	388	357	326
HGS 2	GWh	816	743	669	596	523	419	388	357	326
Wartsila / LM2500 / LM6000	GWh	0	0	0	0	0	0	0	0	0
Wind	GWh	0	0	0	0	0	0	0	0	0
Solar	GWh	0	0	0	0	0	0	0	0	0
Nuclear	GWh	0	0	0	0	0	0	0	0	0
<b>MISO Energy Purchases</b>	GWh	10	612	612	612	612	613	614	615	616
<b>MISO Energy Rate</b>	\$/MWh	27.84	28.03	28.23	28.42	28.61	28.81	29.44	29.76	30.08
<b>MISO Energy Cost</b>	Cost \$000	\$284	\$17,152	\$17,269	\$17,386	\$17,504	\$17,621	\$18,074	\$18,301	\$18,529
<b>MISO Capacity Obligation</b>	MW	102.6	103.2	103.8	104.3	104.9	105.5	105.4	105.4	105.3
<b>HMP&amp;L Resource Capacity</b>	MW	102.6	280.8	280.8	280.8	280.8	280.8	280.8	280.8	280.8
<b>Capacity Deficiency</b>	MW	0.0	-177.6	-177.0	-176.5	-175.9	-175.3	-175.4	-175.4	-175.5
<b>MISO Capacity Price</b>	\$/kW-Mo	0.5	0.9	1.1	1.4	1.7	2.1	2.4	3.1	3.4
<b>MISO Capacity Cost</b>	\$000	\$0	-\$1,812	-\$2,358	-\$3,007	-\$3,652	-\$4,439	-\$5,092	-\$6,442	-\$7,054
<b>MISO Cost</b>	\$000	\$284	\$15,340	\$14,911	\$14,379	\$13,852	\$13,182	\$12,755	\$11,859	\$11,475

# Status Quo - 1 Unit

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Total Energy Requirements</b>	GWh	612	612	612	612	612	613	614	615	616
<b>Resource Generation:</b>										
7x24 Block	GWh	0	0	0	0	0	0	0	0	0
5x16 Block	GWh	0	0	0	0	0	0	0	0	0
HGS 1	GWh	816	743	669	596	449	419	388	357	326
HGS 2	GWh	0	0	0	0	0	0	0	0	0
Wartsila / LM2500 / LM6000	GWh	0	0	0	0	0	0	0	0	0
Wind	GWh	0	0	0	0	0	0	0	0	0
Solar	GWh	0	0	0	0	0	0	0	0	0
Nuclear	GWh	0	0	0	0	0	0	0	0	0
<b>MISO Energy Purchases</b>	GWh	10	612	612	612	612	613	614	615	616
<b>MISO Energy Rate</b>	\$/MWh	27.84	28.03	28.23	28.42	28.61	28.81	29.12	29.76	30.08
<b>MISO Energy Cost</b>	Cost \$000	\$284	\$17,152	\$17,269	\$17,386	\$17,504	\$17,621	\$18,074	\$18,301	\$18,529
<b>MISO Capacity Obligation</b>	MW	102.6	103.2	103.8	104.3	104.9	105.5	105.4	105.4	105.3
<b>HMP&amp;L Resource Capacity</b>	MW	102.6	140.4	140.4	140.4	140.4	140.4	140.4	140.4	140.4
<b>Capacity Deficiency</b>	MW	0.0	-37.2	-36.6	-36.1	-35.5	-34.9	-35.0	-35.0	-35.1
<b>MISO Capacity Price</b>	\$/kW-Mo	0.5	0.9	1.1	1.4	1.7	2.1	2.4	2.8	3.4
<b>MISO Capacity Cost</b>	\$000	\$0	-\$380	-\$488	-\$615	-\$737	-\$884	-\$1,015	-\$1,180	-\$1,409
<b>MISO Cost</b>	\$000	\$284	\$16,772	\$16,781	\$16,772	\$16,767	\$16,737	\$16,832	\$17,015	\$17,119



### Scenario 1 - (7x24 Block, 5x16 Block, Market)

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Total Energy Requirements</b>	GWh	612	612	612	612	612	613	614	615	616
<b>Resource Generation:</b>										
7x24 Block	GWh	0	526	526	526	526	526	526	526	526
5x16 Block	GWh	0	33	33	33	33	33	33	33	33
HGS 1	GWh	301	0	0	0	0	0	0	0	0
HGS 2	GWh	301	0	0	0	0	0	0	0	0
Wartsila / LM2500 / LM6000	GWh	0	0	0	0	0	0	0	0	0
Wind	GWh	0	0	0	0	0	0	0	0	0
Solar	GWh	0	0	0	0	0	0	0	0	0
Nuclear	GWh	0	0	0	0	0	0	0	0	0
<b>MISO Energy Purchases</b>	GWh	10	72	72	72	73	74	74	75	76
<b>MISO Energy Rate</b>	\$/MWh	27.84	28.86	29.13	29.40	29.66	30.23	30.54	30.84	31.14
<b>MISO Energy Cost</b>	Cost \$000	\$284	\$2,083	\$2,106	\$2,129	\$2,153	\$2,224	\$2,273	\$2,322	\$2,372
<b>MISO Capacity Obligation</b>	MW	102.6	103.2	103.8	104.3	104.9	105.4	105.4	105.4	105.3
<b>HMP&amp;L Resource Capacity</b>	MW	102.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Capacity Deficiency</b>	MW	0.0	103.2	103.8	104.3	104.9	105.4	105.4	105.4	105.3
<b>MISO Capacity Price</b>	\$/kw-Mo	0.5	0.9	1.1	1.4	1.7	2.4	2.8	3.1	3.4
<b>MISO Capacity Cost</b>	\$000	\$0	\$1,052	\$1,382	\$1,778	\$2,178	\$3,062	\$3,554	\$3,869	\$4,235
<b>MISO Cost</b>	\$000	\$284	\$3,135	\$3,488	\$3,907	\$4,331	\$5,286	\$5,827	\$6,192	\$6,607

**Scenario 2 - (7x24 Block, Wartsila, LM2500, Market)**

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Total Energy Requirements</b>	GWh	612	612	612	612	612	613	614	615	616
<b>Resource Generation:</b>										
7x24 Block	GWh	0	526	526	526	526	526	526	526	526
5x16 Block	GWh	0	0	0	0	0	0	0	0	0
HGS 1	GWh	301	0	0	0	0	0	0	0	0
HGS 2	GWh	301	0	0	0	0	0	0	0	0
Wartsila / LM2500 / LM6000	GWh	0	0	15	15	15	15	15	15	15
Wind	GWh	0	0	0	0	0	0	0	0	0
Solar	GWh	0	0	0	0	0	0	0	0	0
Nuclear	GWh	0	0	0	0	0	0	0	0	0
<b>MISO Energy Purchases</b>	GWh	10	94	94	95	95	96	97	98	99
<b>MISO Energy Rate</b>	\$/MWh	27.84	30.21	30.47	30.73	30.99	31.56	31.88	32.19	32.51
<b>MISO Energy Cost</b>	Cost \$000	\$284	\$2,844	\$2,874	\$2,904	\$2,934	\$3,026	\$3,087	\$3,149	\$3,212
<b>MISO Capacity Obligation</b>	MW	102.6	103.2	103.8	104.3	104.9	105.4	105.4	105.4	105.3
<b>HMP&amp;L Resource Capacity</b>	MW	102.6	0.0	40.7	40.7	40.7	40.7	40.7	40.7	40.7
<b>Capacity Deficiency</b>	MW	0.0	103.2	63.1	63.6	64.2	64.7	64.7	64.7	64.6
<b>MISO Capacity Price</b>	\$/kW-Mo	0.5	0.9	1.1	1.4	1.7	2.4	2.8	3.1	3.4
<b>MISO Capacity Cost</b>	\$000	\$0	\$1,052	\$840	\$1,084	\$1,333	\$1,880	\$2,182	\$2,375	\$2,598
<b>MISO Cost</b>	\$000	\$284	\$3,897	\$3,714	\$3,988	\$4,267	\$4,906	\$5,269	\$5,524	\$5,811

### Scenario 3 - (7x24 Block, LM2500, Wind, Market)

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Total Energy Requirements</b>	GWh	612	612	612	612	612	613	614	615	616
<b>Resource Generation:</b>										
7x24 Block	GWh	0	526	526	526	526	526	526	526	526
5x16 Block	GWh	0	0	0	0	0	0	0	0	0
HGS 1	GWh	301	0	0	0	0	0	0	0	0
HGS 2	GWh	301	0	0	0	0	0	0	0	0
Wartsila / LM2500 / LM6000	GWh	0	0	1	1	2	2	2	2	2
Wind	GWh	0	88	88	88	88	88	88	88	88
Solar	GWh	0	0	0	0	0	0	0	0	0
Nuclear	GWh	0	0	0	0	0	0	0	0	0
<b>MISO Energy Purchases</b>	GWh	10	94	94	95	95	96	97	98	99
<b>MISO Energy Rate</b>	\$/MWh	27.84	30.21	30.47	30.73	30.99	31.56	31.88	32.19	32.51
<b>MISO Energy Cost</b>	Cost \$000	\$284	\$2,844	\$2,874	\$2,904	\$2,934	\$3,026	\$3,087	\$3,149	\$3,212
<b>MISO Capacity Obligation</b>	MW	102.6	103.2	103.8	104.3	104.9	105.4	105.4	105.4	105.3
<b>HMP&amp;L Resource Capacity</b>	MW	102.6	5.0	27.7	27.7	27.7	27.7	27.7	27.7	27.7
<b>Capacity Deficiency</b>	MW	0.0	98.2	76.1	76.6	77.2	77.7	77.7	77.7	77.6
<b>MISO Capacity Price</b>	\$/kW-Mo	0.5	0.9	1.1	1.4	1.7	2.4	2.8	3.1	3.4
<b>MISO Capacity Cost</b>	\$000	\$0	\$1,001	\$1,013	\$1,306	\$1,603	\$2,258	\$2,620	\$2,852	\$3,121
<b>MISO Cost</b>	\$000	\$284	\$3,846	\$3,887	\$4,210	\$4,537	\$5,283	\$5,708	\$6,002	\$6,333

**Scenario 3 - (7x24 Block, LM2500, Solar, Market)**

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Total Energy Requirements</b>	GWh	612	612	612	612	612	613	614	615	616
<b>Resource Generation:</b>										
<b>7x24 Block</b>	GWh	0	526	526	526	526	526	526	526	526
<b>5x16 Block</b>	GWh	0	0	0	0	0	0	0	0	0
<b>HGS 1</b>	GWh	301	0	0	0	0	0	0	0	0
<b>HGS 2</b>	GWh	301	0	0	0	0	0	0	0	0
<b>Wartsila / LM2500 / LM6000</b>	GWh	0	0	1	1	1	1	1	1	1
<b>Wind</b>	GWh	0	0	0	0	0	0	0	0	0
<b>Solar</b>	GWh	0	10	10	10	10	10	10	10	10
<b>Nuclear</b>	GWh	0	0	0	0	0	0	0	0	0
<b>MISO Energy Purchases</b>	GWh	10	94	94	95	95	96	97	98	99
<b>MISO Energy Rate</b>	\$/MWh	27.84	30.21	30.47	30.73	30.99	31.56	31.88	32.19	32.51
<b>MISO Energy Cost</b>	Cost \$000	\$284	\$2,844	\$2,874	\$2,904	\$2,934	\$3,026	\$3,087	\$3,149	\$3,212
<b>MISO Capacity Obligation</b>	MW	102.6	103.2	103.8	104.3	104.9	105.4	105.4	105.4	105.3
<b>HMP&amp;L Resource Capacity</b>	MW	102.6	1.0	23.7	23.7	23.7	23.7	23.7	23.7	23.7
<b>Capacity Deficiency</b>	MW	0.0	102.2	80.1	80.6	81.2	81.7	81.7	81.7	81.6
<b>MISO Capacity Price</b>	\$/kW-Mo	0.5	0.9	1.1	1.4	1.7	2.4	2.8	3.1	3.4
<b>MISO Capacity Cost</b>	\$000	\$0	\$1,042	\$1,066	\$1,374	\$1,686	\$2,374	\$2,755	\$2,999	\$3,282
<b>MISO Cost</b>	\$000	\$284	\$3,886	\$3,940	\$4,278	\$4,620	\$5,399	\$5,842	\$6,148	\$6,494

**Scenario 4 - (LM6000, Wind, Market)**

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Total Energy Requirements</b>	GWh	612	612	612	612	612	613	614	615	616
<b>Resource Generation:</b>										
7x24 Block	GWh	0	0	0	0	0	0	0	0	0
5x16 Block	GWh	0	0	0	0	0	0	0	0	0
HGS 1	GWh	301	0	0	0	0	0	0	0	0
HGS 2	GWh	301	0	0	0	0	0	0	0	0
Wartsila / LM2500 / LM6000	GWh	0	0	305	301	293	290	287	284	280
Wind	GWh	0	175	175	175	175	175	175	175	175
Solar	GWh	0	0	0	0	0	0	0	0	0
Nuclear	GWh	0	0	0	0	0	0	0	0	0
<b>MISO Energy Purchases</b>	GWh	10	612	612	612	612	613	614	615	616
<b>MISO Energy Rate</b>	\$/MWh	27.84	28.03	28.23	28.42	28.81	29.12	29.44	29.76	30.08
<b>MISO Energy Cost</b>	Cost \$000	\$284	\$17,152	\$17,269	\$17,386	\$17,504	\$17,847	\$18,074	\$18,301	\$18,529
<b>MISO Capacity Obligation</b>	MW	102.6	103.2	103.8	104.3	105.5	105.4	105.4	105.4	105.3
<b>HMP&amp;L Resource Capacity</b>	MW	102.6	10.0	69.0	69.0	69.0	69.0	69.0	69.0	69.0
<b>Capacity Deficiency</b>	MW	0.0	93.2	34.8	35.3	35.9	36.4	36.4	36.4	36.3
<b>MISO Capacity Price</b>	\$/kW-Mo	0.5	0.9	1.1	1.4	1.7	2.4	2.8	3.1	3.4
<b>MISO Capacity Cost</b>	\$000	\$0	\$950	\$463	\$602	\$745	\$1,058	\$1,228	\$1,336	\$1,461
<b>MISO Cost</b>	\$000	\$284	\$18,102	\$17,732	\$17,988	\$18,249	\$18,905	\$19,301	\$19,636	\$19,990











### Scenario 9 - (Nuclear, 5x16 Block, Market)

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Total Energy Requirements</b>	GWh	612	612	612	612	612	613	614	615	616
<b>Resource Generation:</b>										
7x24 Block	GWh	0	0	0	0	0	0	0	0	0
5x16 Block	GWh	0	33	33	33	33	33	33	33	33
HGS 1	GWh	301	0	0	0	0	0	0	0	0
HGS 2	GWh	301	0	0	0	0	0	0	0	0
Wartsila / LM2500 / LM6000	GWh	0	0	0	0	0	0	0	0	0
Wind	GWh	0	0	0	0	0	0	0	0	0
Solar	GWh	0	0	0	0	0	0	0	0	0
Nuclear	GWh	0	0	0	0	0	0	473	473	473
<b>MISO Energy Purchases</b>	GWh	10	579	579	579	578	579	580	581	582
<b>MISO Energy Rate</b>	\$/MWh	27.84	27.75	27.94	28.13	28.32	28.83	29.15	29.46	29.78
<b>MISO Energy Cost</b>	Cost \$000	\$284	\$16,053	\$16,164	\$16,274	\$16,384	\$16,705	\$16,915	\$17,127	\$17,339
<b>MISO Capacity Obligation</b>	MW	102.6	103.2	103.8	104.3	104.9	105.4	105.4	105.4	105.3
<b>HMP&amp;L Resource Capacity</b>	MW	102.6	0.0	0.0	0.0	0.0	0.0	60.0	60.0	60.0
<b>Capacity Deficiency</b>	MW	0.0	103.2	103.8	104.3	104.9	105.4	45.4	45.4	45.3
<b>MISO Capacity Price</b>	\$/kW-Mo	0.5	0.9	1.1	1.4	1.7	2.4	2.8	3.1	3.4
<b>MISO Capacity Cost</b>	\$000	\$0	\$1,052	\$1,382	\$1,778	\$2,178	\$3,062	\$1,531	\$1,666	\$1,823
<b>MISO Cost</b>	\$000	\$284	\$17,106	\$17,546	\$18,052	\$18,562	\$19,767	\$18,447	\$18,793	\$19,161

1 **Item 46) Please provide a detailed listing of the costs by year associated with**  
2 **Henderson Station One from its retirement in December 2008 until its demolition in 2015,**  
3 **including the costs of insuring, maintaining, repairing, and securing the station.**

4 **Response)** Detailed invoices have been destroyed pursuant to HMP&L's retention policy.

5 **Witness) Barbara Moll**

6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22

1 **Item 47) Please provide all studies, correspondence, and other Documents relating to**  
2 **the decision to demolish Station One and the costs to demolish Station One.**

3 **Response)** Henderson objects to this request on the grounds the requested information is not  
4 relevant and not reasonably calculated to lead to the discovery of admissible evidence. Subject to  
5 that objection, see the attached documents.

6 **Witness) Chris Heimgartner**

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23



December 17, 2015

Mr. Wayne Thompson  
Henderson Municipal Power and Light  
100 Fifth Street  
P.O. Box 8  
Henderson, Kentucky 42419-0008

**Re: *Status of HMP&L Station One Property  
419 Water Street  
Henderson, Kentucky  
Linebach Funkhouser Project 068-14***

Dear Mr. Thompson:

Pursuant to your recent request, Linebach Funkhouser, Inc. (LFI) is pleased to provide this letter regarding the current status and future options, relative to environmental conditions, of the HMP&L Station One property following approval of the Site Management Plan (SMP) by the Kentucky Department for Environmental Protection (KDEP). Included is background information, current environmental-related obligations, and potential options for future property uses.

## **BACKGROUND**

Based on our discussions with HMP&L and City of Henderson (City) representatives, the City obtained the property through a land grant, possibly dating back to the 1700s. The Station One facility was operated on the property by HMP&L from approximately 1950 until it was shut down in 2008. We understand that HMP&L and City representatives are currently evaluating ownership status between the two entities.

On behalf of HMP&L and the City, LFI completed environmental assessment activities at the property during the past few years to identify environmental concerns, if any, and in preparation for eventual demolition of the facility. The assessment activities generally included the identification of asbestos-containing materials, hazardous materials, oils, and related items in the facility. The assessment also included sampling in areas of potential concern on the property outside of the facility. Additionally, LFI prepared bid specification documents for HMP&L, obtained bids from contractors, and assisted in selecting a contractor to remove asbestos and other hazardous materials, demolish the facility, backfill, and cap the property. A contractor was selected in the fall of 2014 and the demolition project was completed in June 2015.

Based on the assessment activities completed by LFI, certain constituents regulated by KDEP (polynuclear aromatic hydrocarbons and arsenic) were identified in the former coal and ash storage areas. Removal and off-site disposal of these materials was considered; however, due to

the size and depth of these two areas, the removal option was not economically feasible. Therefore, the option to manage the materials in-place was selected.

The selected option of site management was in accordance with Kentucky Revised Statute (KRS) 224.1-400 (18), which requires that a hazardous substance, pollutant, or contaminant be removed or controlled to the extent there are no harmful effects to human health or the environment.

The management option under KRS 224.1-400 allows for the management of the materials in-place with the use of engineering and institutional controls and ongoing maintenance of those controls. Throughout our discussions with HMP&L during development of the bid specification documents and our experience with KDEP on similar sites, this option was determined to be the most feasible. Therefore, an engineering control (soil cap) was factored into the Station One demolition project and a *Site Management Plan* (SMP) was prepared. The SMP was the document required by KDEP to demonstrate that the remedy was protective of human health and the environment. An environmental covenant (institutional control) is also typically filed with the property deed.

LFI, HMP&L and the City also considered the potential option of registering the property in the KDEP Brownfield Redevelopment Program under KRS 224.1-415. This is a “sister” regulation to KRS 224.1-400. The site-management technical components of the two programs are essentially the same; however, KRS 224.1-415 includes a provision that relieves *Buyers* of liability for hazardous substances, pollutants, or contaminants that remain on a property. The program is designed to encourage the purchase and redevelopment of brownfield sites. Under KRS 224.1-415, materials may remain and be managed in-place with engineering or institutional controls under a *Property Management Plan* (PMP) – essentially the same document as the SMP under KRS 224.1-400.

LFI and City representatives met with KDEP on August 26, 2015 to discuss the possibility of registering the property in the Brownfield Program, on behalf of the City. KDEP was sensitive to the City’s request; however, KDEP decided that the intimacy of the relationship between HMP&L and the City did not satisfy the statutory requirements of KRS 224.1-415. Consequently, the property transfer between the two entities would not be eligible for acceptance into the Brownfield Program. It is important to note that the City’s disqualification from participation in KRS 224.1-415 was relationship-based, not environmentally-based. In the event the property is sold in the future, the buyer would likely pursue this option and readily receive approval from KDEP.

LFI prepared and submitted the SMP to KDEP on October 8, 2015, in accordance with KRS 224.1-400. In a letter from KDEP dated December 14, 2015, the SMP was approved. No additional remedial measures are necessary and the site may be redeveloped. An environmental covenant is also typically required by KDEP as an institutional control (in addition to the engineering control) and is filed with the property deed. However, KDEP did not require an environmental covenant since no deed exists for the property. This is reflected in KDEP’s letter, indicating that approval of the SMP does not constitute a “managed closure” of the site.

### **CURRENT ENVIRONMENTAL-RELATED OBLIGATIONS**

Neither HMP&L nor the City has additional obligations relative to the environmental issues at the property, other than to manage the property in accordance with the approved SMP. The primary requirements detailed in the SMP include;

- maintaining the soil cap that is currently in-place,
- properly managing affected soil that could be encountered beneath the cap in the event of future excavation, and
- conducting annual inspections and submitting letter reports to KDEP.

### **FUTURE PROPERTY USES**

The property can remain in its current state, or can be used by HMP&L and/or the City for other purposes, provided the requirements of the SMP are met. It is our understanding, based on discussions with KDEP, that KDEP considers HMP&L and the City as one and the same, relative to ownership of the property.

If the property is sold, the new buyer would likely pursue registering the property in the Brownfield Program to obtain liability protection offered by KDEP, in accordance with KRS 224.1-415. The buyer can use the assurances provided by KRS 224.1-415 to obtain bank financing and help eliminate typical environmental obstacles that hinder redevelopment projects. It is our understanding that a deed would have to be created at that time.

We appreciate the opportunity to provide you with this information. If you have any questions or need additional information, please do not hesitate to contact us.

Sincerely,



Charles D. Linebach, CHMM  
Principal



MATTHEW G. BEVIN  
GOVERNOR

CHARLES G. SNAVELY  
SECRETARY

ENERGY AND ENVIRONMENT CABINET  
DEPARTMENT FOR ENVIRONMENTAL PROTECTION  
DIVISION OF WASTE MANAGEMENT

200 FAIR OAKS LANE  
FRANKFORT, KENTUCKY 40601  
TELEPHONE: 502-564-6716  
<http://waste.ky.gov>

December 14, 2015

Charles D. Linebach, CHMM  
Linebach Funkhouser, Inc.  
114 Fairfax Avenue  
Louisville, KY 40207

RE: Site Management Plan  
Former HMP&L – Station One Facility  
419 Water Street  
Henderson, Kentucky  
AI#: 1812

Dear Mr. Linebach:

The Superfund Branch of the Kentucky Division of Waste Management has received and reviewed the Site Management Plan, dated October 8, 2015 and approves the plan. Compliance with the plan will maintain the status quo at the site and allow redevelopment to occur in the future. Unless conditions change no additional remedial measures are necessary.

Please be advised that approval of this plan does not constitute a managed closure of the site. In the event conditions change or additional contamination is found the Division has the right to require additional characterization or remediation.

We look forward to continuing to work with you and your client on the redevelopment of this property. If you have any questions or need additional assistance please feel free to contact me at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "James P. Kirby, II".

James P. Kirby, II

c: Larry Hughes (e-copy)  
Christoph Uhlenbruch (e-copy)  
William Newman (e-copy)





ENERGY AND ENVIRONMENT CABINET

DEPARTMENT FOR ENVIRONMENTAL PROTECTION

DIVISION OF WASTE MANAGEMENT

200 FAIR OAKS LANE

FRANKFORT, KENTUCKY 40601

PHONE (502) 564-6716

<http://waste.ky.gov>

Steven L. Beshear  
Governor

Leonard K. Peters  
Secretary

October 30, 2015

Charles D. Linebach, Principal  
Lineback Funkhouser, Inc.  
114 Fairfax Avenue  
Louisville, KY 40207

RE: Henderson Municipal Power & Light  
Station One Property  
419 Water Street  
Henderson, Henderson County, Kentucky  
AI # 1812

Dear Mr. Lineback:

As we have discussed on the phone and communicated via email, the Superfund Branch finds that the intimacy of the relationship between Henderson Municipal Power & Light and the City of Henderson disqualifies any property transfer between the two entities from being accepted into Kentucky's Brownfield Redevelopment Program. Specifically The City of Henderson does not meet the criteria of KRS 224.1-415(2)(a)(6)(b) in that the City and HMP&L have contractual, corporate and financial relationships.

The language of the City of Henderson ordinance, dated June 1, 1949 which established the Henderson Utility Commission demonstrates the relationship between the two entities as shown in these specific examples:

Section 3. ... Employees of said Utility Commission, being "persons engaged in the conduct of municipal affairs" within the meaning of Section 90.300(f) of the Kentucky Revised Statutes, shall be under the protection of the Civil Service System of the City of Henderson.

Section 4. The city shall pay the cost of securing bonds for the commissioners.....

Section 5. The city legislative body shall fix the salary to be paid each member of the commission.....

Linebach Letter  
October 30, 2015  
Page 2.

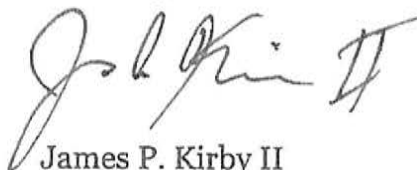
There are numerous other examples today which demonstrate the contractual, corporate and financial relationship between the City of Henderson and HMP&L. The Customer Service Division of the City's Finance Department handles setup, changes, payments, and other maintenance of utility accounts. The Accounting Division of the City's Finance Department manages the monthly billing for Henderson Municipal Power & Light. There are seven city employees who take care of on-site duties such as turning on and off meters, handling customer concerns, and reading meters.

Both The Fuel Adjustment Clause Rate Schedule and The Additional Customer Service Rate Schedule revised July 1, 2015 were approved by the Henderson City Commission on May 12, 2015. The very fact that rates have to be approved by both the Henderson Utility Commission and the Henderson City Commission is demonstrative of the affiliation between the City of Henderson and HMP&L.

The inability of the City of Henderson to enter into Kentucky's Brownfield Redevelopment Program should not be a bar to the redevelopment of this property. I look forward to an opportunity to work with both you and the city to move this project forward. If some other entity purchases the old Station One Property then the Brownfield Redevelopment Program might be an option.

If you have any additional questions or I can provide any additional assistance please feel free to contact me at any time.

Sincerely,



James P. Kirby II  
Environmental Scientist  
Superfund Branch

c: Sheri Adkins (e-copy)  
Larry Hughes (e-copy)  
William Newman (e-copy)

RESOLUTION OF THE CITY OF HENDERSON UTILITY COMMISSION APPROVING THE GENERAL MANAGER TO DISCONTINUE THE COMMISSION'S OPERATION OF STATION ONE; PROVIDING FOR GRANTING THE GENERAL MANAGER THE AUTHORITY FOR THE INVESTIGATION OF OTHER PARTIES' INTEREST IN OPERATING STATION ONE; PROVIDING FOR GRANTING THE GENERAL MANAGER THE AUTHORITY FOR DISPOSING OF STATION ONE ASSETS

WHEREAS, HMP&L Station One began commercial operations at its present location in 1950; and

WHEREAS, HMP&L Station One has provided the citizens of Henderson safe, reliable, and low cost electric service for over 58 years; and

WHEREAS, because of increasing federal and state restrictions for new air emissions, Station One is no longer viable or capable of normal, continuous, and reliable operation for the economically competitive production of electricity for the Commission; and

WHEREAS, because of the age of Station One and the increasing costs for maintenance, fuel, labor, and new air emissions equipment, Station One is no longer a viable generating facility for the Commission.

NOW, THEREFORE, BE IT RESOLVED by the City of Henderson Utility Commission as follows:

1. Pursuant to the authority granted by the Revised Statutes of Kentucky and ordinances of the City of Henderson, the Henderson Utility Commission authorizes and directs the General Manager to take all steps necessary to permanently discontinue the Utility Commission's operation of the Station One Power Plant on or before December 31, 2008.


2. The Henderson Utility Commission authorizes the General Manager to investigate potential opportunities for other parties to operate Station One in the future.

3. The Henderson Utility Commission authorizes the General Manager to begin the process of disposing of Station One Assets.


On motion of Commissioner Smith, seconded by Commissioner Hopper, that the foregoing Resolution be adopted, the vote was called. On roll call the vote stood.

Commissioner _____	_____
Commissioner Hopper	<u>aye</u>
Commissioner Miller	<u>aye</u>
Commissioner Risch	<u>aye</u>
Chairman Smith	<u>aye</u>

WHEREUPON, Chairman William Smith declared the Resolution adopted, affixed his signature and the date thereto and ordered that the same be recorded.

  
\_\_\_\_\_  
William L. Smith, Chairman  
Date: August 25, 2008

ATTEST:

  
\_\_\_\_\_  
Scott Miller, Secretary

# COMMISSION MEETING MINUTES

## MINUTES OF THE REGULAR MEETING OF CITY OF HENDERSON UTILITY COMMISSION HELD AUGUST 25, 2014 AT 5:00 P.M. AT HMP&L GENERAL OFFICE BUILDING

PRESENT: Gary Bell, Chairman  
Greg Risch, Vice Chairman  
Lin Shannon, Secretary  
Jud Royster

Chairman Bell called the meeting to order at 5:00 p.m.

On motion of Commissioner Risch, seconded by Commissioner Royster, and unanimously carried, the minutes of the regular meeting of the Utility Commission held on August 4, 2014, were approved.

Chairman Bell called for Customer or Citizen Comments. There were none.

Chairman Bell asked if the Commissioners wanted to discuss in detail any of the Consent Items. The Consent Items voted on were as follows:

- (a.) Monthly Allocated Expense Payment to the City of Henderson for the month of August 2014 in the amount of \$51,916.00.
- (b.) Monthly Transfer Payment to the City of Henderson for August 2014 in the amount of \$103,727.00.

Motion was made by Commissioner Risch, seconded by Chairman Bell, to approve all the Consent Items. Motion carried unanimously.

Mr. Quick presented the financial reports for July 2014. Mr. Quick discussed various aspects of the Income Statement and Balance Sheet. Mr. Quick made reference to the Income Statement emphasizing a net loss of \$316,211 for the fiscal year to date ending 7/31/14 compared to the projected budgeted net loss of \$384,671 for the fiscal year to date. In regards to Revenue and Expenses, Mr. Quick stated Power Sales Electricity is under budget \$28,034 for the fiscal year to date. A motion was made by Commissioner Risch and seconded by Commissioner Shannon to approve the July financials. Motion carried unanimously.

Department Reports began with the Power Production Report presented by Wayne Thompson. Mr. Thompson stated 55,642 megawatts were taken out of Station Two, 1,900 megawatts were taken from SEPA, and no megawatts were purchased for the month of July. The maximum net hourly peak

demand was 105 megawatts and the maximum net daily peak was 2,139 megawatts. Mr. Thompson concluded his report by stating Station Two, Unit Two had approximately 51.54 hours of outages for July.

Steve Smith made a presentation on behalf of the Transmission & Distribution Department stating the fence installation has been completed at Substation #1 and regular maintenance is being performed around town.

Brian Hardesty made a presentation on behalf of the Communications Department referencing the Firefly Report for the month of July.

Ken Christopher informed the Commission that at his six month evaluation, Matt Deibler, was advanced from an Apprentice Lineworker #2 to Apprentice Lineworker #3.

Mr. Quick had no report for this month.

Chairman Bell presented to the Commissioners for consideration the following recommendations on award of bids and contracts, as follows:

(a.) Bid H-14-127 – Purchase a New Plant Manager’s Truck for HMP&L Station Two/Reid/Green.

Bids received on August 8, 2014, were evaluated as follows:

<b>BIDDER</b>	<b>EVALUATED PRICE</b>
Uebelhor	\$ 36,298.00
Don Moore	\$ 38,500.00
Henderson Chevrolet	\$ 40,031.00

It was Mr. Thompson’s and BREC’s recommendation that the bid to Purchase a New Plant Manager’s Truck for HMP&L Station Two/Reid/Green be awarded to Uebelhor & Sons Chevrolet Cadillac Jasper, Inc. in the amount of \$36,298.00, on the basis they were the lowest evaluated bid that came closest to meeting specifications. Thereupon, motion was made by Commissioner Shannon, seconded by Commissioner Royster, to award bid H-14-127 to Uebelhor & Sons Chevrolet Cadillac Jasper, Inc. in the amount of \$36,298.00, on the basis they were the lowest evaluated bid that came closest to meeting specifications. Motion carried unanimously.

(b.) Bid H-14-123 – Provide Labor, Supervision, Tools, Equipment, Consumables, Services, and Materials to Remove and Install Fan Blade Assemblies on Cells “B”, “C” & “D” on Unit One and “A” on Unit Two and Install Fan Blade Boots on Cells “E” on Unit One and “B” on Unit Two at HMP&L Station Two.

Bids received on July 31, 2014, were evaluated as follows:

<b>BIDDER</b>	<b>EVALUATED PRICE</b>
Precision Cooling Tower	\$ 110,848.00
Star Cooling Tower	\$ 135,097.04
American Cooling Tower	No Bid

It was Mr. Thompson’s and BREC’s recommendation that the bid to Provide Labor, Supervision, Tools, Equipment, Consumables, Services, and Materials to Remove and Install Fan Blade Assemblies on Cells “B”, “C” & “D” on Unit One and “A” on Unit Two and Install Fan Blade Boots on Cells “E” on Unit One and “B” on Unit Two at HMP&L Station Two be awarded to Precision Cooling Towers in the amount of \$110,848.00, on the basis they were the lowest evaluated bid that came closest to meeting specifications. Thereupon, motion was made by Commissioner Risch, seconded by Commissioner Shannon, to award bid H-14-123 to Precision Cooling Towers in the amount of \$110,848.00, on the basis they were the lowest evaluated bid that came closest to meeting specifications. Motion carried unanimously.

(c.) Bid 14-20-01 – Provide Remedial Actions, Equipment Removal, and Demolition of Henderson Municipal Power & Light Station One Power Plant.

Bids received on June 27, 2014, were evaluated as follows:

<b>BIDDER</b>	<b>EVALUATED PRICE</b>
National Salvage & Services Corp.	\$ (37,000.00)
G&H Demolition	\$ 216,000.00
NCM Demolition & Remediation, LP	\$ 1,877,800.00
Klenck Company	\$ 2,069,900.00
O'Rourke	\$ 2,110,000.00
Mobile Salvage Services, LLC	\$ 4,190,740.00


It was Mr. Thompson’s recommendation that the bid to Provide Remedial Actions, Equipment Removal, and Demolition of HMP&L Station One Power Plant be awarded to National Salvage & Service Corporation, in the amount payable to HMP&L of \$37,000.00, on the basis they were the lowest evaluated bid that came closest to meeting specifications. Thereupon, motion was made by Commissioner Royster, seconded by Commissioner Risch, to award bid 14-20-01 to National Salvage & Service Corporation, in the amount payable to HMP&L of \$37,000.00, on the basis they were the lowest evaluated bid that came closest to meeting specifications. Motion carried unanimously.

Motion was made by Chairman Bell and seconded by Commissioner Shannon at 5:27 p.m. to adjourn the regular meeting to go into Executive Session per KRS 61.810(c) - Discussion of proposed or pending litigation against or on behalf of a public agency. Motion carried unanimously.

Chairman Bell reconvened the regular meeting at 6:10 p.m.

Motion was made by Commissioner Shannon to authorize the General Manager to represent Henderson Municipal Power & Light and the City of Henderson to retain and engage external consultants, legal counsel, or other professionals and to take whatever steps are required to recover past, present, and future financial damages, losses, or other losses related to the City’s Station Two Generation Facility or the Existing System. Motion was seconded by Commission Risch and carried unanimously.

There being no further business to come before the Commission, motion was made by Chairman Bell that the meeting be adjourned at 6:12 p.m.

  
Secretary: Lin Shannon

  
Chairman: Gary Bell



---

# **SITE MANAGEMENT PLAN**

**Former Henderson Municipal Power and Light  
Station One Facility  
419 Water Street  
Henderson, Kentucky**



**Prepared For:**

**HENDERSON MUNICIPAL POWER & LIGHT**

**October 8, 2015**

**Prepared by:**



**Linebach & Funkhouser, Inc.**  
environmental compliance & consulting

---



October 8, 2015

Mr. James Kirby  
Kentucky Department for Environmental Protection  
Division of Waste Management  
200 Fair Oaks Lane  
Frankfort, Kentucky 40601

**Re: *Site Management Plan***  
***Former HMP&L – Station One Facility***  
***419 Water Street***  
***Henderson, Kentucky***  
***Linebach Funkhouser Project Number 068-14***

Dear Mr. Kirby:

Linebach Funkhouser, Inc. (LFI), on behalf of Henderson Municipal Power and Light (HMP&L), has completed the attached *Site Management Plan* (SMP) for the former Station One power generating facility in Henderson, Kentucky. This SMP addresses soil impacts on the property resulting from past operations. The focus of this SMP is to satisfy KDEP's requirements for mitigating areas of impacted soil on the subject property.

The attached SMP is being submitted as a follow-up to:

- Previous assessment and remediation work conducted at the property over the timeframe of 2012 – 2015.
- Demolition of the Station One facility by HMP&L and re-use of the property by the City of Henderson.

LFI appreciates KDEP's input on this project. Please contact us if you have any questions or comments regarding the SMP or the project in general.

Sincerely,

Handwritten signature of Charles D. Linebach in cursive.

Charles D. Linebach, CHMM  
Principal

Handwritten signature of Charles A. Leachman in cursive.

Charles A. Leachman, P.G.  
Senior Geologist  
KY Registered Geologist No. 2651

# **SITE MANAGEMENT PLAN**

Former HMP&L – Station One Facility  
419 Water Street  
Henderson, Kentucky

Prepared for:

**HENDERSON MUNICIPAL POWER & LIGHT**

October 8, 2015

Prepared by:



**Linebach • Funkhouser, Inc.**  
environmental compliance & consulting

## TABLE OF CONTENTS

<b>1.0 INTRODUCTION.....</b>	<b>1</b>
1.1 Facility Status .....	1
1.2 Overview of Planned Site Management Actions.....	2
<b>2.0 PURPOSE.....</b>	<b>2</b>
<b>3.0 PLANNED ACTIVITIES/EXPECTED CONDITIONS.....</b>	<b>3</b>
<b>4.0 SITE ENVIRONMENTAL HISTORY .....</b>	<b>3</b>
<b>5.0 CONCEPTUAL SITE MODEL .....</b>	<b>4</b>
5.1 Topography.....	5
5.2 Soils/Geology .....	5
5.3 Hydrogeology.....	5
5.4 Constituents of Concern/Extent of Affected Areas .....	5
<b>6.0 EXPOSURE PATHWAYS.....</b>	<b>6</b>
6.1 Human Health Evaluation .....	6
6.2 Ecological Evaluation.....	7
<b>7.0 PROPERTY MANAGEMENT ACTIONS.....</b>	<b>8</b>
7.1 Site Cover .....	8
7.2 Site Cover Monitoring and Maintenance .....	8
<b>8.0 SOIL HANDLING AND DISPOSAL .....</b>	<b>9</b>
<b>9.0 REPORTING .....</b>	<b>10</b>
<b>10.0 REFERENCES.....</b>	<b>10</b>

### LIST OF FIGURES

- Figure 1 – Site Location Map
- Figure 2 – Aerial Photograph Showing Site & Vicinity
- Figure 3 – Map Showing Historical Site Layout
- Figure 4 – Former Coal/Ash Storage Areas

### LIST OF APPENDICES

- Appendix A – Report of Previous Assessment
- Appendix B – Health and Safety Plan
- Appendix C – Soil Cover Monitoring and Maintenance Checklist

## 1.0 INTRODUCTION

The former Henderson Municipal Power & Light (HMP&L) – Station One property (hereafter referred to as the property or the site) is located at 419 Water Street in Henderson, Kentucky (Figure 1). The general past uses of the property are as follow:

- The City of Henderson, Kentucky (City) obtained the property through a land grant from the Federal Government dating back to the late 1700s. This parcel was obtained with other parcels along the Ohio River. A deed does not exist for the property.
- HMP&L began developing the property with the Station One facility in 1950 and the power-generating facility operated at the site until it was shut down in 2008.
- HMP&L recently demolished the facility, including all ancillary structures and features. The site is currently a green space adjoining City parks to the north and south.

The property consists of a parcel approximately 8.75 acres in size, bounded by Water Street to the east, the Ohio River to the west, and City parks to the north and south. An aerial photograph showing the site (prior to demolition) and vicinity is included in Figure 2. The entire property was used for the Station One operation that included the main power plant building, the coal conveyer tower and conveyor belt system, water in-take facilities, coal and ash storage areas, and various ancillary structures and features. The property has been mostly vacant since 2008. The historical layout of the property is shown in Figure 3.

### 1.1 Facility Status

In 2012, LFI conducted assessment activities at the site on behalf of HMP&L. The purpose of the assessment activities was to identify potential environmental concerns at the property, if any, in preparation for eventual demolition of the Station One facility. In general, the assessments included identifying and quantifying asbestos materials in the site structures, identifying lead-based paints, identifying oils and related materials in facility equipment, and evaluating subsurface conditions in the former coal and ash storage areas. Details of the assessment activities are provided in Section 4.0.

All asbestos-containing materials were removed from the facility prior to demolition, as was all equipment and associated oils, lubricants, and related materials.

Demolition of the facility began in October of 2014 and was completed in June of 2015. As a result of the demolition activities, the property was left as a graded, grass-covered parcel with no structures. HMP&L's intent is to return the property to the City for its use.

This Site Management Plan (SMP) applies to the former coal and ash storage areas. Subsurface impacts were identified during the previous assessment activities, including polynuclear aromatic hydrocarbons (PAHs) and arsenic, due to remnant coal and ash in these areas.

## **1.2 Overview of Planned Site Management Actions**

Environmental impacts remaining at the property are associated with past power-generating operations; specifically associated with the former coal and ash storage areas. These environmental impacts are:

- Soil potentially affected by PAHs and arsenic beneath the former coal and ash storage areas. Of the PAHs detected, only benzo(a)pyrene was detected in excess of KDEP's residential Regional Screening Levels (RSLs). No PAH constituents exceeded industrial RSLs. Only arsenic exceeded industrial RSLs, no other metals exceeded RSLs.

No impacts to groundwater above Primary Drinking Water Standards Maximum Contaminant Levels (MCLs) were identified.

## **2.0 PURPOSE**

The field components of managed closure are in-place at the site following assessment, remediation, and demolition activities. This SMP has been prepared to describe the management actions that are in-place to assure that the future use of the property is protective of human health and the environment. Protective management actions will include:

- Documenting the lack of remaining potential exposure pathways at the site.

- Maintaining an engineered control (site cover) over the impacted areas of soil to keep exposure pathways (primary of which is direct contact) incomplete.
- Implementing a Health & Safety Plan to address exposures during any future site activities that may involve disturbance of the existing site cover.

### **3.0 PLANNED ACTIVITIES/EXPECTED CONDITIONS**

Based on the current redevelopment plans of the City, the site will remain as an undeveloped green space for the foreseeable future.

This SMP establishes effective management controls for the site that will provide for the protection of human health and the environment, including construction workers and grounds crews or other personnel that may come in contact with affected soil in the course of future redevelopment work. Based on the results of previous assessment work conducted at the site and the presence of the current site cover, the potential for exposure to receptors other than short-term exposure to construction workers is nominal.

### **4.0 SITE ENVIRONMENTAL HISTORY**

Environmental assessment and remediation work has been conducted at the site since 2012. A summary of the activities is as follows:

#### 2012 Site Assessment Work

LFI completed environmental assessment activities at the property in 2012. The purpose of the assessment was to assist with establishing baseline environmental conditions of the property and the development of cost estimates associated with potential remediation and eventual demolition of the facility. The assessment activities included asbestos and lead-based paint surveys of the site structures, identification of oils, lubricants and related materials associated with equipment remaining in the facility, and an investigation of subsurface soils and groundwater in the former coal/ash storage areas. The subsurface assessment included the advancement of six soil borings in the former coal/ash storage areas for the collection of soil samples. Three of the borings were converted to temporary groundwater monitoring wells for the collection of groundwater samples.

Findings of the assessment are presented in LFI's *Environmental Assessment Report*, dated March 22, 2012, portions of which are included in Appendix A.

As a result of the above-referenced subsurface assessment, the former coal/ash storage areas, situated to the west of the former facility (Figure 4) were identified as potential source areas of concern on the property. Due to the presence of remnant coal and ash, relatively low concentrations of PAHs and metals may be encountered in the soil in these areas. Benzo(a)pyrene and arsenic were identified as the predominant constituents of concern (COCs). More discussion regarding the COCs is presented in Section 5.4.

#### 2014/2015 Site Remediation and Demolition Work

Over the timeframe of October 2014 through June 2015, significant remediation and demolition work was completed at the property. All asbestos-containing materials were abated from the facility and all equipment was removed, including all oils, lubricants and associated materials. The entire power plant facility and associated structures have been demolished and removed from the property. The demolition activities included removal of building foundations and subsurface features to a minimum of one foot below grade. All excavations were backfilled with compacted crushed concrete and stone.

Following demolition and backfill, the entire site was graded for positive drainage and capped with one foot of soil, including over the former coal/ash areas, followed by grass seed and straw. The final site activities were completed in June 2015. The areas of impacted soil (the former coal/ash areas) are shown on Figure 4.

### **5.0 CONCEPTUAL SITE MODEL**

LFI has developed a conceptual site model (CSM) of geologic conditions potentially affecting the occurrence and migration of constituents of concern at the property, and the conditions affecting potential future exposure of those constituents to human health and the environment.



## **5.1 Topography**

The general elevation of the property is approximately 400 feet above the National Geodetic Vertical datum of 1929 (NGVD). The site lies within the Ohio River watershed and localized topography in the area is relatively flat. Regional topography is characterized by low relief and a general downgradient slope to the west toward the Ohio River.

## **5.2 Soils/Geology**

Soil boring and excavation work conducted at the site showed that unconsolidated material on the property consists primarily of silt, sand, and gravel. Coal fill material and fragments were encountered in the coal and ash storage areas at the surface and extending to depths ranging to approximately 28 feet below ground level (bgl). Bedrock lies at depths greater than 40 feet bgl and consists of shale.

## **5.3 Hydrogeology**

The buried alluvial clay and sand deposits at the site constitute the uppermost groundwater producing zone. Based on information obtained from the environmental assessment, the depth to groundwater in the uppermost groundwater producing zone is generally in the range of 20 to 25 feet bgl. Groundwater is interpreted to be under unconfined conditions. The potentiometric surface at the site is relatively flat, with a slight gradient southwest toward the Ohio River.

## **5.4 Constituents of Concern/Extent of Affected Areas**

Based on LFI's assessment activities, the COCs possibly remaining in the site soil consist of PAHs and metals. As follows:

- PAH constituents detected at concentrations in excess of KDEP's residential RSLs were limited to only benzo(a)pyrene. No constituents exceeded industrial RSLs.
- No metals, with the exception of only arsenic, exceeded KDEP residential or industrial RSLs. The level of arsenic exceeded industrial RSLs.

No volatile organic compounds (VOCs) were detected above laboratory detection limits in soil and no VOCs or PAHs were detected above laboratory detection limits in groundwater.

## 6.0 EXPOSURE PATHWAYS

An exposure pathway is the course a constituent takes from a source to an exposed receptor. According to the USEPA (1989), for a risk to be present at all, an exposure pathway must be considered *complete*. A complete exposure pathway must include *all* of the following:

- Source and Mechanism for Release
- Transport Medium
- Receptor at an Exposure Point
- Route of Uptake (e.g. ingestion)

The following discussion of exposure pathways and receptors identifies possible means and locations where human or other biotic receptors may come in contact with constituent-containing media (i.e. soil) at some time in the future. The purpose of this exposure pathway/receptor evaluation is to:

- Assess potential environmental risks, if any, remaining at the site.
- Provide a basis for establishing site management actions to assure that exposure pathways remain incomplete in the future.

### 6.1 Human Health Evaluation

An evaluation of pathways and receptors associated with potential human exposure is as follows:

#### Soil

Following demolition of the facility and removal of site structures, the entire site, including the coal/ash storage areas were capped with a minimum of one foot of clean soil. Exposure to affected soil would occur only as a result of excavation; consequently, future exposure would be short-term and limited to construction/excavation workers. Potential future exposure to construction workers would be minimal, and will be managed by implementation of a Health and Safety Plan, included in Appendix B.

### Groundwater

As indicated above, site groundwater has not been impacted. Furthermore, there currently is no complete exposure pathway to groundwater. The depth to the uppermost groundwater producing zone at the site is approximately 20 to 25 feet bgl, and is well below the normal depth of construction. Additionally, the site, along with the rest of metro Henderson, is served by municipal water supply lines. There are no domestic or industrial production water wells on-site and none downgradient of the site.

### Surface Water

There are no surface bodies of water on the site; surface runoff is directed toward to the Ohio River located to the west. Surface runoff will only contact the site soil cap and will not be in direct contact with impacted subsurface soil.

### Air

Air does not constitute a significant exposure pathway to human or ecological receptors. The predominant constituents of concern in soil at the site (benzo(a)pyrene and arsenic) are not volatile, with Henry's Law constants that render the constituents as a negligible source of potential soil vapor migration. The primary potential exposure scenario via the air pathway would be possible wind dispersal of affected dust generated by potential future excavation work.

### Subsurface Vapor

Vapor intrusion into buildings can sometimes be associated with certain VOCs in soil and groundwater. VOCs have not been identified as COCs in site soil or groundwater. Therefore, vapor intrusion is not considered to be a pathway of potential concern.

## **6.2 Ecological Evaluation**

The site is located in a developed, urban area of Henderson. No threatened or endangered species are known to exist at the site. The overall nature of the site is not particularly conducive for a permanent habitat for environmental receptors other than rodents, birds, and other small species that typically occupy urbanized areas.

## 7.0 PROPERTY MANAGEMENT ACTIONS

Currently, no complete exposure pathways have been identified at the site and the City has no immediate plans for redevelopment.

Future exposure receptors will be primarily limited to construction workers, with the predominant future exposure pathway being direct-contact with soil in the event of excavation below the soil cap. This potential exposure would be short-term and the overall potential risk of an actual detrimental health impact associated with the soil exposure pathway is nominal. Potential exposures would be readily managed by compliance with routine health and safety procedures. A standard Health and Safety Plan is provided in Appendix B.

This SMP has been prepared to mitigate potential exposure risk to human health and the environment. The management actions for the site will be to render any potential for future exposure pathways incomplete through maintenance of the current site cover and institutional controls to manage potential long-term exposure.

### 7.1 Site Cover

A site cover is currently in-place and will be maintained over the entire site, including the affected area (former coal/ash storage areas). The cover consists of one foot of clean soil over the entire property. The site cover will continue to be maintained and any replacement or new cover will consist of material suitable to provide an exposure barrier to receptors.

No excavation or disturbance of the site cover that is not in conformance with this SMP will be allowed without the property owner providing prior notification to KDEP. Excavation through the site cover material, if necessary, will be in accordance with the procedures outlined in Section 8.0.

### 7.2 Site Cover Monitoring and Maintenance

The purpose of future site cover monitoring will be to verify the ongoing integrity of the site cover and to properly manage potentially impacted soil or other inert materials encountered

during future maintenance or construction activities. Routine monitoring and maintenance will provide continued protection of human health and the environment by minimizing the potential for complete exposure pathways.

Annual site inspections will be made by the property owner or an authorized representative to verify the integrity of the engineered barriers and other protective measures. An annual reporting form and checklist (Appendix C) will be completed following each annual inspection, documenting general site conditions as well as observed deficiencies. The completed reporting form and checklist will be submitted to KDEP each year following the annual inspection. In the event that deficiencies are identified, the proposed or implemented corrective measures will be included in the reporting form/checklist.

#### Replacement and Repair of Site Cover

If future maintenance, upkeep, utility installation/repairs, or site alterations penetrate the site cover, the provisions described in Section 8.0 will be followed. Outside contractors conducting such activities will be provided a copy of the applicable segments of this SMP. Contractors will be expected to prepare their own task-specific Health and Safety Plans incorporating the information contained within this SMP, appropriate for the work being conducted.

### **8.0 SOIL HANDLING AND DISPOSAL**

The intent of this SMP is to ensure that exposure pathways to impacted soil remain incomplete. Soil excavated as part of any future redevelopment and construction activities will, to the extent practicable, be re-used on-site. Soil uncovered during redevelopment or construction activities, landscaping, utility installation, etc. will be re-buried beneath an appropriate cover such as buildings, pavement, gravel (minimum 6 inches), or clean fill material (minimum 1 foot).

In the event that soil or other inert materials encountered during site work cannot be maintained and buried on-site beneath an appropriate cover, the following methodology will be employed to provide effective off-site deposition.

- Soils identified for off-site disposal will be segregated, and placed on either a paved surface or a minimum of 6 milliliter plastic sheeting. Segregated soils will be covered with an additional layer of 6 milliliter plastic sheeting until laboratory results are received. Soils may also be placed into a watertight container such as a covered roll-off box.
- Soils identified for off-site disposal will be sampled for constituents required by the disposal facility. Soil samples will be collected, placed on ice, logged on a chain of custody, and delivered to a qualified laboratory facility that complies with all sampling and quality assurance/quality control requirements set forth by KDEP.
- In the case of concrete or other inert construction materials that require off-site disposal, composite samples may be collected to determine if the material requires disposal at a Subtitle D landfill or can be hauled to a less restrictive construction and demolition waste (C&D) landfill.
- Upon completion of the work, previously excavated site soils may be backfilled provided that the backfilled site soils maintain the necessary geotechnical characteristics to support the intended overlying end-use. The backfill area shall be restored in a manner consistent with the original capping condition.

## 9.0 REPORTING

A letter report documenting that the conditions of the SMP are being followed will be submitted to KDEP on an annual basis. The annual site inspections referenced in Section 7.2 will be made by the property owner or an authorized representative to verify the integrity of the engineered barriers and other protective measures. An annual reporting form and checklist (Appendix C) will be completed following each annual inspection, documenting general site conditions as well as observed deficiencies. The completed reporting forms/checklists will be submitted to KDEP with each annual report. In the event that deficiencies are identified, the implemented corrective measures will be included in the reporting form/checklist.

## 10.0 REFERENCES

United States Geological Survey. *Geologic Map of Union and Henderson Counties, Kentucky*. 1962.

United States Geological Survey. *Surficial Geologic Map of the Evansville, Indiana and Henderson, Kentucky Area*. 2009.

Vector Engineers, Inc. *Report of Preliminary Geotechnical Subsurface Characterization, Old Henderson Power and Light Property.* April 2013.

Linebach Funkhouser, Inc. *Environmental Assessment Report, Henderson Municipal Power and Light – Station One, Henderson, Kentucky.* March 2012.



**NATIONAL**

**REMOVE – RECOVER - RESTORE**

**PROPOSAL**

**FOR**

**REMEDIAL ACTIONS, EQUIPMENT REMOVAL AND  
DEMOLITION AT HENDERSON MUNICIPAL POWER AND LIGHT  
STATION ONE FACILITY**

**HENDERSON, KENTUCKY**

*PROVIDED BY:*

National Salvage & Service Corporation  
6755 S. Old State Road 37  
Bloomington, IN 47401



**SECTION 5.00 BID PROPOSAL**

NAME OF BIDDER: National Salvage & Service Corporation

BUSINESS ADDRESS: PO Box 300, Clear Creek, IN 47426

HMP&L BID NUMBER: 14-20-01

**HMP&L RECEIVED**

TO: Mr. Wayne Thompson  
 Henderson Municipal Power and Light  
 100 Fifth Street, P.O. Box 8  
 Henderson, Kentucky 42419-0008

**JUN 27 2014**

**TIME: BY:**

*2 PM MT.*

We have examined the local conditions affecting the proposed work, all of the Contract Documents issued by or on file at HMP&L, 100 Fifth Street, Henderson, KY 42419 or Linebach Funkhouser, Inc., 114 Fairfax Avenue, Louisville, KY 40207, including the Instruction to Bidders, this Proposal form, the General Conditions, Agreement, Performance Bond and the Specifications, and all Addenda and Exhibits for the project, and also the site of the work, and hereby propose and agree:

**5.01 LUMP SUM BID PRICE**

To furnish all labor, materials, tools, equipment, utility and transportation services, insurance, bonds, taxes, profit and everything necessary to perform and complete, in a workmanlike manner, the following activities:

<b>TASK</b>	<b>ITEM</b>	<b>LUMP SUM (\$)</b>
<b>Asbestos Materials</b>	<b>REMOVAL OF ASBESTOS MATERIALS TOTAL LUMP SUM PRICE</b>	<b>\$ 750,000.00</b>
<b>Equipment</b>	<b>REMOVAL OF FACILITY EQUIPMENT TOTAL LUMP SUM PRICE</b>	<b>\$ 320,000.00</b>
<b>Building</b>	<b>BUILDING DEMOLITION / REMOVAL TOTAL LUMP SUM PRICE</b>	<b>\$ 300,000.00</b>
<b>Building Foundation</b>	<b>REMOVAL OF BUILDING FOUNDATION TOTAL LUMP SUM PRICE</b>	<b>\$ 110,000.00</b>
<b>Backfill</b>	<b>BACKFILL OF EXCAVATION AREAS TOTAL LUMP SUM PRICE</b>	<b>\$ 120,000.00</b>
<b>Final Site Grade/Cover</b>	<b>FINAL SITE GRADE/COVER TOTAL LUMP SUM PRICE</b>	<b>\$ 40,000.00</b>
<b>TOTAL LUMP SUM PRICE</b>		<b>\$ 1,640,000.00</b>

UNIT RATE FOR WARNING NETTING Per Section 4.08	
MATERIAL	COST PER SQUARE YARD INSTALLED
Warning Netting	\$ 3.00

5.02 VALUE OF COMPONENTS

HMP&L understands that there may be value in certain components of this project, including facility equipment and scrap metal. Bidder shall provide the following values, if applicable, that will off-set the total price of the project.

COMPONENT	TOTAL (\$)
Facility Equipment Value	\$ 100,000.00
Scrap Metal Value	\$ 1,577,000.00
<b>Total Value of Components</b>	<b>\$ 1,677,000.00</b>

5.03 FINAL LUMP SUM COST/VALUE

Final lump sum cost or value to HMP&L for completing the project:

ITEM	TOTAL (\$)
1. Total of Lump Sum Cost from 5.01	\$ 1,640,000.00
2. Total Value of Components from 5.02	\$ 1,677,000.00
<b>3. Total Cost/Value to HMP&amp;L (item 1 minus item 2)</b>	<b>\$ -37,000.00</b>

Per item 3 in the above table, Contractor agrees to complete all lump sum portions of the project at the following:

Cost to HMP&L: \$ \_\_\_\_\_

OR

Payment to HMP&L: \$ 37,000.00

5.04 QUANTITIES

Bidder understands that the quantities listed on the Proposal are approximate

estimates only, and that actual amounts required may be less or more, and proposes for the lump sum bid price to do the work in accordance with the plans and specifications.

Bidder must determine for himself the scope of work that will be required, by such means as he may prefer.

5.05 EXTRA OR DELETED WORK

In the event work is added to or deleted from the general scope of the project, after award of the contract, lump sum costs for deleted work or lump sum costs to complete extra work will negotiated with the contractor and those costs shall be used to adjust the original lump sum bid price in accordance with the General Conditions, Section 2.23.

Bidder agrees to do any and all extra work, as defined in the General Conditions, which may be ordered by HMP&L or Engineer in accordance with the contract.

5.06 BOND COSTS

50% Performance and Payment Bond Cost:     \$ 9,984.00

100% Performance and Payment Bond Cost:    \$ 17,118.00

5.07 SIGN CONTRACT

Bidder agrees to execute the Agreement and furnish the Performance Bond, Labor and Material Payment Bond, Unemployment Compensation Bond and Certificates of Insurance within thirty (30) days after notice of the award of the Contract, and to execute and furnish all other documents required by the Contract Documents.

5.08 FAILURE TO EXECUTE CONTRACT

The successful Bidder's failure to execute the Agreement and file acceptable bonds within thirty (30) days after the Contract Documents have been mailed for execution shall be just cause for and may result in the annulment of the award. Award may then be made to the next lowest responsive and responsible Bidder or the work may be re-advertised and completed under contract or otherwise, as HMP&L may decide.

5.09 COMPLETION

Bidder agrees to begin the subject work according to the date specified and to perform and complete the work according to the schedule and in accordance with the terms of Section 1.16 and 3.03 of this document.

5.10 SUBCONTRACTOR LISTING

Bidder agrees to employ the following listed subcontractors for the following enumerated classes of work and not to alter or add to such list without written consent of HMP&L and Engineer.

1. Environmental Assurance Company, Inc. - Asbestos Abatement
- 2.
- 3.
- 4.
- 5.

5.11 ADDENDA

Should there be an addendum(s), indicate that the following Addenda numbers have been acknowledged and received by the Bidder. Include a signed copy of each addendum with the sealed bid:

None

IN WITNESS WHEREOF, This Proposal is executed this 26th day of June, 2014. (NOTE: Attach any necessary Power of Attorney).

BY:   
Name

Victoria Schopp, President

Title

  
Name

Name

Secretary  
Title

5.12 EXCEPTIONS AND CLARIFICATIONS TO BE SUBMITTED BY THE BIDDER

Bidder offers the following exceptions and/or clarifications taken to any requirement or provision of this specification document and any proposed modifications or replacement language for each exception or clarification (if none, so state).

None

---

---

---

---


5.13 STATEMENT OF BIDDER'S QUALIFICATIONS TO BE SUBMITTED BY THE BIDDER

All questions must be answered and the data given must be clear and comprehensive. This statement must be notarized. If necessary, questions may be answered on separate attached sheets. The Bidder may submit any additional information he desires.

1. Name of Bidder. National Salvage & Service Corporation
2. Permanent main office address.  
6755 S. Old State Road 37, Bloomington, IN 47401
3. When organized.  
January 1988
4. If corporation, where incorporated.  
Indiana
5. How many years have you been engaged in the contracting business under your present firm or trade name?  
26 years
6. Contracts on hand: (Schedule these, showing amount of each contract and the appropriate anticipated dates of completion).  
\*see attached
7. General type of work performed by your company.  
Commercial & Industrial Demolition, Treated Wood Recycling & processing
8. Have you ever failed to complete any work awarded you?  
No
9. Have you ever defaulted on a contract?  
No
10. List the more important projects recently completed by your company, stating the approximate cost for each, and the length of time for completion.  
\*see attached

11. List your major equipment available for this contract.  
\*see attached
12. Experience in remedial work similar in importance to this project.  
\*see attached
13. Provide a copy of your company safety plan/manual.  
\*see attached
14. Background and experience of principal members of your organization, including the officers the General Superintendent for this work.  
\*see attached
15. Credit available \$ 1.16 mm.
16. Give bank reference: Julie James, Chase Bank (812) 331-6238
17. Upon request, will you fill out a detailed financial statement and furnish any other information that may be required by HMP&L?  Yes

**Bidder must submit one original and two copies of all pages in Section 5.00, including all answers and supporting documentation relative to the above questions, and the Required Forms in Appendix B.**

BIDDER SIGNATURE: 

Subscribed and sworn to before me

By Victoria Schopp

on behalf of National Salvage & Service Corporation

this 26th day of June, 2014.

  
NOTARY Jeffrey A. Brim Commission #651585

My Commission Expires: Mar. 4, 2022



\*\*\*\*\*END OF SECTION\*\*\*\*\*

**Appendix B**

**Release of Liability**

**Reciprocal Preference**

**And**

**Required Affidavit for Bidders, Offerors  
and Contractors Claiming Resident  
Bidder Status**

**RECIPROCAL PREFERENCE: (Effective February 4, 2011)**

In accordance with Kentucky Revised Statutes (KRS) 45A.490 to 45A.494, prior to a contract being awarded to a bidder on a public agency contract, a resident bidder of the Commonwealth of Kentucky shall be given a preference over a nonresident bidder registered in any state that gives or requires a preference over bidders from the other state. The preference shall be equal to the preference given or required by the state of the nonresident bidder.

Any individual, partnership, association, corporation, or other business entity claiming resident bidder status shall submit along with its bid response a notarized affidavit (form attached) that affirms that it meets the criteria to be considered a resident bidder as set forth in KRS 45A.494(2). A nonresident bidder shall submit to HMPL, along with its bid response, a copy of its Certificate of Authority to transact business in the Commonwealth of Kentucky as filed with the Kentucky, Secretary of State. The location of the principal office identified therein shall be deemed the state of residency for that bidder. If the bidder is not required by law to obtain said Certificate, the state of residency for that bidder shall be deemed to be that which is identified in its mailing address as provided in its bid.

**Bidders must select and check one option below and return this document with bid.**

This company is a resident bidder of the Commonwealth of Kentucky **or** this company is a nonresident bidder meeting the following requirements:

1. Is authorized to transact business in the Commonwealth; and
2. Has for one year prior to and through the date of advertisement
  - a. Filed Kentucky corporate income taxes; and
  - b. Made payments to the Kentucky unemployment insurance fund established in KRS 341.49; and
  - c. Maintained a Kentucky workers' compensation policy in effect.

The Required Affidavit for Bidders, Offerors and Contractors Claiming Resident Bidder Status form attached must be completed and returned with bid.

This company is not a resident bidder nor does it meet the requirements as listed in Items 1 and 2 above for nonresident bidders claiming resident status in the Commonwealth.

What is your state of residency? Indiana

Does your state grant "Contract Bid Preference?" (circle one)      No / Yes

What is the Preference Percentage for your state?      0 %

National Salvage & Service Corporation  
Company

  
Signature

June 26, 2014  
Date

Victoria Schopp  
Printed Name





**NATIONAL SALVAGE & SERVICE CORPORATION**  
REMOVE • RECOVER • RESTORE

**CONTRACTS ON HAND**

**&**

**RECENT AND RELEVANT PROJECT REFERENCES**

- ▶ P.O. Box 300 ~ Clear Creek, IN 47426
- ▶ Phone: 812.339.9000 ~ Fax: 812.331.8235
- ▶ Toll-Free Phone: 800.795.3722

NATIONAL SALVAGE & SERVICE CORPORATION AND RELATED COMPANIES  
 ANALYSIS OF CONTRACTS AT  
 May 31, 2014

OB #	CONTRACT NAME	CONTRACT PRICE	ESTIMATED COMPLETION
<b>ATIONAL SALVAGE</b>			
<u>Fixed Price Contracts</u>			
624	CSX Bridge Hanover/Savage, MD	100,000	6/30/2014
574	KINGS PARK DEMO - LONG ISLAND, NY	6,837,380	9/30/2013
595	VA E&P North Branch	5,000,000	ONGOING
625	Mid America Energy Demo- Iowa	226,994	4/30/2014
627	CN Hi-Rail Beaumont, MS	897,600	ONGOING
628	Wisconsin Southern RR Scrap	311,020	ONGOING
648	Altas RR Const. Scrap Tie Cleanup	348,090	ONGOING
649	Koppers Co-Gen Demo	390,750	7/31/2014
650	CSX Tampa & Palmetto FL	166,660	7/31/2014
652	Rolls-Royce Demo	1,270,500	8/15/2014
653	Topaz Power Boiler Demo	1,730,000	
		<u>17,278,994</u>	
<u>Railroad Contracts</u>			
555	CSX Change Out Ties 2012 Landscape Ties	21,000,000	ONGOING
592	CSX Change Out Program 2013	15,000,000	ONGOING
614	MRC Mitchell Rapid City SD	200,000	5/31/2014
616	Norfolk Southern - Pineville, WV	464,481	4/30/2014
617	Norfolk Southern Anniston AL	408,367	4/30/2014
626	CSX Ties 2014	15,000,000	2016
629	Norfolk Southern Marrietta PA	162,940	4/30/2014
630	Selma Tie Processing Facility 2014	6,000,000	ONGOING
631	Misc Brokered Ties 2014	30,000	ONGOING
632	NS Change Out Ties 2014	200,000	ONGOING
633	Goldsboro Tie Processing Plant 2014	6,000,000	ONGOING
634	Canadian National 2014	800,000	ONGOING
635	Canadian National Hi-Rail 2014	400,000	ONGOING
636	Misc Brokered Rail - 2014	40,000	ONGOING
637	Misc Wood Waste 2014	100,000	ONGOING
638	New Tie Sales 2014	500,000	ONGOING
639	Duke Energy Utility Poles 2014	1,000,000	ONGOING
640	American Electric Power 2014	125,000	ONGOING
641	Duke Energy Poles NC/SC 2014	1,000,000	ONGOING
642	AEP Texas 2014	200,000	ONGOING
643	OK Gas & Electric 2014	125,000	ONGOING
644	Duke - Progress Carolinas 2014	250,000	ONGOING
645	AEP Western OH 2014	40,000	ONGOING
646	NIPSCO Utility Poles 2014	100,000	ONGOING
647	Frontier Communication Utility Poles 2014	75,000	ONGOING
651	Auburndale FL Tie Processing	10,000	ONGOING
		<u>69,230,788</u>	
		<u>86,509,782</u>	

### Project Information Sheet

Project Name: H.D. King Power Plant Decommissioning

Project Location: Ft. Pierce, FL

Project Owner: City of Ft. Pierce

Project role: Demolition Contractor

Contract Dates: Date of Notice to Proceed: July 2008

Contract Cost: Original Contract Cost: 3,500,000 – Price includes salvaged material

Required Contract Completion: October 2009

Owner Reference:

Name: John Tompeck

Telephone: (772) 466-1600

National was responsible for demolition, salvage, and proper disposal or recycling of all material and equipment at the 69kV substation and the generating station. Immediately after the utility ceased operation, National Salvage & Service Corporation took ownership of the facility. The facility was located in the downtown area of Ft. Pierce with a canal running through the property and the Ft. Pierce Marina adjacent to it. There was extensive asbestos that was concealing in the boilers. The 60ft tall boilers were enclosed and abated. The plant had numerous components that were carefully dismantled and resold. The most notable component was a G.E. Frame 5 gas turbine that was shipped overseas. In addition to the equipment resale there was steel and several grades of nonferrous metals. The salvage of equipment and metals permitted National to pay over a million dollars for the plant and perform the demolition. Concrete was crushed on site and used as fill material. Concrete headwalls were constructed to isolate the intake structures. A large concrete intake structure that existed in the Ft. Pierce Marina was removed.

**Project Information Sheet**

**Project Name:** Demolition Montenay Resource Recover Facility

**Project Location:** North Charleston, SC

**Project Owner:** AT&T Credit Holdings

**Project Engineer:** Black & Veatch

3550 Green Court, Ann Arbor, MI 48105

**Project Role:** Demolition & Dismantlement

**Percentage of work performed by Own forces:** 95 %

**Contract Dates:** Date of Notice to Proceed: October 2010

Required Contract Completion: March 2011

**Original Contract Cost:** \$ \$1,000,000 + w/ Salvage (Credit \$44,000 Fill Pond Basins \$7,000 & \$76,500 pump haul & dispose Basin Water )

**Engineer Reference:** David Moore, P.E. Phone: 734 622 8850 Email: mooredw1@bv.com

**Project Description:**

This project included the complete demolition of 24 year old waste to energy facility. The 13.8KV turbine, associated substation and other processing equipment were removed prior to structural demolition. Transformers and other electrical equipment were filled with oils and SF6 gas, which were recovered prior to moving.

A 250' stack, emissions system and boilers were demolished as part of the project. Two retention ponds, containing 500,000 gallons of water were emptied and filled with soil from an existing truck ramp. A significant quantity of ferrous and non-ferrous metals were salvaged from the project and transported to various recycling facilities.

**Project Information Sheet**

**Project Name:** North Branch Generating Station \_\_\_\_\_.

**Project Location:** Gormanian, WV \_\_\_\_\_.

**Project Owner:** Formerly, Dominion Virginia Power \_\_\_\_\_.

**Project Engineer:** N/A \_\_\_\_\_.

**Project Role:** \_\_\_\_\_.

**Percentage of work performed by Own forces:** 90% \_\_\_\_\_ %

**Contract Dates:** Date of Notice to Proceed: Work in progress \_\_\_\_\_.

Required Contract Completion: N/A \_\_\_\_\_.

**Original Contract Cost:** \$510,000 \_\_\_\_\_.

**Engineer Reference:** Salud Goodin (804) 819.2935

**Project Description:**

In December 2012, National Salvage & Service Corporation purchased this 74MW generating station from Dominion Power. National is maintaining all critical systems until a current sale of equipment is negotiated.

The project site includes 288 acres of property with two retention ponds. Depending on the extent of the proposed purchase, National Salvage will demolish remaining structures, and sell the property. The generating station ceased operation in 2009, and only accumulated 77,000 hours of operation. The intent of the operation was to burn coal gob.

### Project Information Sheet

Project Name: International Paper Mill Facility

Project Location: Terre Haute, Indiana

Project Owner: International Paper

Project role: Demolition Contractor

Contract Dates: Date of Notice to Proceed: 9/19/08

Contract Cost: Original Contract Cost: \$3,321,000 includes salvage

Required Contract Completion: September 2009

Owner Reference:

Name: Donald Peters

Telephone: (812) 234-6688 Extension 339

The demolition of the International Paper mill involved the complete removal of the entire plant, except the warehouse and office. The warehouse and office were carefully separated from the structures that were removed. National systematically dismantled the structure while saving numerous components for resale. The project had significant scrap steel, stainless steel and non-ferrous metals that were processed on site. The value of the metals and components was enough to allow National to perform the demolition and pay the owner. There were large concrete beams with rebar reinforcement that supported the 4,000 ton paper machines. These beams were crushed and the crushed concrete was used to fill in below grade. The project also involved the use of explosives to bring down three concrete stacks.

## Project Information Sheet

**Project Name:** Velsicol Phase 1 Sediment Remedial Action

**Project Location:** St. Louis, MI

**Project Owner:** U.S. Environmental Protection Agency

**Project Engineer:** CH2M HILL

135 South 84<sup>th</sup> Street, Suite 325 Milwaukee, WI 53214

**Project Role:** Subcontractor to CH2M HILL—Responsible for Phase 1 Implementation

**Contract Dates:** Date of Notice to Proceed: Aug. 17, 1999

Required Contract Completion: Dec. 31, 2007

**Original Contract Cost:** \$46,000,000.00

**CH2M Hill Reference:** Gina Bayer (920) 730-9503

### **Project Description:**

#### **History**

The Velsicol chemical plant, which operated from 1936 through 1978, manufactured and distributed fodder feed, DDT, and a variety of organic and inorganic chemicals, including hexabromobenzene (HBB) and tris (2,3-dibromopropyl) phosphate (TRIS). During its operation, Velsicol had several permitted outfalls that discharged into the Pine River. Prior to operation by Velsicol, the Michigan Chemical Corporation conducted business at the plant site and was involved in the manufacture of fire retardants using the chemical polybrominated biphenyl (PBB).

Initial remedial measures began in 1978 with closure of the plant and cessation of discharges to the Pine River. The 52-acre main plant site was demolished and contained in place. The original plan was to allow natural attenuation for the Pine River. Unfortunately, DDT concentrations in fish tissue samples continued to increase throughout the 1980's, and EPA decided to perform remedial action of the Pine River.

#### **Work Accomplished**

National Environmental began implementation of the Remedial Action plan in 1999 and work continues today. The work has been divided into two phases with Phase 1 consisting of work on the southern half of the river. Phase 2 includes remediation of the northern half of the river and Mill Pond.

Phase 1 was divided into cells by installation of sheet piling. The cells were dewatered and a stabilizing agent added to the sediment in the river bottom to dry sediments. The stabilized sediment was excavated, placed in off-road trucks, and transferred to a process pad. The sediment was then reloaded into over-the-road trucks and shipped to a landfill. Once a cell is clean, the riverbank is restored.

At the end of 2003, work began on Phase 2. To access Phase 2, a causeway was constructed from the south shore to the middle of the river. Phase 2 has been divided into three cells plus the Mill Pond area. The final phase of work will begin in 2006 with the removal of all site support features, including the sedimentation pond and causeway. It is anticipated that all river remediation will be complete by November 2006.

### **Major Accomplishments**

- ◆ Removed and disposed of 1 million tons of stabilized sediment from the Pine River
- ◆ Developed efficient work methods allowing National to perform sediment removal between July and November, due to constraints of the water treatment plant
- ◆ Designed and installed a NAPL (non aqueous phase liquid) collection system that captures the contamination prior to entering the river after the NAPL, which has DDT concentrations up to 98%, had been discovered seeping from the old Velsicol plant site into the river
- ◆ Constructed a causeway to gain access to Phase 2 which would allow the river to continue flowing and would not impact water levels
- ◆ Worked near residential areas and public parks
- ◆ Implemented engineering controls to ensure turbidity in the river did not increase
- ◆ Performed turbidity monitoring to ensure controls are effective
- ◆ Coordinated on a daily basis with owners of dams both upstream and downstream to control river levels at the jobsite (i.e. prevent flooding of work area)
- ◆ Developed extensive dust suppression system to prevent lime dust from migrating into the adjacent neighborhood
- ◆ Developed relationships with adjacent property owners and the local community action group to avoid negative impact to the citizens



**Project Information Sheet**

**Project Name:** GCL Tie & Treating Plant - DACW41-98-C-9007

**Project Location:** Sidney, NY

**Project Owner:** USEPA

**Project Engineer:** US Army Corps of Engineers

**Project Role:** Demolition/Remediation

**Percentage of work performed by Own forces:** 90 %

**Contract Dates:** Date of Notice to Proceed: April 1998

Required Contract Completion: April 1999

**Original Contract Cost:** \$ 3,686,368

**Engineer Reference:** John Camby Phone: 914 938 4701

**Project Description:**

This project required the demolition of four above ground structures and remediation of more than 40,000 cubic yards of creosote contaminated soil. The process building housed a boiler, a heat exchanger, an office, and laboratory. The three remaining buildings include a warehouse, a sawmill and a shelter. The soil remediation includes excavation, screening, and on-site thermal treatment of contaminated soils and wetland sediments. Samples were collected for pre-treatment and post-treatment analysis to verify the condition of the soil before and after remediation. Site work also included wetland restoration, asbestos abatement, backfill and compaction, Contaminated water treatment, and debris removal, transportation, and disposal.

Project was completed within the budget and and teh schedule was met.

**Project Information Sheet**

**Project Name:** Continental Steel Superfund Site Operable Unit 3 – Kokomo and Wildcat Creeks.

**Project Location:** Kokomo, Indiana

**Project Owner:** USEPA

**Project Engineer:** CH2M Hill

**Project Role:** Remediation Contractor

**Percentage of work performed by Own forces:** 95 %

**Contract Dates:** Date of Notice to Proceed: June 2007

Required Contract Completion: October 2008

**Original Contract Cost:** \$9,029,355

**Engineer Reference:** Jeffrey Rodencal (414) 272 2426

**Project Description:**

The Continental Steel Superfund site is located along West Markland Avenue in Kokomo, Indiana. It was operated by Continental Steel and its predecessors from approximately 1914 to 1986, when it ceased operations after filing for Chapter 11 bankruptcy. The facility produced nails, wire, and wire fence from scrap metal. Operations included reheating, casting rolling, drawing, pickling, galvanizing, tinning, and tempering. The site is located in a mixed residential, commercial, and industrial area and is mainly zoned for general use. The closest residents are located within 100 feet east of the property fence line, along South Leeds Street.

The site is situated above three geologically significant aquifers. It encompasses approximately 183 acres and is divided into six operable units, consisting of an abandoned steel manufacturing facility (Main Plant), pickling liquor treatment lagoons (Lagoon Area), a former waste disposal area (Markland Avenue Quarry), a former waste disposal and slag processing area (Slag Processing Area), on-site creeks, and groundwater.

The site was placed on the National Priorities List (NPL) in 1989. An interim Record of Decision (ROD) for the demolition and decontamination of the Main Plant buildings was signed in September 1996. A ROD, which outlined the final remedy for the entire site, was signed in September 1998. It was subsequently amended in 2003 to address new information gathered from pre-design investigations performed by the Agency in 2000-2001 and a five-year review performed by the Indiana Department of Environmental Management (IDEM) in 2002. The second five year review for the site was completed on September 4, 2007.

**Work Accomplished**

- Excavated and hydraulically dredged approximately 16,000 cubic yards of contaminated sediment from Kokomo and Wildcat Creeks.
- Constructed a total of 3000 linear feet of access roads to be used for excavating and dredging processes.
- Restored over 12,000 square yards of stream banks by grading and sloping topsoil, installing woven coir fiber, seeding, mulching, and plantings along Kokomo and Wildcat Creeks.
- Completed a cutoff wall and water collection system at the "Pete's Run" storm sewer.
- Constructed 3 J-structure weir's for erosion control and bank stabilization in Wild Cat Creek.
- Constructed 1 W-structure weir for erosion control and bank stabilization in Wildcat Creek.
- Restored and Reconstructed approximately 2000 linear feet of stream bed in Kokomo Creek.
- Constructed a retaining wall in Kokomo Creek to protect 36" sewer line discovered during sediment excavation.

**Project Information Sheet**

**Project Name:** Green River Railroad Bridge Demolition

**Project Location:** Moorman, KY

**Project Owner:** CSX Transportation, Inc.

**Project Engineer:** CSX Transportation

Archie Arthur Phone: 904-625-4254

**Project Role:** General Contractor

**Percentage of work performed by Own forces:** 97 %

**Contract Dates:** Date of Notice to Proceed: March 2006 - October 2006

Required Contract Completion: October 2006

**Original Contract Cost:** \$ 530,000

**Engineer Reference:** Owner Reference: Archie Arthur, 904-359-7473

**Project Description:**

The project consisted of the removal of a swing span bridge over the Green River. The center span of the project was 180-feet in length plus there were four 75-foot deck plate girders. In addition to removing the steel structure, National was responsible for complete removal of five concrete piers.

The Green River is a navigable waterway with daily barge traffic. All work was performed with under permits issued by the Coast Guard and the Corp of Engineers.

National utilized a manlift on sectional barges to perform the cutting of the steel structure. A 150-ton cranes on a deck barge lifted sections of the thru truss and set them on the barge. Care was taken to keep the thru truss balanced as it was dismantled.

To remove the piers, sectional barges were connected to make a floating bridge. This provided access to the piers. The four smaller piers were demolished with an excavator equipped with a hammer. The center pier was reduced to 2-foot above water level with a hammer. The remainder of the pier was blasted and National removed the pieces from the river. Significant bank restoration was required once the bridge was removed.

**Project Information Sheet**

**Project Name:** GE Lexington Glass Plant Decommissioning/Demolition

**Project Location:** Lexington, KY

**Project Owner:** General Electric

**Project Engineer:** AMEC

**Project Role:** Demolition & Dismantlement

**Percentage of work performed by Own forces:** 90 %

**Contract Dates:** Date of Notice to Proceed: October 2010

Required Contract Completion: June 2011

**Original Contract Cost:** \$ Contract Value was \$1,500,000, including salvage value

**Engineer Reference:** Charlie Bryant - Telephone Contact Only: (859) 425-1233

**Project Description:**

National Salvage & Service Corporation was the prime contractor on the complete demolition and dismantlement of a 220,000 square foot, incandescent light bulb manufacturing plant in Lexington, Kentucky. The project included abatement of asbestos and hazardous building materials, universal waste, complete structural demolition and foundation demolition in accordance with project specifications, state and local requirements. In addition, site backfilling, grading and restoration upon completion of demolition activities was also performed.

**Project Information Sheet**

**Project Name:** Former Firestone Facility (BATO)

**Project Location:** Noblesville, IN

**Project Owner:** Bridgestone America Tire Operations

**Project Engineer:** Mr. J.D. Haines

**Project Role:** Oversight Engineer

**Percentage of work performed by Own forces:** 95% %

**Contract Dates:** Performance Period Start: August 2011

Required Contract Completion: December 2011

**Original Contract Cost:** \$597,800 (Lump Sum Contract)

**Engineer Reference:** Mr. J.D. Haines (317) 472-6259

**Project Description:**

This demolition project included the removal of approximately 450,000 square feet of building to the existing concrete slab. The building contained asbestos materials, universal waste, and PCB impacted roofing materials, which were removed prior to the commencement of demolition.

National salvage systematically dismantled the structure and removed salvageable materials efficiently for recycling. The project had significant quantity of scrap metals, and non-ferrous metals that were processed on site and ultimately recycled.

NATIONAL SALVAGE & SERVICE CORPORATION  
BLOOMINGTON, IN

6/26/2014

PROJECTED EQUIPMENT LIST - HENDERSON, KY

600 Excavator w/Bucket

600 Excavator w/Shear

400 Excavator w/Grapple

400 Excavator w/Shear

300 Excavator w/Grapple

300 Excavator w/Magnet

200 Excavator w/Grapple

200 Excavator w/Magnet

Wheel loader w/3 yd bucket

Wheel loader w/5 yd bucket

Skid Steer loader - 8000 lb



**NATIONAL SALVAGE & SERVICE CORPORATION**  
REMOVE • RECOVER • RESTORE

**NSSC  
HEALTH & SAFETY PLAN  
WITH  
LEAD COMPLIANCE**

- ▶ P.O. Box 300 ~ Clear Creek, IN 47426
- ▶ Phone: 812.339.9000 ~ Fax: 812.331.8235
- ▶ Toll-Free Phone: 800.795.3722



## Preface

This document describes the anticipated protective measures necessary to ensure worker health and safety during the activities planned for projects performed by National Salvage and Service Corporation (NSSC). All employees and subcontractors associated with the projects must read, understand, and agree to follow the contents of this plan. If any activity or situation arises during the course of the project which is not covered in this plan, the employee or subcontractor responsible for that activity will inform the NSSC Site Safety and Health Officer. An amendment covering the planned activity or situation will be added before completion of that activity.

## Note

This plan has been reviewed in compliance with federal standards, including OSHA and EPA.

---

Site Health and Safety Officer

---

Site Superintendent

---

Project Manager

Table of Contents

**1. INTRODUCTION ..... 5**

**2. SAFETY AND HEALTH ORGANIZATION/RESPONSIBILITIES..... 5**

    2.1 PRINCIPAL IN CHARGE ..... 5

    2.2 HEALTH AND SAFETY COORDINATOR ..... 6

    2.3 SITE SAFETY AND HEALTH OFFICER ..... 6

**3. TRAINING REQUIREMENTS ..... 6**

    3.1 GENERAL OSHA TRAINING ..... 6

    3.2 SITE-SPECIFIC TRAINING..... 7

        3.2.1 *Initial Site Training*..... 7

        3.2.2 *Periodic Training*..... 7

**4. MEDICAL SURVEILLANCE REQUIREMENTS ..... 7**

    4.1 PHYSICIAN’S WRITTEN OPINION ..... 8

    4.2 MEDICAL RECORDS..... 8

**5. SITE CONTROL ..... 8**

    5.1 SITE WORK ZONES..... 8

        5.1.1 *Exclusion Zone*..... 9

        5.1.2 *Contaminant Reduction Zone* ..... 9

        5.1.3 *Support Zone*..... 9

    5.2 SITE CONTROL LOG ..... 9

    5.3 COMMUNICATION ..... 10

    5.4 SIGNS ..... 10

**6. CHEMICAL HAZARDS ..... 10**

    6.1 HAZARD COMMUNICATION PROGRAM..... 10

    6.2 CONTROL OF CHEMICAL EXPOSURES ..... 11

**7. SAFETY HAZARDS ..... 11**

    7.1 PROXIMITY TO HEAVY EQUIPMENT..... 11

    7.2 SHEET PILING ACTIVITIES ..... 11

    7.3 SEDIMENT EXCAVATION ..... 13

    7.4 SEDIMENT TRANSPORTATION..... 13

    7.5 MARINE OPERATIONS ..... 13

        7.5.1 *Licensing and Certifications*..... 13

        7.5.2 *Life Preservers*..... 13

        7.5.3 *Fire Extinguishers and Engine Safety* ..... 13

        7.5.4 *Diving* ..... 14

    7.6 SLIP/TRIP/FALL INJURIES ..... 14

    7.7 EXPLOSIVE GASES/FIRE PREVENTION ..... 14

    7.8 WEATHER ..... 15

    7.9 USE OF POWER AND HAND TOOLS ..... 15

7.10	LIFTING .....	15
7.11	FUELING VEHICLES.....	16
7.12	ELECTRICAL HAZARDS.....	16
7.13	PHYSICAL HAZARDS.....	16
7.13.1	<i>Heat and Cold Stress</i> .....	16
7.13.1.1	<i>Heat/Cold Stress Monitoring Program</i> .....	16
7.13.1.2	<i>Preventing Heat Stress</i> .....	17
7.13.1.3	<i>Preventing Cold Stress</i> .....	17
7.13.2	<i>Noise</i> .....	17
7.13.3	<i>Confined Space Entry</i> .....	18
7.13.4	<i>Illumination</i> .....	18
7.13.5	<i>Material Handling</i> .....	18
7.13.6	<i>Hot work</i> .....	18
7.14	BIOLOGICAL HAZARDS.....	18
<b>8.</b>	<b>PERSONAL PROTECTIVE EQUIPMENT .....</b>	<b>19</b>
8.1	LEVELS OF PROTECTION.....	19
8.1.1	<i>Level D</i> .....	19
8.1.2	<i>Modified Level D</i> .....	19
8.1.3	<i>Level C</i> .....	19
8.2	INITIAL LEVEL OF PPE REQUIRED.....	20
8.2.1	<i>Hand Protection</i> .....	20
8.2.2	<i>Clothing</i> .....	20
8.2.3	<i>Foot Protection</i> .....	20
8.2.4	<i>Eye and Face Protection</i> .....	20
8.2.5	<i>Head Protection</i> .....	20
8.3	RESPIRATORY PROTECTION PROGRAM.....	21
8.3.1	<i>Purpose</i> .....	21
8.3.2	<i>Respirator Selection</i> .....	21
8.3.3	<i>Respirator Assignment</i> .....	21
8.3.4	<i>Employee Training</i> .....	21
8.3.5	<i>Storage</i> .....	21
8.3.6	<i>Inspection and Maintenance</i> .....	22
8.3.7	<i>Cleaning</i> .....	22
8.3.8	<i>Fit Testing</i> .....	22
8.3.9	<i>Medical Surveillance</i> .....	22
8.3.10	<i>Program Inspection and Evaluation</i> .....	22
<b>9.</b>	<b>EMPLOYEE EXPOSURE MONITORING PROGRAM.....</b>	<b>22</b>
9.1	AIR MONITORING EQUIPMENT .....	23
9.2	WORK AREA MONITORING .....	23
9.3	PERSONNEL MONITORING .....	23
9.4	ACTION LEVELS .....	24
<b>10.</b>	<b>DUST CONTROL .....</b>	<b>25</b>
<b>11.</b>	<b>COMMUNICATION .....</b>	<b>25</b>

<b>12.</b>	<b>DECONTAMINATION .....</b>	<b>25</b>
12.1	CONTAMINATION PREVENTION .....	25
12.2	PERSONAL DECONTAMINATION.....	26
12.3	EQUIPMENT DECONTAMINATION.....	26
12.3.1	<i>Small Equipment/Hand Tools</i> .....	26
12.3.2	<i>Heavy Equipment and Trucks</i> .....	26
12.4	EMERGENCY DECONTAMINATION .....	27
<b>13.</b>	<b>ACCIDENT PREVENTION PLAN .....</b>	<b>27</b>
<b>14.</b>	<b>EMERGENCY RESPONSE.....</b>	<b>28</b>
14.1	PRE-EMERGENCY PLANNING .....	28
14.2	EMERGENCY EQUIPMENT .....	28
14.3	CONTINGENCY/EVACUATION PLAN.....	29
14.4	PROCEDURE FOR INJURY .....	29
14.5	PROCEDURE FOR CHEMICAL EXPOSURE .....	29
14.6	PROCEDURE FOR FIRE OR EXPLOSION.....	30
14.7	PROCEDURE FOR EQUIPMENT FAILURE.....	30
14.8	ROUTE TO HOSPITAL .....	30
14.9	EMERGENCY REPORTING REQUIREMENTS .....	30
<b>15.</b>	<b>LOGS, REPORTS, AND RECORD KEEPING .....</b>	<b>31</b>

TABLES

TABLE 8-1- INITIAL PPE REQUIREMENTS .....	20
TABLE 9-1- AIR MONITORING EQUIPMENT .....	23
TABLE 9-2 - SUMMARY OF WORK AREA AIR MONITORING REQUIREMENTS .....	24
TABLE 9-3 - ACTION LEVELS .....	24

Attachments

HOT WORK PERMIT  
 PRE-ENTRY BRIEFING / SAFETY COMPLIANCE SIGN OFF  
 ENTRY / EXIT LOG  
 QUALITATIVE FIT TEST  
 AIR MONITORING LOG  
 Lead Compliance Plan

## 1. Introduction

The Corporate Health and Safety Plan provides guidelines, and establishes procedures for the protection of National Salvage and Services Corporation (NSSC) personnel working at NSSX's project sites. The Plan provides a description of the potential chemical and physical hazards that exist or may arise during the course of a variety of projects.

In addition to the Corporate Plan, NSSC produces a site-specific plan for all large projects. The Site-Specific Health and Safety Plan addresses the chemical and physical hazards present on one project.

The primary objective of safety program is to ensure the well-being and safety of all field personnel, visitors, and the community surrounding project sites. To ensure compliance with the objective, all project staff are required to read, acknowledge, and adhere to the policies and procedures established in this Plan. Acknowledgement is given when an employee signs the Plan Acceptance Form (Attachment 1).

The Plan will be utilized and modified as necessary in order to prevent accidents and minimize or prevent exposures to hazards or substances that may be present.

During development of this plan, consideration was given to current safety standards as defined by EPA, OSHA, and NIOSH, including the health effects and standards for specific contaminants, and procedures designed to prevent the exposure to unknown substances. The following references have been consulted:

- 29 CFR Part 1926, Safety and Health Regulations for Construction
- 29 CFR Part 1910, Safety and Health Regulations for General Industry
- EPA 40 CFR 311
- U.S. EPA, OERR ERT Standard Operating Safety Guides
- NIOSH/OSHA/USCG/EPA Occupational Health and Safety Guidelines for Hazardous Waste Site Activities
- ACGIH Threshold Limit Values
- NIOSH Pocket Guide to Chemical Hazards
- U.S. Army Corps of Engineers, Safety and Health Requirements Manual, EM 385-1-1, October 1992.

## 2. Safety and Health Organization/Responsibilities

The following safety management structure defines the levels of authority for the implementation, monitoring, and administration of the Plan.

### 2.1 *Principal in Charge*

The company president is the principal in charge of the safety program. The president is responsible for the overall implementation of the Plan and providing the overall management, equipment, administration, and safety personnel necessary for

implementation of this Plan. The president has the authority to stop all work at any time should the safety of the project personnel be compromised.

## **2.2 Health and Safety Coordinator**

The Health and Safety Coordinator is responsible for the following duties:

- Review of all background data provided on the project.
- Preparation and/or review and approval of the Plan.
- Implementation of the Plan through the Site Safety and Health Officer.
- Review of all Plan modifications.
- Authority to stop all work at any time should the safety of project personnel be compromised.

## **2.3 Site Safety and Health Officer**

The Site Safety and Health Officer (SSHO) will assume on-site responsibility for the Plan. The SSHO will monitor and maintain quality assurance of the Plan through project completion. The SSHO will monitor all project operations to ensure that they are being conducted in accordance with the contents of this plan and any applicable federal, state, or local regulations. The SSHO duties will include:

- Review of all background data provided on the project.
- Implementation, administration, enforcement, and monitoring of the plan at the site level.
- Review of all project activity reports, inspection reports and personnel training records.
- Notify the Health and Safety Coordinator when changes in the HASP are necessary.
- Conducting all required on-site training and safety meetings.
- Providing a one-day site-specific seminar prior to job commencement.
- The SSHO has the authority to stop all work at any time should the safety of the project personnel be compromised.

## **3. Training Requirements**

### **3.1 General OSHA Training**

As specified in 29 CFR 1910.120(e) and 29 CFR 1926.65(e), general site workers (such as equipment operators, general laborers, and supervisory personnel) engaged in hazardous substance removal or other activities which expose or potentially expose workers to hazardous substances and health hazards shall receive a minimum of forty (40) hours of instruction off the site, and a minimum of three (3) days actual field experience under the direct supervision of a trained, experienced supervisor. Supervisors shall have an additional eight (8) hours instruction as required by OSHA. A minimum of twenty-four (24) hours of hazardous waste training is required for any other individuals working on-site who may come in contact with hazardous materials.

All site personnel shall receive eight (8) hours of refresher training annually. All employees and subcontractors shall provide certificates of successful training to the SSHO before

initiation of work. All training shall meet the requirements of 29 CFR 1910.120 and 29 CFR 1926.65.

All employees, subcontractors, Engineer representatives, and visitors entering a contaminant reduction zone or an exclusion zone are required to have the above training. Forty (40) hour OSHA training is not required for employees, subcontractors, Engineer representatives, and visitors working in the support zone.

### **3.2 Site-Specific Training**

#### **3.2.1 Initial Site Training**

Prior to the commencement of on-site field activities, the Site Safety and Health Officer and/or SSHO shall conduct an initial site-specific training session. All site personnel (including employees, subcontractors, Engineer representatives, and visitors working in the support zone) shall receive site-specific training in the form of an on-site briefing to ensure that all personnel are familiar with requirements and responsibilities for maintaining a safe and healthful work environment.

The SSHO shall be responsible for keeping a record of all training periods. During the site-specific training, employees shall be instructed on the following topics:

- Employee and supervisor personnel responsibilities, including those for reporting all accidents
- Content and implementation of the Plan
- Site hazards and controls, including applicable Activity Hazard Analysis
- Site-specific hazardous procedures (i.e. confined space, etc.)
- Levels of protection
- Action levels for upgrading PPE
- Emergency information, including procedures for obtaining medical treatment or emergency assistance
- Procedures for reporting and correcting unsafe conditions or work practices

#### **3.2.2 Periodic Training**

The SSHO shall provide periodic safety training and shall be responsible for keeping a record of all training periods. Safety meetings will be held daily.

The training will address safety and health procedures, work practices, changes to the Plan, activity hazard analysis, work tasks, air monitoring results, and a review of safety discrepancies and accidents.

Should an operational change affecting on-site fieldwork be made, a meeting before implementation of the change shall be convened to explain safety and health procedures. All new personnel, visitors, and suppliers shall receive training based on guidelines developed by the Site Safety and Health Officer.

### **4. Medical Surveillance Requirements**

A baseline physical examination must be conducted on employees within the last twelve (12) months (and annually thereafter if the contract duration exceeds one year) before they are

allowed to engage in activities involving hazardous materials. Medical monitoring will also be conducted:

- Any time an employee becomes injured or ill from site exposure
- Any time there is suspected excessive chemical exposure that would be medically detectable
- Upon termination of employment or reassignment
- If the physician determines examinations need to be conducted more often than once a year
- When an employee develops a lost time injury or illness during the period of this contract

Documentation that on-site personnel have met the medical surveillance requirements of 29 CFR 1910.120 and the Plan will be kept on-site by the SSHO.

Specifically, the medical examinations are required for:

- All personnel entering exclusion or contaminant reduction zones or performing work which requires a respirator
- All personnel on-site who may be used for emergency response in the exclusion zone

An occupational physician shall administer medical surveillance. Content of the medical examinations shall be the responsibility of the physician, but must meet the requirements of 29 CFR 1910.120(f)(3).

#### **4.1 Physician's Written Opinion**

Before work begins, each employee shall submit a copy of the physician's written opinion about the employee's ability to perform hazardous waste site work and wear a respirator. The opinion shall address the employee's ability to perform hazardous remediation work and include the following:

- The physician's recommended limitations upon the employee's assigned work and/or PPE usage
- The physician's opinion about increased risk to the employee's health resulting from work
- A statement that the employee has been informed of the results of the examination

#### **4.2 Medical Records**

Medical records shall be maintained in accordance with 29 CFR 1910.120 and 29 CFR 1926.65.

### **5. Site Control**

The purpose of site control is to minimize exposure to on-site workers, prevent unauthorized entry to the site, and prevent the spread of contamination. This can be accomplished using a three-zone work approach.

#### **5.1 Site Work Zones**

A three-zone approach shall be used during site operations in order to contain the potential spread of contamination and control the flow of personnel, vehicles, and materials into and out of work areas. The zones include the exclusion zone, the contaminant reduction zone,



and the support zone. Work zones will be clearly identified and marked in the field using fences, tape, signs, etc.

Site maps delineating site work zones and locations of decontamination facilities will be posted in the on-site office. These zones may be modified based on field conditions and air monitoring results.

### **5.1.1 Exclusion Zone**

The exclusion zone(s) is the area of known or suspected contamination. These areas will be clearly marked using orange construction fence. Only personnel involved in the work activities shall be allowed in the exclusion zone. Proper PPE, as determined by the SSHO after air monitoring and site inspection, shall be worn by personnel entering and working in the exclusion zone. The exclusion zone(s) will also include an area for equipment that has not been decontaminated. Exclusion zones will be set up whenever intrusive activities are occurring, and may be modified based on field conditions and air monitoring results. Exit from an exclusion zone may only be made through the contaminant reduction zone.

### **5.1.2 Contaminant Reduction Zone**

The contaminant reduction zone (CRZ) is the "buffer zone" between the contaminated areas and the clean area. This zone serves as a point of decontamination for equipment and personnel and material transfer from the clean zone to the exclusion zone. This zone may also provide first aid stations and rest areas (upwind of exclusion zone). The contaminant reduction zone will also be clearly marked with orange construction fence or caution tape. PPE may be required in the CRZ, as determined by the SSHO after air monitoring and site inspection. A contaminant reduction zone will be in place for all exclusion zones established on-site.

### **5.1.3 Support Zone**

The support zone includes all areas not defined by the contaminant reduction or exclusion zones. Administrative services, bulk storage supply, job site shipping and receiving, and personal vehicle parking will be located in this zone. The support zone should have negligible potential for exposure to contaminants on-site. Normal work clothes may be worn in the support zone.

## **5.2 Site Control Log**

A log of personnel visiting, entering, or working on the site will be maintained by the SSHO. The log will contain the following:

- Date
- Name
- Agency or company
- Time entering and exiting
- Personal protective equipment utilized

All visitors must show proof of current training and medical surveillance before entering the CRZ or Exclusion Zone. All personnel must fill out a Certificate of Worker or Visitor Acknowledgment form.

### **5.3 Communication**

Both on-site and offsite communication will be maintained at all times. On-site communication will be by radio. Offsite communication will be by telephone or cellular phone. A list of emergency telephone numbers is included in each Site-Specific Health and Safety Plan.

### **5.4 Signs**

The contractor shall provide, install, and maintain signs and other warning devices to inform site personnel and members of the public of hazards present on the site.

## **6. Chemical Hazards**

Some projects may involve potential exposure to chemical hazards. Hazards related to chemicals brought on-site will be managed by through our Hazard Communication Program, as summarized below.

The following sections summarize chemical hazards and the controls that will be used for these hazards.

### **6.1 Hazard Communication Program**

Chemicals pose a wide range of health hazards (such as irritation, sensitization, and carcinogenicity) and physical hazards (such as flammability, corrosion, and reactivity). OSHA's Hazard Communication Standard (HCS) is designed to ensure that information about these hazards and associated protective measures are disseminated to workers and employers.

The primary function of the Hazard Communication Program is to ensure employees are knowledgeably informed about the hazards they may potentially encounter on the jobsite. Project specific Hazard Communication Programs are tailored to projects on an individual basis, and comply with the OSHA 29 CFR 1910.1200 Hazard Communication Standard. The Hazard Communication Program includes, but is not limited to, the following:

- Ensure that hazardous substances present in the workplace are properly identified, inventoried and labeled.
- Employees have complete access to information on the physical and health hazards of substances.
- Employees are provided with information on how to prevent injuries or illnesses due to exposure to these substances.
- Identify who has the responsibility for maintaining the program, the MSDS and conduct training. MSDS are available on each jobsite.
- Employees are properly trained on how and where to obtain information on substances prior to starting work.
- Identification of a hazardous substance and determine if a release has occurred.
- Reducing and preventing exposure to hazardous substances.

- Personal Protective Equipment (PPE) and maintenance of equipment.
- Emergency response procedures in the event of a release or spill.
- Understanding and complying with the spill prevention plan.

## **6.2 Control of Chemical Exposures**

Exposure to chemicals will be controlled by:

- Monitoring air concentrations of dust and organic vapors in the breathing zone of site workers. Monitoring can reduce risks by indicating when action levels have been exceeded and when PPE is required
- Providing respiratory protection in areas known to have concentrations above the action level
- Providing protective clothing to eliminate skin exposure

## **7. Safety Hazards**

Physical hazards are anticipated during site activities. For each new contract the company receives, an activity hazard analysis is performed. The analysis is done by looking at major features of work and defining the activities and hazards associated with those features. The following sections outline potential physical hazards typically associated with contracts performed by NSSX and procedures to control each hazard.

### **7.1 Proximity to Heavy Equipment**

Working around heavy equipment poses obvious physical hazards. Workers could easily be injured or killed if hit by heavy equipment. These hazards can be reduced by minimizing the number of workers and equipment in the same area, responding to backup alarms, maintaining a clear field of view for drivers, and operating equipment at safe speeds.

Heavy equipment will be operated under the following conditions:

- The operation of heavy equipment will be limited to authorized personnel specifically trained in its operation.
- The operator will use the safety devices provided with the equipment, including seat belts. Backup warning indicators and horns will be operable at all times.
- While in operation, all personnel not directly required in the area will keep a safe distance from the equipment.
- Personnel directly involved in an activity will avoid moving into the path of operating equipment. Areas blinded from the operator's vision will be avoided and barricaded as necessary to prevent inadvertent entry into blind spots.
- Additional riders will not be allowed on equipment unless it is specifically designed for that purpose.

### **7.2 Sheet Piling Activities**

Sheet piling installation is the process of using a crane- or excavator-mounted hammer to drive sheet piles into the soil. The hammer equipment used is commonly gravity, vibratory, or hydraulic driven and attached to an excavator or crane. The hazards of sheet pile-driving equipment are related to the high force required to drive sheet piles, moving and positioning

the sheet piles, noise associated with hammering the sheets, and hot work associated with welding and cutting the steel sheet piles.

Only persons trained in use and maintenance of the sheet piling installation equipment may use such equipment. All sheet piling installation operations must comply with the equipment manufacturer's specifications, equipment manufacturer's operational requirements, and applicable OSHA regulations.

General health and safety precautions for sheet piling installation activities may include, but are not limited to:

- Personnel shall not work under or near suspended sheet piles.
- No equipment or component of such equipment will be operated beyond the manufacturer's specifications.
- A positive means of preventing the hammer head from sliding or slipping from the sheet pile shall be utilized.
- Personnel positioning sheet piles will use taglines or other effective means to ensure that they are not exposed to working under suspended sheet piles.
- Personnel positioning sheet piles will move to a safe distance prior to the operator initiating the drive of the pile.
- Only sheet piles that have been inspected by a competent person and found free of defects or damage, which may make the pile susceptible to breakage or kinking, may be used.
- If personnel must enter an area with partially driven sheet piles, active driving activities will stop and not resume until personnel have exited the area and are at a safe distance away from the pile being driven.
- Personnel must wear all required PPE including hardhat, safety glasses, and safety shoes.
- Clearance areas around sheet piling installation equipment must be maintained to prevent exposure to falling objects, flying objects, or crushing due to sheet failure or kinking upon striking buried resistance.
- Clearance areas around heavy equipment must be maintained to prevent personnel from entering the swing radii of sheet piling installation support equipment (e.g., crane, excavator, etc.).
- Spotters must be provided to prevent blind positioning of equipment or sheet piles by the operator.
- All equipment must be maintained in good condition.
- Daily inspection of all rigging equipment will be made.

Pile driving equipment will be operated a safe distance from overhead power lines. The presence of underground utilities such as gas lines, power lines, water lines, and sewer pipes will be determined prior to beginning the sheet piling installation operation.

Hearing protection is required during sheet piling activities.

The safety officer assigned to the project will make a daily inspection of sheet pile walls. The inspection will be to visually inspect wall for leaks or signs of failure. Any concerns about the sheet pile wall stability will be communicated to the site superintendent immediately for future evaluation and correction.

### **7.3 Sediment Excavation**

The company engages in removal of sediment from rivers and ponds. Isolating the excavation area with sheet pile or a dike exposes sediment to be removed. Excavation will be performed systematically, working from one end of a dewatered cell to the other. The upper portion of the excavation may have a high water content. Lime or another solidifying agent may be mixed into the sediment so that it can be excavated. Crane mats will be available to aid in safe entry into the excavation. At no time will personnel be allowed to walk in a wet excavation. After the upper layer of sediment is removed, the sediment becomes solid. At this point, sediment excavation has hazards similar to standard excavation.

Care will be taken when excavating near the base of installed sheet piling. Inspection of the sheet piling will be continual when excavating near the sheet pile. If necessary, backfill will be placed as the excavation proceeds to ensure the sheet pile wall is properly supported at all times.

### **7.4 Sediment Transportation**

Sediment excavated from a riverbed will typically be hauled to a storage area on the shore using off-road haul trucks. Clear traffic patterns will be established to efficiently and safely move material to the storage area. Roads may be constructed in the riverbed to allow safe passage of the trucks. Truck operators are not allowed out of the trucks while in the riverbed. Truck operators will be restricted from using cellular phones when operating haul trucks. If blind spots exist along the haul road where an operator may not be able to see oncoming traffic, a spotter will direct haul trucks.

### **7.5 Marine Operations**

Marine operations will be conducted in accordance with all applicable regulations. Equipment will be properly equipped with the necessary safety devices. Personnel will be trained in the use safety devices and proper procedures.

#### **7.5.1 Licensing and Certifications**

All watercrafts will be properly inspected, certified, licensed, and numbered as required. The pilot will have the appropriate license as required by Federal, state, or local regulations. Watercrafts will be equipped with capacity plates showing the maximum number of people that can be carried. The capacity will not be exceeded.

#### **7.5.2 Life Preservers**

Personal flotation devices (PFD) or life preservers will be readily available for all persons on board. PFDs will be worn unless persons are protected by guardrails. A throwable ring life preserver will be readily available for passengers or crew.

#### **7.5.3 Fire Extinguishers and Engine Safety**

At least one fire extinguisher rated 2-A, 40-B: C will be carried on all equipment units. Water from a local hydrant, or mobile tank source, shall also be available to extinguish a small fire. Site personnel are provided with phone numbers of local fire authorities.

Gasoline-powered motorboats except outboards will have a mechanical exhaust system for ventilating engine compartments and bilges. The ventilation system will be interlocked with the ignition system to ensure proper venting prior to starting the motor.

Diesel-powered watercrafts will be equipped with a mechanical ventilation system consisting of a natural draft system, permanently open inlet, and outlet systems extending to the bilge.

All carburetors will be equipped with appropriate spark arrestors.

#### **7.5.4 Diving**

Swimming will not be permitted except for certified divers in the performance of their duty. If divers are utilized, they will be certified and will have received the OSHA hazardous waste worker training.

All boats will have sufficient cargo space for passengers and cargo and will not be overloaded.

Weather will be closely monitored for adverse conditions. Operations will be suspended if unsafe conditions develop.

#### **7.6 Slip/Trip/Fall Injuries**

As with any construction project, hazardous waste site work poses numerous slip, trip, and fall hazards. These hazards can be reduced by avoiding work on slippery surfaces, wearing slip resistant footwear, working with a low center of gravity, and making slow and deliberate movements. Personnel must be aware that the protective equipment worn may limit dexterity and visibility and may increase the difficulty of performing some tasks.

#### **7.7 Explosive Gases/Fire Prevention**

The potential exists for explosive atmospheres when the following conditions occur:

- The levels of combustible gases accumulate to within the explosive limit range
- The combustible gas is in the presence of oxygen
- There is a source of heat or ignition

Explosive atmospheres exist when the concentration of explosive gas is between the lower explosive limit and the upper explosive limit. The lower explosive limit is defined as the minimum concentration of a gas or vapor that will combust or burn, and the upper explosive limit is defined by the maximum concentration of a gas or vapor that will combust or burn.

Explosive atmospheres can be controlled as follows:

- Monitoring air concentrations for explosive gas with a combustible gas indicator (Oxygen/LEL meter). Concentrations above 10% LEL are considered dangerous and work should be stopped.
- Using remote equipment and instrumentation to conduct tasks so that personnel are removed from the area of explosive gas.
- Using intrinsically safe equipment.

In addition, the following rules will be enforced to prevent fires:

- Smoking will be prohibited at or near operations that may present a fire hazard.
- Flammable and/or combustible liquids must be handled only in approved, properly labeled metal safety cans equipped with flash arrestors and self-closing lids.
- Transfer of flammable liquids from one container to another will be done only when the containers are electrically interconnected.
- The motors of equipment being refueled will be shut off.
- All flammable/combustible liquids stored in metal drums will be equipped with self-closing safety faucets, vent bung fittings, and drip pans. Drums containing flammable material will be properly grounded.
- Four fire extinguishers rated 20-A: 120-B: C must be kept in the exclusion zone; an additional fire extinguisher must be kept in the support zone.

### **7.8 Weather**

In addition to heat and cold extremes, severe rain, snow, or electrical storms can also pose risks to site workers. Driving hazards are also increased in poor weather. Work may need to be stopped under such conditions. Outside work should be suspended during electrical storms.

### **7.9 Use of Power and Hand Tools**

Only tools with grounded three wire plugs should be used. Ground Fault Interfaces must be used whenever power tools are used. Tools must be checked frequently for defects and maintained properly. All tools must be unplugged before making adjustments or repairs.

The following will also reduce the hazard associated with working with power and hand tools:

- Only use tools for which you have been properly trained.
- Maintain all equipment guards and never remove or block.
- Make frequent inspections for defective blades, wheels, cords, and plugs.
- Ensure all electrical tools are properly grounded.
- Never use grinding wheels in excess of their safe operating speed.
- Air hoses on pneumatic tools should not be disconnected until pressure is relieved.
- Compressed oxygen must never be used to power pneumatic equipment.
- Hand tools must be kept in good repair.
- Tools should only be used for the purpose they were designed.
- Tools should never be left on ladders, scaffolds, or other areas where they will create a trip or fall hazard.
- Tools should be properly stored when not in use.

### **7.10 Lifting**

Back injuries are the most common injury in the construction industry. Injuries are usually caused by improper lifting techniques. The following lifting techniques will help reduce lifting injuries:

- Inspect the work area before lifting for trip hazards.
- Set feet solidly and well apart, with one foot slightly ahead of the other.
- Crouch as close to the load as possible, with the legs bent.
- Keep back as straight as possible.

- Do not twist or turn during lifting.
- "Lift with your brain, then lift with your back."

### **7.11 Fueling vehicles**

All equipment should be shut off, with ignition off, during fueling operations. Smoking is not allowed near fueling stations.

### **7.12 Electrical Hazards**

Electrical hazards may be present. Work performed in areas where employees or the equipment they are operating could come in contact with or enter into close proximity to energized electrical systems will be performed in accordance with OSHA standards.

Before an excavation, utility clearances must be obtained and documented.

Work performed on equipment capable of storing and releasing energy will be completed in accordance with 29 CFR 1910.147, *Lockout/Tagout*. A Hazardous Energy Control Plan will be submitted before doing a lockout/tagout.

### **7.13 Physical Hazards**

#### **7.13.1 Heat and Cold Stress**

Working in personal protective clothing can easily compound the problem of heat stress on a hazardous waste site. Heat stress may occur even in moderate temperatures and may include heat rash, heat cramps, heat exhaustion, and heat stroke.

As body temperature decreases, the body maintains its temperature by reducing blood flow to the skin. This causes marked decrease in skin temperature, especially in the extremities (feet, hand, nose, ears, etc.).

Individuals who may be at increased risk of heat stress include:

- Workers doing heavy labor that become fatigued and/or wet from either sweating or exposure to water.
- Workers who are taking certain medications (sedatives) or who drink alcohol.
- Workers with circulatory system problems.
- Workers who are not physically fit or who are not acclimated to working in the cold.

Harmful effects of working in the cold include frostbite and hypothermia. Frostbite occurs when parts of the body freeze. Toes, fingers, earlobes, and noses are most susceptible to frostbite.

Hypothermia occurs when the body is no longer capable of maintaining its core temperature. Hypothermia can result in hallucinations, sleepiness, irregular heartbeat, unconsciousness, and death.

#### **7.13.1.1 Heat/Cold Stress Monitoring Program**

When ambient temperatures exceed 70 degrees Fahrenheit for one hour, the Site Safety and Health Officer shall begin monitoring employees for signs of heat stress. When ambient temperatures exceed 80 degrees F, the Site Safety and Health Officer shall monitor for heat stress using the "Brouha Guideline." The "Brouha Guideline" uses heart rate to monitor an



individual's response to heat stress. The following procedure shall be used to determine if an employee requires additional rest time.

- Heart rate should be measured for 30 seconds by the radial pulse as early as possible in the rest period. The heart rate at the beginning of the rest period should not exceed 110 beats per minute. If the heart rate exceeds 100 beats per minute, the next work period shall be shortened by 33%, while the rest period is extended accordingly. If the heart rate exceeds 110 beats per minute at the beginning of the next rest period, the next work period shall be reduced an additional 33%. This procedure shall continue until the heart rate is maintained below 110 beats per minute.

Heat stress may be combated through proper training, fluid intake, acclimatization, and work/rest regime.

When temperatures fall below 45 degrees F, the Site Safety and Health Officer shall begin monitoring employees for signs and symptoms of cold stress, including fatigue, irritability, euphoria, drowsiness, uncontrolled shivering, and frostbite. Removing employees from the cold or providing barriers and insulated clothing shall be administered based on the severity of the symptoms.

#### ***7.13.1.2 Preventing Heat Stress***

Taking the following actions can prevent heat stress:

- Drinking adequate amounts of liquid throughout the day. 4-6 quarts may be necessary.
- Maintain (or obtain) good physical fitness.
- Utilize your training and recognize signs and symptoms of heat stress.
- Monitor yourself and your "buddy" for signs of heat stress.
- Allow your body time to acclimate to the environment.
- Utilize a work/rest regime.
- Utilize engineering controls, as feasible.

#### ***7.13.1.3 Preventing Cold Stress***

Cold stress can be prevented by:

- Wearing several layers of loosely fitted dry clothes. A outer layer of water- and wind-proof clothing may be necessary.
- Drinking warm liquids.
- Changing clothing if you get wet from sweating or exposure to water.
- Taking breaks in warm shelter to prevent sleepiness, shivering, or pain in extremities.

#### **7.13.2 Noise**

Requirements set forth in the Hearing Conservation Regulations (29 CFR 1910.95) shall be adhered to during work on-site. Hearing protection will be provided where sound pressure levels exceed 85 dB A scale. The safety officer assigned to the project shall identify areas of high noise that require hearing protection. The safety officer will also monitor noise levels to ensure compliance with all state and local laws regarding community noise levels.

### **7.13.3 Confined Space Entry**

Should confined spaces entry be necessary, it will be done in accordance with 29 CFR 1910.146, *Confined Space Entry*.

### **7.13.4 Illumination**

Illumination levels in the working zone shall be maintained at a minimum of 10-foot candle. If levels fall below this, supplementary lighting will be provided. At a minimum, 30-foot candle lighting will be provided in office, first aid, and administrative areas.

### **7.13.5 Material Handling**

Proper material handling procedures shall be utilized during all material handling activities. The following general material handling rules will be followed:

- Use good back posture when lifting.
- Never walk under a suspended load.
- Always wear a hardhat and foot protection.
- Only use qualified equipment operators.
- Be aware of contaminated equipment.
- Never walk in front of moving equipment.
- Keep all loose clothing away from moving and mechanical parts.
- Never add fuel to running equipment.

### **7.13.6 Hot work**

All hot work will be done only after obtaining a permit. A new permit is required at the start of each work shift and for each new location where hot work is being performed. Each site will have a person designated as fire watch who will have immediate access to a fire extinguisher and whose sole responsibility will be fire watch. An example of the hot work permit is located in the Attachments.

### **7.14 Biological Hazards**

If biological hazards besides insects, rodents, snakebites and poisonous plants are found on-site, the safety officer will communicate the location of these hazards to NSSX personnel and work with them to eliminate the hazard.

## **8. Personal Protective Equipment**

The purpose of Personal Protective Equipment (PPE) is to shield or insulate individuals from the chemical and physical hazards that may be encountered during various work activities. The level of PPE required for each work task will be based upon the hazard/risk analysis associated with that task. The components of the PPE ensembles for each level of protection will be selected and/or modified based on site-specific conditions, including heat and cold stress potential and safety hazards. On-site personnel will be provided with the appropriate PPE ensembles to perform the tasks they are assigned.

### **8.1 Levels of Protection**

Each activity conducted on-site may present different hazards and therefore require different levels of PPE. The basic levels of protection are D, Modified D, C, B, and A.

#### **8.1.1 Level D**

Level D is the minimal protection level when respiratory or skin protection is not required. Level D protection includes:

- Hardhat
- Eye protection (safety glasses, goggles, or face shield)
- Hearing protection (as needed)
- Work boots (steel toe/shank)

#### **8.1.2 Modified Level D**

Modified level D may be required when directly handling contaminated wastes, soils, or water. Modified level D protection includes:

- Hardhat
- Eye protection (safety glasses, goggles, or face shield)
- Hearing protection (as needed)
- Work boots (steel toe/shank)
- Over boots
- Nitrile or Viton gloves (when handling contaminated wastes, soils, or water)
- Nitrile inner glove
- Disposable, hooded tyvek or equivalent
- Coated tyvek or equivalent (when working with wet materials)
- Disposable boot covers (latex)

#### **8.1.3 Level C**

Level C will be used when toxic substances and/or concentrations are known and criteria for using air-purifying respirators can be met. This level of protection includes:

- Level Modified D, plus
- Use of Saranex coverall instead of tyvek or coated tyvek
- Full-face, air purifying respirator equipped with filter cartridges approved by NIOSH for organic vapors and a HEPA pre-filter

**8.2 Initial Level of PPE Required**

The Site Safety and Health Officer has determined the initial level of PPE required to perform different tasks based upon personal air monitoring data collected during previous work completed at the site. PPE will be upgraded should air concentrations measured at the work zone exceed action levels set forth in this Plan.

**Table 8-1- Initial PPE Requirements**

<i>Initial Level Of Protection</i>	<i>Work Task</i>
Level D	General site work Sheetpiling Covering trucks
Level Modified D	Equipment decontamination Sediment excavation Dewatering activities Loading trucks (Loader Operator)

**8.2.1 Hand Protection**

When necessary, chemical resistant gloves will be used to protect workers from chemical contamination. Disposal gloves will be used to reduce decontamination needs. Up to three layers of gloves may be required to: (1) absorb sweat, (2) provide clean glove in the event outer glove must be removed (decontamination), (3) resist permeation by the chemicals present on-site.

Gloves will be required whenever working in aqueous conditions or level C upgrade is required.

**8.2.2 Clothing**

If level C upgrade is required, PVC coated Tyvek coveralls will be used to protect against on-site chemicals. Rain suits may be worn over protective clothing.

**8.2.3 Foot Protection**

Sturdy, steel toe, steel shank work boots will be worn to protect feet from contact with chemicals, compression, or puncture.

**8.2.4 Eye and Face Protection**

All employees will wear ANSI approved eye protection (e.g., safety glasses, goggles, face shield, etc.) at all times while in the exclusion or contaminant reduction zone. Face shield and chemical splash proof goggles will be worn during periods when face and eyes are vulnerable to corrosive materials.

**8.2.5 Head Protection**

ANSI approved hardhats will be worn by all workers and visitors at all times while on-site, except in designated areas (e.g., office trailers and inside work vehicles).

### **8.3 Respiratory Protection Program**

Respiratory protection shall be provided to employees when working in atmospheres containing contaminants at concentrations above the action level. Any employee who may be required to wear a respirator shall do so in compliance with OSHA regulations, 29 CFR 1910.134, *Respiratory Protection*. The following Respiratory Protection Program shall be adhered to when respirators are required.

#### **8.3.1 Purpose**

The purpose of this respirator program is to ensure the protection of all employees from respiratory hazards through proper use of respirators. This program has been prepared in accordance with 29 CFR 1910.134, *Respiratory Protection*.

#### **8.3.2 Respirator Selection**

Only NIOSH approved air purifying full-face respirators with organic vapor/HEPA cartridges shall be used during all site operation requiring Level C protection, unless otherwise specified by the SSHO and the Site Safety and Health Officer. The SSHO will not allow a change of respirator without approval. Respirator cartridges will be disposed of any time breathing resistance increases. In addition, each respirator cartridges will be replaced a minimum of once per shift.

#### **8.3.3 Respirator Assignment**

Each employee will be assigned his or her own respirator. No sharing of respirators is allowed. Each respirator will be clearly marked by employee name. Each employee is responsible for securing his or her respirator, preventing theft or loss.

#### **8.3.4 Employee Training**

All employees will be trained on the proper use of respirators prior to use. Any new employee will require respiratory protection training before performing any operations requiring the use of a respirator. NSSC training program includes the following elements:

- The reason why respiratory protection is needed
- The nature and effects of respiratory hazards to which employees may be exposed
- An explanation of why a particular respirator has been selected for use
- An explanation of why a particular type of respirator has been selected for a specific hazard
- Instruction in inspecting, donning, checking the fit, and wearing the respirator
- An opportunity for each respiratory wearer to handle the respirator, learn how to don and wear it properly, check seals, and be fit tested
- An explanation of proper maintenance and storage
- Instruction on how to recognize and cope with emergencies

#### **8.3.5 Storage**

A respirator must be stored in a way that protects it from dust, sunlight, heat, extreme cold, excessive moisture, and damaging chemicals. A clean, reusable bag provides a

contaminant-free storage method. Do not hang the respirator by the headbands or place it in any position that may cause distortion, which could lead to a damaged face-to-mask seal.

Each employee is responsible for storing his or her own respirator in an appropriate manner. Respirators will be stored in the site office when not in use.

### **8.3.6 Inspection and Maintenance**

Respirators shall be inspected each day before use. These routine checks are vital in maintaining a respirator that will protect you from hazardous chemicals.

The following should be done each day:

- Check all valves and seals for cracks, dirt, grit or anything that might cause a leak.
- Check all rubber and plastic parts for deterioration.
- Check headbands for good elasticity.
- Keep a written record of inspection dates and findings.

If any major problems are found with your respirator, it should be disposed of immediately.

### **8.3.7 Cleaning**

Respirators should be cleaned when necessary. To clean the respirator, remove cartridges and clean with soap and water. If need be, the respirator can be disinfected with isopropyl alcohol or a mild solution of bleach and water.

### **8.3.8 Fit Testing**

All employees who wear a respirator must be fit tested to ensure the respirator fits and does not leak. On-site fit testing will be performed using a qualitative fit test. During the test, the wearer of a respirator is exposed to a harmless irritant smoke while performing exercises similar to workplace functions. The respirator is equipped with a cartridge that can remove the irritant from the air. A good fit is achieved when the wearer cannot detect the odor.

Every time a wearer puts on a respirator, a positive and negative fit test must be performed. Fit test forms are included in the Attachments.

### **8.3.9 Medical Surveillance**

Before assignments where respirators are required, employees must be determined medically fit to wear a respirator by an occupational physician.

### **8.3.10 Program Inspection and Evaluation**

The entire Respirator Protection Program will be reviewed yearly to determine its effectiveness. Operating procedures will be reviewed and any necessary adjustments will be made. Any changes made through this review will be implemented into this program.

## **9. Employee Exposure Monitoring Program**

Inhalation hazards are caused by exposure to airborne concentrations of vapors and/or contaminated dust. In order to reduce the exposure to airborne hazards, the following Air Monitoring Plan shall be followed. The purpose of the Air Monitoring Plan is to determine the

proper level of PPE, document that the level of personal protective equipment is adequate, and assess the migration of contaminants to offsite receptors because of site activities. The Air Monitoring Plan includes both real-time and documentation monitoring.

**9.1 Air Monitoring Equipment**

Air monitoring equipment shall include a Respirable dust monitor, photoionization detector (PID), and explosive gas monitor. All equipment will be calibrated and maintained according to manufacturer’s instruction on a daily basis. Maintenance and calibration logs will be kept on-site. Table 9-1 lists the air monitoring equipment to be used.

**Table 9-1- Air Monitoring Equipment**

<i>Instrument</i>	<i>Manufacturer</i>	<i>Range</i>	<i>Calibration</i>
Organic Vapor Monitor	Photovac PID, or equivalent	1-2000ppm	Daily
Explosive Gas	Gastech 1939OX or equivalent	0-100 %	Factory - Daily Check
Oxygen	Gastech 1939OX or equivalent	0-25 %	Factory - Daily Check
Total Particulate Monitor	TSI - Dust Track	0.001 - 100 mg/m3	Factory - Daily Check
Personal Sample Pump	SKC	NA	Daily
Color Indicator Tubes	Drager		NA

**9.2 Work Area Monitoring**

Work area monitoring for total organic vapors and total dust will be conducted in the work zone during excavation and contaminated soil handling activities until deemed safe by the SSHO. Any monitored results above set action levels will require upgrades in PPE, work stoppage, and/or site evacuation. No work activities shall resume until corrective action has been taken, appropriate levels have been observed, and the Site Safety and Health Officer has given authorization to return to work. Monitoring will be conducted in the breathing zone of the employees working in the area.

**9.3 Personnel Monitoring**

Personnel air samples will be collected from “high risk” workers at the start of each new phase work or when starting work activities in a new area of the site. High-risk work is defined as one with the greatest chance of exposure. Personnel air samples will be collected in the breathing zone of workers involved in each distinct operation on the site where they will be handling contaminated material. Samples reflect an eight (8) hour Time Weighted Average. Personnel samples will be sampled and analyzed per NIOSH and/or OSHA methods.

Personal samples will be collected for DDT and Chlorobenzene.

The Site Safety and Health Officer can reduce the frequency of monitoring once they feel exposures have been adequately characterized, and enough information exists to protect site workers with information obtained from the real time monitors.

**Table 9-2 - Summary of Work Area Air Monitoring Requirements**

<i>Type</i>	<i>Location</i>	<i>Task</i>	<i>Parameters</i>	<i>Frequency</i>
Real Time	Work Area	During Excavation Of Contaminated Material	Total Dust	Continuous Till Deemed Safe By SSHO
			Total VOCs	Continuous Till Deemed Safe By SSHO
Personnel	Work Area	During Excavation Of Contaminated Material	Chlorobenzene DDT	Initial when work begins, frequency determined by initial results.

Additional employee exposure samples may be collected as appropriate as determined by the Site Safety and Health Officer.

The Site Safety and Health Officer will review all air monitoring results. Data will be reviewed to ensure appropriate levels of personal protection are being used. PPE levels may be upgraded or downgraded based on air monitoring results.

**9.4 Action Levels**

Action levels are work area concentrations of organic vapor and explosive gases which require an upgrade in PPE, additional air monitoring, or where personnel must exit the area until other remedial or engineering controls are utilized to reduce the concentrations below the action level. When an action level is exceeded, the control (upgrade of PPE or work stoppage) must continue until air monitoring results taken by the Site Safety and Health Officer document concentrations are below the action level.

Table 9-3 summarizes organic vapor and explosive gas action levels. Air monitoring results must be sustained concentrations (10 minutes) to initiate action. One-time readings indicating 10 % of the LEL require that all personnel evacuate the area immediately.

**Table 9-3 - Action Levels**

<i>Contaminant</i>	<i>Monitoring Location</i>	<i>Action Level</i>	<i>Control Action</i>
Total Organic Vapors	Work Area	> 25 ppm	Screen chlorobenzene with Dragger Tube - Upgrade to level C if Dragger > 50ppm.
		>50 ppm TWA	Level C PPE
Total Particulate	Work Area	> 150 ug/m3 above background	Utilize Dust Suppression
Explosive Gases	Work Area / excavations	> 10 % of LEL	Stop work, evacuate area, Notify SHSO
DDT	Work Area	0.5 ppm	Upgrade to Level C
Chlorobenzene	Work Area	50 ppm	Upgrade to Level C



< - Less Than

> - Greater than

SHSO – Site Health & Safety Officer

Because personal air monitoring results will not be instantaneous, control actions regarding these are designed to modify work practices, not affect work on the day of sampling.

## 10. Dust Control

Dust control will be done at all work locations. Visible dust plumes will be prevented at all times. The following procedures will be followed to minimize dust emissions:

- All loads carrying rubble and contaminated debris will be covered if dust emissions are coming from loads.
- Haul roads will be treated as necessary to minimize dusty conditions.
- If dust suppression is required, it will be achieved using a water-based dust-suppressing agent. This will be applied in a manner that does not create slippery conditions, run-off or mud.

## 11. Communication

An emergency air horn will be located at each area where work is being conducted and at the site trailer. Each emergency horn shall be a marine-type compressed gas horn. A series of three long blasts shall indicate a site emergency and initiate site evacuation. Two-way radios shall be used for site communication as necessary.

Offsite communications will be maintained at all times at the site office trailer. An emergency telephone list shall be posted in the site office next to a telephone.

## 12. Decontamination

It is the responsibility of the SSHO to ensure all personnel and equipment leaving the site are properly decontaminated. Decontamination is essential to ensure contamination does not migrate offsite on employees and equipment. Proper decontamination also protects support zone and offsite personnel from exposure to hazardous materials.

### 12.1 Contamination Prevention

One of the most important aspects of decontamination is preventing unnecessary contamination while working on-site. Effective contamination prevention practices will eliminate unnecessary contamination and aid in the decontamination process. The following are general contamination prevention techniques and should be followed while working on-site:

- Avoid walking through areas of obvious or known contamination unless you are working directly in that area.
- Minimize contact with contaminated material.
- Minimize contact with unknown materials.
- Fasten all closures on suits, covering with tape if necessary.
- Take particular care to protect any skin injuries.

## **12.2 Personal Decontamination**

A personal decontamination trailer will be established in the contaminant reduction zone, adjacent to the exclusion zone. The decon trailer will provide for separation of street and work clothing. The trailer will be equipped with heat, lights, change rooms, lockers, hot and cold water, and showers. All waste water from the decon trailer will be contained.

All personnel exiting the contaminant reduction zone shall follow decontamination procedures. Under no circumstances, other than emergency response, will personnel be allowed to leave the site before decontamination.

All disposable PPE shall be removed before meal breaks and at the conclusion of the workday and replaced with new PPE before commencing work. In addition, respirator cartridges, if needed, will be changed at the beginning of each day and at any other time breakthrough is detected. Contaminated clothing will be placed in designated containers in the contaminant reduction zone. Respiratory and other non-disposable PPE will be fully decontaminated and placed in a clean storage area.

The following decontamination procedure will be used for modified D and C PPE. Decontamination procedures for higher levels of protection will be provided if required:

- Deposit equipment used on-site on plastic drop cloths or in designated containers with plastic liners.
- Scrub outer boots and outer gloves with decontamination solution (soap/detergent).
- Rinse off decontamination solution with clean water.
- Remove over boots and outer gloves and deposit in containers with plastic liner.
- Remove protective coveralls and dispose.
- Remove respirator.
- Remove inner glove and deposit in disposal container with plastic liner.
- Shower at end of shift, wash hand and face at food or rest breaks.

## **12.3 Equipment Decontamination**

### **12.3.1 Small Equipment/Hand Tools**

Small equipment and hand tools shall be protected as much as possible from contamination by draping, masking, or otherwise covering as much as possible with plastic without hindering the operation of the equipment or tool. Contaminated hand tools and small equipment shall be decontaminated by:

- Removing and disposing of protective coverings in approved containers
- Wiping down monitoring equipment with a disposable paper wipe
- Washing hand tools with decontamination solution (soap/detergent) and rinsing with water

### **12.3.2 Heavy Equipment and Trucks**

Prior to leaving the site, heavy equipment and trucks will be decontaminated on the existing equipment decontamination pad. Only the parts of equipment that have come in contact with contaminated materials need be decontaminated.

Contaminated heavy equipment shall be decontaminated by:

- Cleaning all loose, heavy debris with a brush, broom or spade
- Washing equipment with high pressure, low volume pressure washer
- Rinsing equipment, using same

Truck wheels will be chocked during decontamination to prevent the driver from leaving the decontamination pad while decontamination is in progress.

All personnel performing equipment decontamination shall do so wearing modified Level D protection.

#### **12.4 Emergency Decontamination**

Whenever possible, personnel should be decontaminated before administering first-aid. The decision to decontaminate must be weighed against the severity of the injured persons.

### **13. Accident Prevention Plan**

A vital element of any Health and Safety Program is accident and exposure prevention. It is essential that the contents of the Plan are communicated to and understood by all NSSC employees. There are four elements to preventing accidents and over exposures:

- Educate personnel as to the requirements of the Plan.
- Eliminate unsafe conditions—identify and correct conditions that can contribute to an accident and limit exposure to these conditions.
- Reduce unsafe acts—personnel must make a conscious effort to work safely. Management must enforce safety regulations.
- Inspect frequently—regular safety inspections of the work site, materials, and equipment by qualified persons ensures early detection and correction of unsafe conditions.

The following guidelines describe specific measures personnel shall take to minimize the occurrences of accidents on-site:

- Use the buddy system for all on-site work.
- Suspend work and reevaluate the hazard and level of PPE required upon the discovery of any situation more hazardous than anticipated.
- Bring to the attention of the Site Safety and Health Officer or SSHO immediately any potentially unsafe condition or work practice.
- Do not eat, drink, chew gum or tobacco, take medication, or smoke in any contaminant reduction or exclusion zone.
- Do not wear contact lenses on-site.
- Conduct site activities only with sufficient lighting.
- Use toilets provided on-site for personal needs.
- Do not bring drugs, alcohol, or weapons on-site.
- Do not attempt to work on-site if under the influence of illegal drugs or alcohol.
- Inform your doctor of the possibility of contact with toxic material before allowing them to write you any new prescriptions.
- If taking over-the-counter drugs, within a day before working on-site, inform the SSHO of any warnings on the drug's label.

- Do not fight or horseplay on-site.
- Personal visitors are not allowed on-site.
- Maintain personal property in a clean and safe manner; keep work area free of liter and obstruction.
- Wash hands and face upon leaving the work area and before eating, drinking, or other activities.
- Do not touch soil, water, or sludge unless necessary and wearing appropriate PPE.
- Do not work in the area of odors without appropriate PPE.
- Post hazardous work and noise signs as necessary.
- Post procedure for decontamination and emergency response in the Decontamination trainer and office trailer, respectively.
- Wash entire body as soon as possible after wearing PPE and going through personnel decontamination.

## **14. Emergency Response**

In the event of an accident or emergency, immediate action must be taken by the first person to recognize the emergency. On-site personnel will use the following emergency procedures. The SSHO shall be notified of any on-site emergency and be responsible for ensuring that the appropriate procedures are followed. In cases involving serious personal injury, fire, or explosion, the SSHO shall notify the proper authorities.

During an emergency, the SSHO will assume command of the situation, with all employees reporting to him or her.

If the cause of the injury or absence of the injured person does not affect the performance of site personnel, operations may continue. If the injury increases the risk to others, the designated emergency signal, three long blasts on an air horn, shall be sounded and site personnel shall evacuate. Activities shall not resume until the risk is evaluated and removed.

### **14.1 Pre-emergency Planning**

Local emergency response agencies will be notified before work commences. Local agencies will include fire, police, and medical facilities. These agencies will be notified of upcoming site activities and potential emergencies.

### **14.2 Emergency Equipment**

In order to provide emergency assistance to sick or injured workers, the following supplies and equipment will be available at each work site:

- Portable emergency eyewash
- First Aid kit containing supplies for initial treatment of minor cuts and abrasions, chemical/acid burns, snake and insect bites, and for immobilization of fractures. To prevent exposure to blood borne pathogens, the First Aid kit will also include disposable gloves, aprons/gowns, and eye shields and face masks to shield eyes, nose and mouth from splashes
- 4 ABC-type dry chemical fire extinguishers

All emergency equipment will be located near the decontamination area in the Contaminant Reduction Zone.

### **14.3 Contingency/Evacuation Plan**

Although improbable, it is possible that a site emergency could necessitate evacuating all personnel from the site. If such a situation develops, the SSHO shall give the evacuation signal, 3 long blasts of an air horn. Upon notification, all personnel shall evacuate the site in an orderly fashion and regroup at the site trailer. The route of evacuation will depend on the severity of the accident, wind direction (as visually determined), and proximity to the accident. Each employee shall find the safest route to the site trailer. All personnel shall wait at the site trailer for further instruction. No employee shall leave the site until the emergency is under control and approval to leave is given by the SSHO.

In situations when an on-site emergency results in evacuation of the site, personnel shall not re-enter until:

- The condition resulting in the emergency has been corrected.
- The hazards have been reassessed.
- The Plan has been reviewed.
- Site personnel have been briefed on any changes to the Plan.
- The SSHO has reviewed the situation that resulted in the evacuation.

### **14.4 Procedure for Injury**

The following procedure shall be followed for site injuries:

- Telephone for ambulance/medical assistance, if necessary. To the extent possible, notify the medical facility of the nature of the physical injury or chemical exposure. If employee goes to the hospital, send along a copy of this Plan.
- Evaluate the situation to determine if the hazard that injured the first employee still exists. If so, measures must be taken to eliminate the hazard before entering the area or administering first aid.
- If the injury is minor, administer first aid.

### **14.5 Procedure for Chemical Exposure**

If a member of the field crew demonstrates symptoms of chemical exposure, the following procedure shall be followed:

- Another team member (buddy) shall remove the individual from the immediate area of contamination. The buddy should notify the SSHO of the accident or emergency.
- Precautions should be taken to avoid exposure to other individuals.
- If the individual's clothing is contaminated, proceed with emergency decontamination procedures.
- If the chemical has contacted the skin, the skin should be washed with copious amounts of soap and water.
- In case of eye contact, the eyes should be washed with water for at least 15 minutes.
- Telephone for ambulance/medical assistance, if necessary. To the extent possible, notify the medical facility of the nature of the physical injury or chemical exposure. If employee goes to the hospital, send along a copy of this Plan.
- Complete the accident investigation form.

#### **14.6 Procedure for Fire or Explosion**

In the case of fire or explosion, the following procedure shall be followed:

- Upon notification of fire or explosion, the SSHO shall evacuate the site, per the site evacuation plan.
- Notify local fire department.
- Work may not resume until:
  - The condition resulting in the emergency has been corrected.
  - The hazards have been reassessed.
  - The Plan has been reviewed.
  - Site personnel have been briefed on any changes to the Plan.

#### **14.7 Procedure for Equipment Failure**

In the event of equipment failure, the Project Superintendent and the SSHO shall be notified and shall determine the effect of this failure on continuing operations at the site. If the failure affects the safety of personnel or prevents completion of the work plan tasks, all personnel shall leave the work zone until the situation is evaluated and appropriate actions are taken.

#### **14.8 Route to Hospital**

Directions to the nearest hospital will be posted in all office trailers and copies will be left in any site support vehicles.

#### **14.9 Emergency Reporting Requirements**

All accidents, injuries and overexposure to contaminants, regardless of how minor, will be reported and recorded in a field logbook by the SSHO. As soon as possible following an accident, injury or overexposure, the SSHO will be notified so that the appropriate reporting procedures can be initiated. When an accident, near-accident, injury or overexposure occurs, the SSHO will perform an on-site safety meeting with all personnel to review applicable safety precautions and the incident. In addition, the SSHO will complete an incident report.

The incident report will include:

- Name, organization, telephone number, and location of the contractor
- Name and title of person completing report
- Date and time of incident
- Location of incident
- Brief summary of incident
- Cause of the incident, if known
- Casualties, if any
- Details of any existing chemical hazard or contamination
- Estimated property damage, if applicable
- Nature of damage
- Effect on contract schedule
- Actions taken to ensure safety and security
- Other damage or injuries, public or private

The SSHO will immediately report the incident to the Principal in Charge via telephone. In the absence of the Principal in Charge, the incident should be reported to the Health and Safety Coordinator. Following telephone notification, a copy of the incident report with supporting documentation will be prepared and delivered within twenty-four (24) hours.

### **15. Logs, Reports, and Record Keeping**

The SSHO will maintain the following logs and reports on-site during the duration of this project:

- Employee training records
- Employee medical surveillance written opinion records
- Air monitoring maintenance and equipment logs
- Site control log
- Air monitoring results and data sheets
- Daily safety inspection reports

ATTACHMENTS



**Hot Work Permit**

Revised June 1998

Permit Number:	Date Issued:	Expiration Date:
Note: A new permit must be issued at the start of each new work shift during which hot work will be performed.		
Work Location:		
Description of Work Location:		
Operation to Be Performed:		
Note: Any operation that could potentially cause combustion generating temperatures, sparks, or hazardous fumes or vapors will be prohibited for the duration of this contract.		
Person Assigned to Fire Watch:		
Note: This person will have no other duties except fire watch for the duration of operation, and until the location has been determined fire safe.		
Duration of Fire Watch:		
Verification of On-site Fire Extinguisher:		
Note: Verify that fire extinguisher is on-site and immediately accessible to fire watch personnel.		
Signature of Inspector Issuing Permit:		



Safety and Health Program

**Entry/Exit Log**  
Revised June 1998

Project Name	
Project Location	
Date	

	Name	Company	Time In	Time Out	Reason
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					

**Qualitative Fit Test**

Revised June 1998

Employee Name: \_\_\_\_\_

Social Security #: \_\_\_\_\_

Company: \_\_\_\_\_

Respirator Brand: \_\_\_\_\_

Model: \_\_\_\_\_ Size: \_\_\_\_\_

Procedure:      Irritant Smoke \_\_\_\_\_      Banana Oil \_\_\_\_\_

---

---

**Note: Failure in any one of the following exercises indicates unacceptable fit.**

1. \_\_\_\_\_ Positive and negative fit test
2. \_\_\_\_\_ Breath normally
3. \_\_\_\_\_ Turn head side to side
4. \_\_\_\_\_ Nod head
5. \_\_\_\_\_ Jog in place
6. \_\_\_\_\_ Breath normally and read the following:

When the sunlight strikes raindrops in the air, they act like a prism and form a rainbow. The rainbow is a division of white light into many beautiful colors. These take the shape of a long round arch, with its path high above, and its two ends apparently beyond the horizon. There is, according to legend, a boiling pot of gold at one end. People look, but no one ever finds it. When man looks for something beyond his reach, his friends say he is looking for the pot of gold at the end of the rainbow.

Test performed by:

\_\_\_\_\_

Employee Signature:

\_\_\_\_\_  
\_\_\_\_\_

Date:

Safety and Health Program

**Air Monitoring Log**  
**Dust & PID**  
Revised June 1998

Date:		Temperature	
PID Make		Serial #	
Dust Monitor		Serial #	

PID Calibration	Date		By	
Dust Calibration	Date		By	

Technician	
Work Activities	

Time (hrs)	Location	Dust (mg/m <sup>3</sup> )	PID (PPM)

**National Salvage & Service Corporation  
Lead Compliance Plan**

Revision Summary

<i>Revision No.</i>	<i>Revision Date</i>	<i>Description of Changes</i>	<i>Reason for Change</i>
Original	September 20, 2006	Original Lead Compliance Plan	

The following table lists comments made by the plan reviewer and lists where the plan revisions related to the comment can be found.

<i>Reviewer Comment</i>	<i>Response</i>	<i>Location in Document</i>

Table of Contents

1.0 INTRODUCTION ..... 41  
2.0 DEFINITIONS ..... 41  
3.0 HAZARDS OF LEAD ..... 42  
3.1 WAYS IN WHICH LEAD ENTERS THE BODY..... 42  
3.2 LEAD HEALTH EFFECTS ..... 42  
4.0 RESPONSIBILITIES ..... 42  
5.0 SOURCES OF POTENTIAL LEAD EXPOSURE..... 43  
6.0 ENGINEERING CONTROLS ..... 43  
7.0 HOUSEKEEPING ..... 44  
8.0 HYGIENE FACILITIES AND PRACTICES ..... 44



## 16. Introduction

National Salvage & Service frequently encounters lead contaminated items in the course of its demolition project. The purpose of this document is to outline the procedures for controlling employee lead exposure and maintaining compliance with OSHA's Lead in Construction Standard, 29CFR1926.62, during demolition of structures.

## 17. Definitions

**Action Level-** employee exposure, without regard to the use of respirators, to an airborne concentration of lead of 30 micrograms per cubic meter of air ( $30 \mu\text{g}/\text{m}^3$ ) calculated as an 8-hour time-weighted average (TWA). Employees whose exposure is above the Action Level for more than 30 days per year are required to be in a medical surveillance program.

**Affected Employee-** Any employee whose exposure is at or above the Action Level.

**CIH** – Certified Industrial Hygienist

**Competent person** - one who is capable of identifying existing and predictable lead hazards in the surroundings or working conditions and who has authorization to take prompt corrective measures to eliminate them.

**HEPA-** A High Efficiency Particulate Air Filter capable of filtering 0.3 micron particles with 99.97 percent efficiency.

**Lead-** Metallic lead, all inorganic lead compounds (e.g., laboratory reagents, solder), and organic lead soaps. All other organic lead compounds, such as tetraethyl lead, are excluded from this definition.

**Lead Paint-** Paint and/or primer containing detectable levels of lead.

**Medical Surveillance-** Consists of medical examinations as well as blood sampling for lead and zinc protoporphyrin, if applicable. Performed by or under the supervision of a physician.

**Permissible Exposure Limit (PEL)** - An OSHA occupational exposure limit (without regard to the use of respirators) for airborne contaminants. For lead it is 50 micrograms per cubic meter of air ( $50 \mu\text{g}/\text{m}^3$ ) for an 8-hour Time-Weighted Average (TWA). Exposure to airborne lead above the PEL triggers requirements such as housekeeping, engineering controls, showers, change and lunch rooms, area posting, personal protective equipment, and respiratory protection.

If an employee is exposed to lead for more than 8 hours in any workday, the employee's allowable exposure, as a time weighted average (TWA) for that day, shall be reduced according to the following formula:

Allowable employee exposure (in  $\mu\text{g}/\text{m}^3$ ) = 400 divided by hours worked in the day

**PPE-** Personal Protective Equipment. Safety equipment worn by employees may include safety glasses, respirators, coveralls, etc.

## **18. Hazards of Lead**

### **18.1 Ways in Which Lead Enters the Body**

Lead can be absorbed into the body by inhalation (breathing) and ingestion (eating). Lead (except for some organic compounds not covered by this program) is not absorbed through the skin. Inhalation of lead is considered the most important source of occupational exposure. When lead is scattered in the air as a dust or fume particle, it can be inhaled and absorbed into the blood stream through the lungs and upper respiratory tract. Lead can also enter via the digestive system if it enters the mouth and is swallowed. As an example, lead can be ingested by handling cigarettes, food, etc. with lead-contaminated hands.

### **18.2 Lead Health Effects**

1. Short term (acute) overexposure. Large doses of lead may cause seizures, coma, and death from cardio-respiratory arrest. Short-term occupational exposures leading to these effects are unusual but possible.
2. Long-term (chronic) overexposure may result in damage to the blood-forming, nervous, urinary, and reproductive systems. Some common symptoms of overexposure include loss of appetite, metallic taste in the mouth, anxiety, constipation, nausea, pallor, insomnia, headache, nervous irritability, muscle and joint pain, and tremors.

When lead gets into the body, it is only partly eliminated. The majority of the lead is stored in the bones and other tissues. As exposure to lead continues, the amount stored in the body increases if more lead is absorbed than is excreted. Consequently, continuous exposure to low levels of lead can, over time, cause lead to accumulate in the body and lead poisoning may result.

## **19. Responsibilities**

The principals in the company are responsible for implementation of the plan and for ensuring that adequate administrative support and supplies are provided for compliance with the program.

The environmental specialist is responsible for semi-annual revisions of the plan and training the employees in the contents of this program. The general superintendent and/or foreman is responsible for ensuring implementation of this plan in the field. The foreman is the designated competent person responsible for daily implementation of this plan in the field.

The competent person's duties include determining when lead is present and conducting jobsite inspections to assure the use of personal protective equipment and clothing, hygiene facilities, and engineering controls and practices. The foreman will also inspect the work area, materials, and equipment daily for defects and correct as necessary.

It is the responsibility of all employees to familiarize themselves with this program, and to comply with its requirements and to handle all materials so as not to expose themselves or others to lead hazards.

## **20. Sources of Potential Lead Exposure**

Lead is assumed to be on painted materials in the buildings on the site. All painted surfaces will be assumed to contain lead.

Demolition requires dismantling, crushing, cutting, lifting, and loading of the materials coated with lead-based paint. The principal means of exposure during these operations are outlined below:

1. Lead may be released during torch cutting activities when the lead-based paint is vaporized by the cutting operations.
2. Exposure to lead-containing dust may occur during crushing, movement, and loading of materials if dry, dusty conditions exist.
3. Workers can be exposed to lead after handling lead-painted materials or contaminated tools, clothing, respirators, and personal protective equipment.

The typical crew size for this is three or four workers. This includes one equipment operator/supervisor, and three laborers. The supervisor has the overall responsibility for the performance of the project. The three laborers share the duties of cutting, loading, and truck driving responsibilities.

## **21. Engineering Controls**

The following engineering controls may be used to minimize exposure to lead:

1. Lead vapors can be minimized by removing the lead-based paint within 4 inches from the intended area to be cut, by selecting locations where the lead based paint is no longer present, or by selecting alternative cutting methods.

2. Lead dust can be controlled by handling materials carefully and spraying with water to minimize the creation of dust.
3. Workers will be positioned upwind of the work area whenever feasible.
4. Workers will use long handled cutting torches to maximize the distance between them and the actual cutting operation.
5. Cabs of heavy equipment will be ventilated, air-conditioned, and air filtered whenever possible.

## **22. Housekeeping**

The following housekeeping guidelines will be used to reduce exposure to lead in the work areas.

1. All surfaces will be kept free as practicable of lead.
2. Surfaces will be cleaned using methods that do not create dust, such as vacuuming or wet mopping.

## **23. Hygiene Facilities and Practices**

Personal hygiene practices will be followed to prevent ingestion, contact, and any other accidental exposure to lead.

1. Eating, drinking, smoking, or use of cosmetics is strictly forbidden in the work area and areas where the exposure is greater than the PEL.
2. Hand washing facilities will be provided. Workers will wash their hands and face at the end of each work period.
3. Eating facilities free of lead contamination will be provided. Ingestion of lead from contact with painted or contaminated materials will be prevented by washing the hands and face prior to eating, drinking, or smoking activities.



**NATIONAL SALVAGE & SERVICE CORPORATION**  
REMOVE • RECOVER • RESTORE

## RESUMES

- ▶ P.O. Box 300 ~ Clear Creek, IN 47426
- ▶ Phone: 812.339.9000 ~ Fax: 812.331.8235
- ▶ Toll-Free Phone: 800.795.3722

**Victoria Schopp**  
**President**

Ms. Schopp has been involved with senior-level operations management since 1986. Projects undertaken by National under Ms. Schopp's management have involved remediation of soil contaminated with PCB's, heavy metals, solvents, and petroleum. Many projects have also involved building demolition, removal of underground storage tanks, decontamination of buildings and facilities, and surveys for hazardous, toxic, and radioactive contaminants. Ms. Schopp has also permitted two solid waste transfer facilities.

Historically, Ms. Schopp has provided operations management responsibilities for the larger building demolition and environmental remediation projects, including hazardous and non-hazardous materials for government agencies – such as the U.S. Army and Army Corps of Engineers, the U.S. Navy, Air Force, and Department of Energy – and a wide range of private-sector projects. Completed projects include a thermal remediation project for the U.S. Army and U.S. Environmental Protection Agency at the GCL Tie and Treating Plant in Sidney, NY, and the Darst-Webbe Apartment Complex demolition project in St. Louis, MO. Another major project was the Catchment Basin Removal, Hotel Complex Demolition, and Dock Replacement for the U.S. Department of the Interior, Bureau of Reclamation, Water Island, U.S. Virgin Islands.

**Education**

B.S. in Physics and B.S. in computer science from Indiana University, Bloomington, IN

**Curtis Schopp**  
**Vice President**

Mr. Schopp is Vice President and founder of the parent company, National Salvage and Service Corporation, and co-founder of National Environmental Services Corporation. Mr. Schopp started the company as a railroad-track dismantling company. National Salvage has provided services for every major railroad in the United States. Since 1980, Mr. Schopp has expanded the company to include building demolition, bridge demolition, and environmental remediation. Mr. Schopp has performed numerous facility and bridge removals for a variety of clients. The entire list of projects provided for National Services group embodies his personal experience. The successful controlled growth of these firms is testament to his management capabilities and keen insight into efficient and effective operations.

As senior-level management, Mr. Schopp has been involved with every aspect of demolition, railroad, and environmental projects, including project management; administration; organization of field crews, subcontractors, and equipment; estimating; and new-business development. He takes a hands-on approach to the daily operations and is steadfast in his requirements for on-time operations and safe working conditions.

**Education**

Business, Indiana University, Bloomington, IN

## CORPORATE RESUME

### **Craig Bentley** **Senior Project Manager/EHS**

Mr. Bentley has worked for National Salvage since 2002, and has assumed several responsibilities within the company including, dispatcher, MRTS Logistics Manager and Project Manager. As a Project Manager, he has been significantly involved with; railroad abandonments, structural demolition and environmental remediation. Critical responsibilities include project oversight and management, interacting with owner representatives, engineers, subcontractors, vendors and field superintendents to ensure timely and seamless completion of a variety of complex and difficult tasks.

### **Project Overviews**

#### **Rolls-Royce Corporation, Indianapolis, IN**

Separation and demolition of single and three story former office building (Plant 8). Pre-demolition required the removal of large quantities of office furniture (>1,000 tons) and interior partitions. The 246,750 SF building construction consisted of CMU, concrete and heavily engineered column structures.

#### **MidAmerican Energy Corporation, Salix, IA**

Demolition of two 120' dewatering tanks, ash silo, associated piping and ash hoppers. Ash hoppers contained 180 tons of brick refractory which required RCRA analytical analysis for disposal. No asbestos was encountered.

#### **Norfolk Southern Corporation; Roanoke, VA**

Project included the complete demolition of two ESPs, two smokestacks, and an Interlocking Building. The precipitators were dismantled individually due to 40 large asbestos gaskets associated with the expansion joint bellows. The adjacent Interlocking Tower was demolished and completed over a 65 hour period.

#### **North Branch Generating Station; Gorman, WV**

This project included the decommissioning of a 74 mega-watt electric (coal fired) generating station situated on 288 acres. The majority of equipment was sold, and transported overseas. Remediation of two retention ponds was required prior to sale of the property.

#### **Beaver Creek WWTP; Dothan, AL**

Complete demolition of all tanks, underground piping and ancillary structures. All concrete and masonry materials were crushed onsite and stockpiled for future use by the City.

#### **Sears Building; Montgomery, AL**

Complete demolition of a two-story, 102,000 square foot retail store. All materials, including concrete, brick and masonry were disposed. Entire project was completed within 30 calendar days.



## CORPORATE RESUME

### Vopak Terminal, LLC; Perth Amboy, NJ

Former fuel storage terminal, and included the removal of 45 large fuel storage tanks, demolition of aboveground fuel lines and 11 service buildings. Removal also included a large quantity of friable and non-friable asbestos.

### Bridgestone America Tire Operations (Firestone); Noblesville, IN

Demolition of 374,000 square foot manufacturing facility. Included the removal of universal waste, asbestos, benzene and PCB impacted materials.

### City of Fort Wayne; Fort Wayne, IN

Removal of approximately 26,000 cubic yards of biosolids containerized in Geotubes. Project also required road restoration and expansion.

### Montenay Resource Recovery Facility; North Charleston, SC

Demolition of a state-of-the-art waste to energy power generation facility. Project included the complete removal of all saleable power generating equipment, substation, wiring and associated buildings and retention ponds.

### Norfolk Southern Railroad; Atlanta, GA

Project included the demolition of several buildings which contained asbestos, removal and re-routing of underground utilities. Installation of approximately 4,000 lineal feet of new waterline.

### Westover Air Reserve Base; Chicopee, MA

Demolition 11 buildings including a 42,000 SF hanger with asbestos containing materials, universal waste and lead-based paint. Also included the removal of one mile railroad track and 13 railroad crossings

### Unaccompanied Enlisted Personnel Housing; Fort Eustis, VA

Demolition of 4 Hammerhead barracks including utilities and a large quantity of asbestos containing materials and universal waste. All concrete and masonry materials, 18,000+ tons, were crushed on site.

### 2<sup>nd</sup> Brigade Barracks Complex; Fort Bragg, NC

Demolition of 13 Hammerhead military barracks and offices which included utilities and a large quantity of asbestos and universal waste.

### 4<sup>th</sup> BCT Barracks Complex; Fort Bragg, NC

Demolition of 250 military housing units with 142 underground fuel storage tanks and a considerable quantity of asbestos and universal waste.

### Carmel Redevelopment Commission; Carmel, IN

Demolition of multiple retail businesses and meeting hall, and included the abatement of asbestos and removal of underground fuel tanks. Excavation and disposal of 38,000 tons of contaminated soil.

### CBS Corporation; Bloomington, IN

Demolition of a 36,000 square foot PCB contaminated soil treatment facility. Included the removal of sub-surface soils, concrete and gravel.

## CORPORATE RESUME

### **Training, Certifications and Education**

Environmental Health and Safety Management Specialist (EHS)  
Certified Safety Auditor (SAC)  
40-Hour HAZWOPER with current 8-Hour Refresher  
8-Hour HAZWOPER and Emergency Response Supervisor  
Emergency Response On-Scene Incident Command  
Certified Compliance Inspector of Stormwater (CCIS) Cert. #3345  
Excavation Trenching and Shoring  
Lead Awareness Certification  
Hazardous Atmosphere Testing with Multi-Gas Detection Equipment  
Properly Flaring Propane (NFPA 58)  
Certified Forklift Trainer  
EM 385-1-1 Safety & Health Requirements Manual 16-Hour  
National Association of Safety Professionals (NASP)  
National Safety Council (NSC)

**James McNitt**  
**Project Superintendent**

James McNitt joined National Salvage's staff in 1998 and has led National's most complex projects. One area of specialty that Mr. McNitt brings to the organization is the ability to perform projects in navigable waterways. During his tenure at National, Mr. McNitt has remediated rivers, removed large dams and taken down bridges over navigable waterways. Other projects he has completed have involved contaminated soil removal, demolition, thermal treatment, stabilization, construction of a water treatment system and utility installation.

Prior to joining National, Mr. McNitt was owner and president of JBM Construction Company. JBM performed a wide range of large remediation projects, utility construction, building demolition, installation of underground utilities, steel fabrication, and welding.

Mr. McNitt has provided outstanding on-site leadership and team ethic, while at the same time remaining mindful of time and cost considerations.

Recent Projects

GE Lighting Plant Demolition – Lexington, Kentucky  
Complete removal of 220,000 square feet plant.

Owner: General Electric

Project Size: \$1,900,000

Dates: November 2010 – May 2011

AT&T Demolition - Charleston, South Carolina  
Dismantling and removal of co-generation plant

Owner: AT&T

Engineer: Black & Veatch

Project Size: \$2,413,000

Dates: October 2010 – February 2011

International Paper Mill – Terre Haute, Indiana  
Demolition of paper mill including multiple stacks and buildings.

Owner: International Paper

Project Size: \$3,321,000

Dates: November 2008 – September 2009

Wildcat Creek and Kokomo Creek Remediation

Markland Quarry Remediation

Position: Superintendent

Owner : EPA

Engineer: CH2M Hill

Environmental cleanup of PCBs and metals from two operable units at Continental Steel Superfund Site, Kokomo, Indiana. The first project was removal of PCBs from the Wildcat Creek and Kokomo Creek. The second project was the removal of solvents, petroleum, and metals from Markland Quarry.

Project Size: \$10,767,130 (both projects combined)

Dates: April 2007 – November 2008

East Ferry Superfund Cleanup

Position: Superintendent

Owner: New York Department of Environmental Quality

Engineer: URS Corp.

Environmental cleanup of lead contamination in a residential area of Buffalo, NY

Project Size: \$9,557,494

Dates: April 2008 – November 2008

Pine River Superfund Cleanup

Velsicol Chemical Plant

Owner: EPA

Engineer: CH2M Hill

Installation of sheet pile into the Pine River followed by dewatering cells created with the sheet pile. Solidification, excavation, and disposal of 1,000,000 tons of pesticide-contaminated sediment.

Project Size: \$56,000,000 (multiple contracts awarded over 7 years)

Dates: September 1999 – December 2006

#### Training and Certifications

CFR1910.120 40-hour HazMat training and 8-hour supervisor training

Confined-space entry training

First Aid/CPR

Respiratory Protection and Personal Protective Equipment

Heavy Equipment Operator training

#### Education

B.S. in History, Oneonta State University College, Oneonta, NY

## Wayne Thompson

---

**From:** Craig Bentley [craig.bentley@nssccorp.com]  
**Sent:** Tuesday, July 22, 2014 12:45 PM  
**To:** Wayne Thompson; Doug Linebach  
**Cc:** Victoria Schopp  
**Subject:** HMP&L Wall  
**Attachments:** Bracing Plan - Proposed.pdf

Gentlemen:

Please review the attached proposed bracing plan for the Water Street wall associated with the plant. Jim McNitt, our superintendent, has reviewed the plan and approved this morning.

Please let us know if you have any questions.

### **Craig Bentley**

**Project Manager, EHS**

National Salvage & Service Corporation

P.O. Box 300

Clear Creek, IN 47426



# **NATIONAL**

Phone: 812.339.9000

Fax: 812.331.8235

**WALL BRACING PLAN**  
**HENDERSON MUNICIPAL POWER & LIGHT**  
**HENDERSON, KENTUCKY**

2014

*SUBMITTED TO:*

HMP&L  
100 FIFTH STREET  
HENDERSON, KY 42419

LINEBACH & FUNKHOUSER, INC.  
114 FAIRFAX AVENUE  
LOUISVILLE, KY 40207

*PROVIDED BY:*

NATIONAL SALVAGE & SERVICE CORP.  
P.O. BOX 300  
CLEAR CREEK, IN 47426

## 1.0 Purpose

The basement and sub-basement walls of the structure extend parallel to Water Street, and approximately 15 feet from the street's edge. The purpose of the support is to prevent potential collapse of the wall. This proposed plan illustrates how these walls shall be supported during the demolition phase of work until the void can be completely backfilled and compacted.

National Salvage (NSSC) proposes the use of compacted aggregate materials placed along the entire length of the exposed vertical walls of the basement and sub-basements. This type of reinforcement has been used successfully on several projects in the past.

## 2.0 Preparatory Work

The PCB transformers shall be drained of all oils, and associated impacted concrete will be removed before the work begins. The removal shall be performed concurrently with the asbestos abatement. In addition, all universal waste materials such as, light bulbs, ballasts, exit signs, mercury switches, thermostats, etc. will be removed.

A section of exterior wall shall be removed between the column lines, and through the ground-level floor. Removing this wall section will allow NSSC to construct a ramp (aggregates or clean crushed concrete) to the sub-basement. The ramp shall be used to remove all lower equipment components, piping and other salvageable materials.

Materials will be strategically removed with the exception of structural components: i.e. columns, beams or other structural support materials.

## 3.0 Partial Demolition

To fully and adequately access the subject walls, partial demolition will be required. This will include the removal of first/basement floor concrete slabs. This work can only be started after asbestos abatement is complete. An excavator with a muncher attachment will be used to remove concrete from the floor area. Columns and beams currently existing along the Water Street wall will remain in place, and not removed until suitable fill is in place.

The west portion of the structure, excluding the stacks, shall be systematically removed with a PC 600 excavator with a shear attachment. Using a shear allows controlled demolition. Any remaining large materials left in the basement or sub-basement will also be removed. The intent of demolishing the structure will be to leave east wall sections in place undisturbed (see attached photos). The north/south I

beams, on column line west of Water Street will need to be removed to provide additional clearance in the sub-basement.

#### **4.0 Backfill and Compaction**

Once access to the walls is accomplished, fill material shall be hauled into the sub-basement. NSSC proposes a crusher run material for fill which is easily compactable and will remain in place. The fill material shall be placed column line by column line. The sub-basement slab shall be broken to allow drainage in some of the fill areas. Other drain holes will be added in outside areas after fill has been installed.

Starting at the north wall, fill material will be placed in the sub-basement, compacted each 6 inches, and provided to create a slope of 2:1 ratio. A compaction density of 95% shall be achieved. Fill will not be placed around the column bases at this point. Fill will then be placed in the adjacent set of columns along the east (Water Street wall) column by column.

Once a column line is filled, and compaction density achieved, the vertical column(s) and horizontal beams will be removed. An operator with a cutting torch will cut through columns and beams. Using an excavator and shear attachment to remove these components could potentially disturb the installed fill. This process shall be repeated until all east wall sections have been filled to a ratio of 2:1 and adequately compacted.

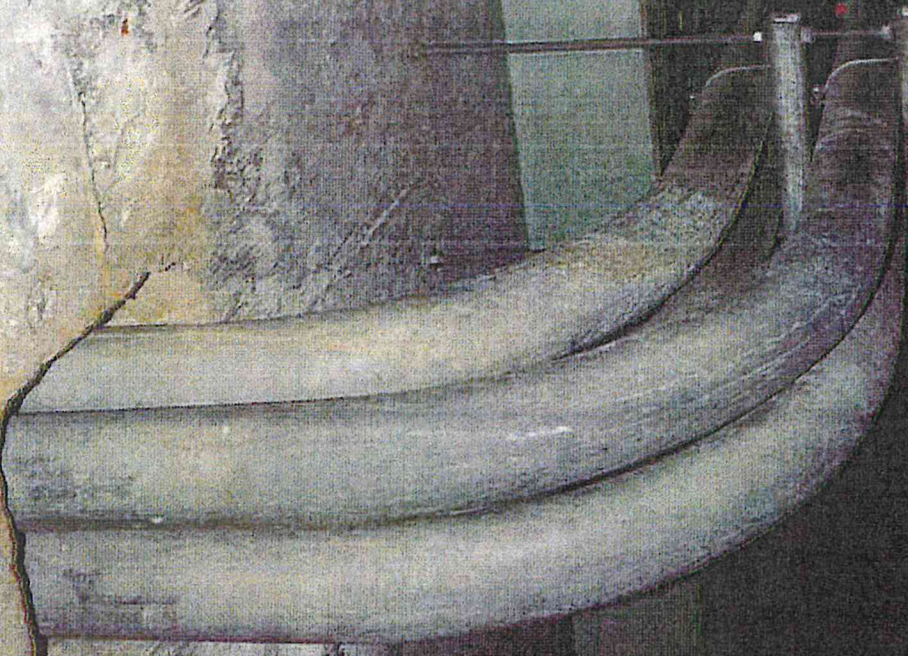
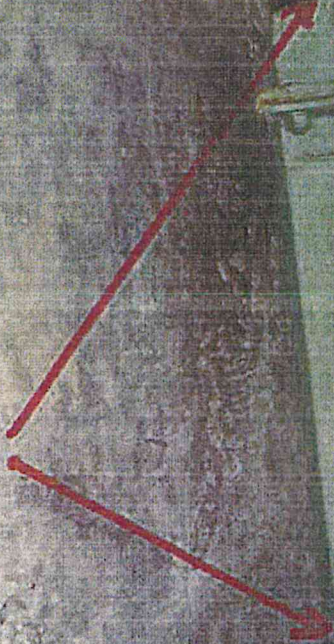
#### **5.0 Summary**

The 10 inch poured concrete wall and existing columns and beams offer adequate support of the wall. NSSC will demolish the majority of the structure without impacting the wall and associated structural supports. Once the gross structure and materials are removed, NSSC will backfill the Water Street and corners as described above.

After the fill is in place, the support structures shall be removed, remaining column areas filled, and then proceed with backfilling the remaining footprint.



To Remton (Temp)





Repair  
(Temp)



**NATIONAL SALVAGE & SERVICE CORPORATION**  
REMOVE • RECOVER • RESTORE

COMBINED FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

July 31, 2011 and 2010

**NATIONAL SALVAGE & SERVICE CORPORATION  
AND AFFILIATES**

**CONTENTS**

	<b>Page</b>
<b>COMBINED FINANCIAL STATEMENTS</b>	
Independent Auditors' Report	1
Combined Balance Sheets	2
Combined Statements of Income	3
Combined Statements of Owners' Equity	4
Combined Statements of Cash Flows	5
Notes to Combined Financial Statements	6-10
<b>COMBINING AND ADDITIONAL INFORMATION</b>	
Independent Auditors' Report	11
Combined Schedule of Uncompleted Contracts	12
Combining Schedule-Balance Sheet Information	13
Combining Schedule-Statement of Income Information	14

## *Independent Auditors' Report*

Board of Directors and Stockholders  
National Salvage & Service Corporation and Affiliates

We have audited the accompanying combined balance sheets of National Salvage & Service Corporation and Affiliates as of July 31, 2011 and 2010, and the related combined statements of income, owners' equity and cash flows for the years then ended. These combined financial statements are the responsibility of the Companies' management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of National Salvage & Service Corporation and Affiliates at July 31, 2011 and 2010, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

*Katz, Sapper & Miller, LLP*

Indianapolis, Indiana  
September 30, 2011

**NATIONAL SALVAGE & SERVICE CORPORATION AND AFFILIATES**

**COMBINED BALANCE SHEETS**

July 31, 2011 and 2010

**ASSETS**

	2011	2010
<b>CURRENT ASSETS</b>		
Cash and equivalents	\$ 770,414	\$ 763,124
Accounts receivable-contracts	2,436,123	3,731,891
Job inventories	1,189,117	2,267,898
Costs and estimated earnings in excess of billings on uncompleted contracts	184,095	47,073
Prepaid expenses and other	200,810	387,482
Total Current Assets	<u>4,780,559</u>	<u>7,197,468</u>
<b>PROPERTY AND EQUIPMENT</b>		
Land	393,225	282,515
Equipment	7,113,958	6,840,230
Transportation equipment	2,675,033	2,085,713
Buildings and leasehold improvements	2,560,678	2,529,147
Office furniture and fixtures	698,206	660,323
	<u>13,441,100</u>	<u>12,397,928</u>
Less: Accumulated depreciation	7,818,052	7,134,618
Total Property and Equipment	<u>5,623,048</u>	<u>5,263,310</u>
<b>OTHER ASSETS</b>		
Loan to related party	335,091	335,091
Real estate held for development, at cost	2,156,352	1,974,149
Deposits and other	83,545	3,820
Total Other Assets	<u>2,574,988</u>	<u>2,313,060</u>
<b>TOTAL ASSETS</b>	<u>\$12,978,595</u>	<u>\$14,773,838</u>

*See accompanying notes.*

**LIABILITIES AND OWNERS' EQUITY**

	2011	2010
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 1,102,386	\$ 1,776,143
Bank line of credit borrowings	384,259	1,740,155
Billings in excess of costs and estimated earnings on uncompleted contracts		195,086
Accrued payroll and payroll taxes	437,292	406,576
Accrued expenses	356,401	414,171
Current maturity of note payable	121,565	116,226
Total Current Liabilities	<u>2,401,903</u>	<u>4,648,357</u>
<b>NOTE PAYABLE</b>	<u>225,031</u>	<u>336,709</u>
Total Liabilities	<u>2,626,934</u>	<u>4,985,066</u>
<b>OWNERS' EQUITY</b>		
Common stock, no par value	4,005	4,005
Additional paid-in capital	1,314,858	1,314,858
Retained earnings	<u>6,356,555</u>	<u>5,746,713</u>
Members' equity	7,675,418	7,065,576
Total Owners' Equity	<u>2,676,243</u>	<u>2,723,196</u>
	<u>10,351,661</u>	<u>9,788,772</u>
 <b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	 <u>\$ 12,978,595</u>	 <u>\$ 14,773,838</u>

NATIONAL SALVAGE & SERVICE CORPORATION AND AFFILIATES

COMBINED STATEMENTS OF INCOME

Years Ended July 31, 2011 and 2010

	2011	2010
REVENUE	\$ 27,486,119	\$ 25,077,238
COST OF REVENUE	<u>20,965,602</u>	<u>18,461,012</u>
Gross Profit	6,520,517	6,616,226
GENERAL AND ADMINISTRATIVE EXPENSES	<u>4,501,107</u>	<u>4,327,800</u>
Net Operating Income	<u>2,019,410</u>	<u>2,288,426</u>
OTHER INCOME (EXPENSE)		
Interest expense	(31,250)	(29,513)
Gain on sales of equipment	416,189	24,850
Other income (expense)	7,639	(54,282)
Total Other Income (Expense)	<u>392,578</u>	<u>(58,945)</u>
NET INCOME	<u>\$ 2,411,988</u>	<u>\$ 2,229,481</u>

*See accompanying notes.*



NATIONAL SALVAGE & SERVICE CORPORATION AND AFFILIATES

COMBINED STATEMENTS OF OWNERS' EQUITY  
Years Ended July 31, 2011 and 2010

	Common Stock	Additional Paid-in Capital	Retained Earnings	Total Stockholders' Equity	Members' Equity	Total Owners' Equity
<b>BALANCE AT JULY 31, 2009</b>	\$ 4,005	\$1,314,858	\$5,513,859	\$ 6,832,722	\$2,843,944	\$ 9,676,666
Net income (loss)			2,421,757	2,421,757	(192,276)	2,229,481
Contributions from members					91,528	91,528
Distributions to stockholders and members			(2,188,903)	(2,188,903)	(20,000)	(2,208,903)
<b>BALANCE AT JULY 31, 2010</b>	4,005	1,314,858	5,746,713	7,065,576	2,723,196	9,788,772
Net income (loss)			2,458,941	2,458,941	(46,953)	2,411,988
Distributions to stockholders			(1,849,099)	(1,849,099)		(1,849,099)
<b>BALANCE AT JULY 31, 2011</b>	\$ 4,005	\$1,314,858	\$6,356,555	\$ 7,675,418	\$2,676,243	\$10,351,661

See accompanying notes.

**NATIONAL SALVAGE & SERVICE CORPORATION AND AFFILIATES**

**COMBINED STATEMENTS OF CASH FLOWS**

Years Ended July 31, 2011 and 2010

	2011	2010
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 2,411,988	\$ 2,229,481
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,051,957	983,214
Gain on sales of equipment	(416,189)	(24,850)
(Increase) decrease in certain current assets:		
Accounts receivable-contracts	1,295,768	(846,407)
Job inventories	1,078,781	(477,622)
Costs and estimated earnings in excess of billings on uncompleted contracts	(137,022)	413,756
Prepaid expenses and other	186,672	(10,226)
Increase (decrease) in certain current liabilities:		
Billings in excess of costs and estimated earnings on uncompleted contracts	(195,086)	195,086
Accounts payable and accrued expenses	(700,811)	796,751
Net Cash Provided by Operating Activities	<u>4,576,058</u>	<u>3,259,183</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds from sales of equipment	566,938	58,065
Purchases of property and equipment	(1,562,444)	(2,091,429)
Costs incurred for development of real estate	(182,203)	(623,026)
(Increase) decrease in deposits and other	(79,725)	69,335
Net Cash Used by Investing Activities	<u>(1,257,434)</u>	<u>(2,587,055)</u>
<b>FINANCING ACTIVITIES</b>		
Net proceeds (repayments) on bank line of credit	(1,355,896)	1,740,155
Principal payments on term note payable	(106,339)	(120,157)
Cash contributions from members		91,528
Cash distributions to stockholders and members	(1,849,099)	(2,208,903)
Net Cash Used by Financing Activities	<u>(3,311,334)</u>	<u>(497,377)</u>
<b>NET INCREASE IN CASH AND EQUIVALENTS</b>	7,290	174,751
<b>CASH AND EQUIVALENTS</b>		
Beginning of Year	<u>763,124</u>	<u>588,373</u>
End of Year	<u>\$ 770,414</u>	<u>\$ 763,124</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Interest paid	\$ 31,250	\$ 27,898

*See accompanying notes.*

## NATIONAL SALVAGE & SERVICE CORPORATION AND AFFILIATES

### NOTES TO COMBINED FINANCIAL STATEMENTS

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Combined Financial Statements:** The accompanying combined financial statements include the accounts of National Salvage & Service Corporation (National), its wholly-owned subsidiary, NSSX Transportation, LLC (NSSX) and its affiliates, National Environmental Services Corporation (Environmental) and NSSX Properties, LLC (Properties) (collectively, the Companies). Based in Bloomington, Indiana, these entities are under common control. All significant intercompany balances and transactions have been eliminated from the combined financial statements.

National contracts with railroad companies and other organizations for the purchase, dismantlement, and removal of railroad materials from abandoned tracks and other materials from various facilities no longer in use. National grants credit to customers who purchase the railroad ties and rails (primarily steel companies) throughout the United States. Environmental is also engaged in various other construction-type contracts, including demolition, and grants credit to customers located throughout the United States. NSSX is a transportation company providing transportation services to both National and Environmental. Properties owns real estate in Bloomington, which is leased to National and Environmental as the Companies' headquarters. Properties also owns a warehouse which it intends to develop and lease to outside parties.

**Estimates:** Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

**Revenue and Cost Recognition for Fixed Price Contracts:** The percentage-of-completion method is used to recognize revenue from construction contracts. Under this method, revenue is recognized as work on the contract progresses. Contract costs include all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, and repairs. General and administrative costs are charged to expense as incurred. Provisions for estimated losses on contracts in progress are made in the period in which such losses are determined. Changes in job performance, job conditions, and estimated profitability may result in revisions to costs and income, which are recognized in the period in which the revisions are determined. Because of the inherent uncertainties in estimating costs and revenues, it is at least reasonably possible that the estimates used will change within the near term.

Costs and estimated earned income on contracts in progress in excess of billings are included in current assets. Billings on contracts in process in excess of costs and estimated earned income are included in current liabilities.

**Purchased Contracts:** The Companies may purchase the right to dismantle a facility or length of railroad. The Companies retain the right to sell any reclaimed equipment or materials, such as railroad ties or rails. Revenue is recognized as job inventory is sold to customers. Processing costs of job inventory produced are charged to job inventory as incurred. Costs include all acquisition direct costs, material and labor and indirect costs related to inventory production including indirect labor, supplies, tools, and repairs. Additional costs are accrued for job cleaning, site restoration and demolition work when the costs become known.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Cash and Equivalents:** For purposes of the statement of cash flows, cash equivalents may include time deposits and all highly liquid debt instruments which are readily convertible to cash. The Companies maintain cash in bank accounts which may, at times, exceed federally insured limits. The Companies have not experienced any losses in such accounts.

**Receivables and Credit Policy:** Accounts receivable represents uncollateralized customer obligations for shipments of railroad or other salvaged materials as well as billings for work performed pursuant to fixed and unit price contracts and time and material jobs. The receivables for shipments of materials are stated at the amount billed and are invoiced as shipped. Customer invoices not paid by the due date, generally within 30 days, are considered past due and are investigated.

Billings for fixed and unit price contracts and time and material jobs follow contract terms, which generally dictate scheduled billing dates, payment terms and retainage amounts. In general, the Companies do not record interest on past due accounts. If required by the contract, retainage is withheld by the customer pending completion and acceptance of the job. The retainage amount varies by contract, but is generally 5% to 10% of the contract amount.

All accounts receivable are periodically reviewed for collectability by management, which provides an allowance for doubtful accounts based on this review. Accounts 90 days past due are placed with an outside collection agency. Following this, accounts are written off when determined to be uncollectible.

**Job Inventories** are valued at the lower of cost (first-in, first-out method) or market. Such inventories consist of rails, ties, locomotives and other salvageable material still in place and on hand.

**Property and Equipment** are recorded at cost and are being depreciated using both accelerated and straight-line methods. Estimated useful lives are as follows:

Equipment	3-7 years
Transportation equipment	3-5 years
Building and leasehold improvements	10-31.5 years
Office furniture and fixtures	5-7 years

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparison of the carrying amount to future net undiscounted cash flows expected to be generated by the related asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount exceeds the fair market value of the assets. To date, no adjustments to the carrying amount of long-lived assets have been required.

**Real Estate Held for Development, at Cost** include direct expenditures related to the development of the real estate, the real estate cost, and interest costs for carrying debt related to land and a warehouse purchased by Properties in April 2009. Interest costs are capitalized from the beginning of each phase until the various phases are generally available for lease, at which point depreciation will commence. Interest of \$0 and \$25,258 was capitalized in the years ended July 31, 2011 and 2010, respectively.

**Advertising Costs** are expensed as incurred and totaled \$1,037 and \$9,307 in the years ended July 31, 2011 and 2010, respectively.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes:** The stockholders have consented to National's and Environmental's elections to be taxed as S corporations under the Internal Revenue Code. The stockholders of an S Corporation are taxed on their proportionate share of the entity's taxable income. These elections are also valid for the state of Indiana. NSSX's and Properties' income, losses, credits, etc. are recognized for income tax reporting purposes by their parent or members, as applicable. Therefore, no provision or liability for income taxes has been included in the combined financial statements. Certain specific deductions and credits flow through the Companies to the stockholders and members.

The Companies file income tax returns in the U.S. federal jurisdiction and various state jurisdictions. The Companies are no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2008.

**Subsequent Events:** The Companies have evaluated their combined financial statements for subsequent events occurring through September 30, 2011, the date the combined financial statements were available to be issued.

**NOTE 2 - ACCOUNTS RECEIVABLE-CONTRACTS**

Accounts receivable-contracts consisted of the following at July 31, 2011 and 2010:

	2011	2010
Completed contracts	\$ 244,822	\$ 384,150
Contracts in progress	768,876	996,842
Retainage	21,057	232,854
Other trade accounts	1,462,291	2,178,968
Less: Allowance for doubtful accounts	<u>(60,923)</u>	<u>(60,923)</u>
Total	<u>\$2,436,123</u>	<u>\$3,731,891</u>

Accounts receivable from one major customer approximated 10% of the Companies' total accounts receivable as of July 31, 2011. Accounts receivable from two major customers approximated 26% of the Companies' total accounts receivable as of July 31, 2010. Revenue from one major customer approximated 15% and 17% of the Companies' total revenue for the years ended July 31, 2011 and 2010, respectively. The number and mix of major customers may vary each year.

**NOTE 3 - CONTRACTS**

Information with respect to uncompleted contracts at July 31, 2011 and 2010 is as follows:

	2011	2010
Fixed Price Contracts:		
Contract amounts	<u>\$12,006,504</u>	<u>\$13,244,712</u>
Costs incurred on uncompleted contracts	\$ 8,798,153	\$10,879,049
Estimated earnings	<u>1,245,031</u>	<u>1,635,326</u>
	10,043,184	12,514,375
Less: Billings to date	<u>9,859,089</u>	<u>12,662,388</u>
	<u>\$ 184,095</u>	<u>\$ (148,013)</u>

**NOTE 3 - CONTRACTS (CONTINUED)**

	2011	2010
Included in the accompanying combined balance sheets under the following captions:		
Costs and estimated earnings in excess of billings on uncompleted contracts	\$184,095	\$ 47,073
Billings in excess of costs and estimated earnings on uncompleted contracts	<u>                    </u>	<u>(195,086)</u>
Total	<u>\$184,095</u>	<u>\$(148,013)</u>

**NOTE 4 - DEBT AND CREDIT ARRANGEMENTS**

National has a bank revolving line of credit, maturing in March 2012, which provides short-term borrowings of up to \$3 million, limited to 80% of eligible accounts receivable, 40% of eligible inventory and 50% of Environmental's accounts receivable (exclusive of retainage). Interest on such borrowings is computed at the LIBOR rate plus 2.327% (2.51% at July 31, 2011). At July 31, 2011 and 2010, National had borrowings outstanding against the revolving line of credit of \$384,259 and \$1,740,155, respectively, which are secured by substantially all of the Companies' assets, the guarantees of all related companies and the personal guarantees of the stockholders. The line of credit agreement includes various financial and non-financial covenants.

At July 31, 2011 and 2010, long-term debt consisted of the following:

	2011	2010
Term note payable by Properties in monthly installments of \$11,186, including interest computed at 4.5%, through March 2014. Secured by warehouse located on South Rogers Street in Bloomington, Indiana. Guaranteed by National.	\$346,596	\$452,935
Less: Current maturities	<u>121,565</u>	<u>116,226</u>
Total Long-term Debt	<u>\$225,031</u>	<u>\$336,709</u>

At July 31, 2011, the aggregate long-term debt maturities were as follows:

Payable In Year Ending July 31,	Aggregate Debt Maturities
2012	\$121,565
2013	126,674
2014	98,357

#### NOTE 5 - OWNERS' EQUITY

Owners' equity was comprised of the following at July 31, 2011 and 2010:

	<b>Common Stock</b>	<b>Additional Paid-in Capital</b>	<b>Retained Earnings</b>		<b>Members' Equity</b>	
			<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
National	\$3,005	\$1,314,858	\$5,171,354	\$4,549,059		
Environmental	1,000		1,185,201	1,197,654		
Properties					<u>\$2,676,243</u>	<u>\$2,723,196</u>
	<u>\$4,005</u>	<u>\$1,314,858</u>	<u>\$6,356,555</u>	<u>\$5,746,713</u>	<u>\$2,676,243</u>	<u>\$2,723,196</u>

National and Environmental each have 1,000 shares of no par value common stock authorized, with 100 shares issued and outstanding.

#### NOTE 6 - RETIREMENT PLAN

The Companies sponsor a safe-harbor 401(k) retirement savings plan for all of their full-time employees who are at least 21 years of age and have attained one full year of service. The Companies may make additional discretionary contributions to the Plan. The Companies contributed \$140,282 and \$108,027 to the Plan in the years ended July 31, 2011 and 2010, respectively.

#### NOTE 7 - RELATED PARTY TRANSACTIONS

National had a loan receivable from a related party in the amount of \$335,091 at July 31, 2011 and 2010. The loan receivable is noninterest-bearing and has no stated maturity date.

#### NOTE 8 - LITIGATION

In the course of normal operations, the Companies are subject to various claims and assessments and are involved in various litigation that management intends to vigorously defend. The range of loss, if any, from these potential claims cannot be reasonably estimated. However, management believes the ultimate resolution of these matters will not have a material adverse impact on the Companies' business or their financial position.

*Independent Auditors' Report  
on Combining and Additional Information*

Board of Directors and Stockholders  
National Salvage & Service Corporation and Affiliates

Our report on our audits of the basic combined financial statements of National Salvage & Service Corporation and Affiliates for the years ended July 31, 2011 and 2010, appears on page 1. Those audits were made for the purpose of forming an opinion on the basic combined financial statements taken as a whole. The combined schedule of uncompleted contracts is presented for purposes of additional analysis and is not a required part of the basic combined financial statements. The accompanying combining information is presented for purposes of additional analysis of the basic combined financial statements rather than to present the financial position and results of operations of the individual companies and is not a required part of the basic combined financial statements. The combined schedule of uncompleted contracts and the combining information have been subjected to the auditing procedures applied in the audits of the basic combined financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic combined financial statements taken as a whole.

*Katz, Sapper & Miller, LLP*

Indianapolis, Indiana  
September 30, 2011



**NATIONAL SALVAGE & SERVICE CORPORATION AND AFFILIATES**

**COMBINED SCHEDULE OF UNCOMPLETED CONTRACTS**

**July 31, 2011**

Contract No.	Contract Name	Contract Price	Estimated Costs to Complete	Estimated Gross Profit
<b>Fixed Price Contracts</b>				
H058	NYSDEC East Ferry, Buffalo NY	\$ 9,557,494		\$ 1,190,392
541	CN Hi-Rail Scrap Ties	208,000	\$ 61,822	45,760
543	Keramida King Forge Demo	502,568	251,812	
547	Firestone Demo Noblesville IN	1,402,792	975,756	352,000
548	Pond Sediment Dpsl Ft Wayne	303,650	238,547	60,730
550	IU East 3rd & Union Demo	32,000	26,532	5,000
		<u>\$12,006,504</u>	<u>\$1,554,469</u>	<u>\$1,653,882</u>

**Other Contracts**

483	CSX RR Car Cleaning
498	Norfolk Southern Locomotives
511	New Ties Hometown Equipment
520	Duke Energy - Utility Pole
526	Misc. Brokered Ties 2011
527	Misc. Brokered Rail 2011
528	Selma 2011
529	Canadian National Change Out Ties 2011
530	NS Change Out Ties 2011
534	Boatright Ties
536	Tie Pre-plating Du Bois, PA
538	NS - Ft Wayne IN
539	American Electric Pwr - Pilot
540	O'Rourke Wrecking Goose Creek SC
544	Kiewit Constructors, Inc
545	Misc Wood Waste
546	Stella Jone Tie Pre-plating Bangor WI
549	UP Nashville, AR

Billed to Date	Total Costs Incurred to Date	Job Costs Included in Ending Inventory	Recognized Profit (Loss) to Date	Costs and Estimated Earnings in Excess of Billings	Billings in Excess of Costs and Estimated Earnings
\$ 9,510,421	\$ 8,367,102		\$ 1,190,392	\$ 47,073	
128,700	100,418		28,323	41	
210,568	250,756			40,188	
9,400	75,036		25,136	90,772	
	4,373		1,093	5,466	
	468		87	555	
<u>9,859,089</u>	<u>8,798,153</u>		<u>1,245,031</u>	<u>184,095</u>	
560,405	463,365		97,040		
2,873,532	2,770,563	\$ 277,009	379,978		
1,320,638	1,086,742	30,443	264,339		
90,486	144,188		(53,702)		
516,859	509,129	844	8,574		
323,623	283,685		39,938		
4,759,101	3,802,641	21,621	978,081		
857,416	450,914		406,502		
196,487	463,213	16,020	(250,706)		
95,117	34,501	8,033	68,649		
127,855	46,306		81,549		
172,093	970,928	792,721	(6,114)		
4,000	20,861		(16,861)		
50,220	80,880	41,407	10,747		
105,192	27,346		77,846		
75	874		(799)		
88,172	42,198		45,974		
	1,626	1,100	(526)		
<u>\$ 22,000,360</u>	<u>\$ 19,998,113</u>	<u>\$ 1,189,197</u>	<u>\$ 3,375,539</u>	<u>\$ 184,095</u>	<u>\$ -</u>

**NATIONAL SALVAGE & SERVICE CORPORATION AND AFFILIATES**

**COMBINING SCHEDULE-BALANCE SHEET INFORMATION**

**July 31, 2011**

(With Comparative Combined Amounts at July 31, 2010)

**ASSETS**

	National and Subsidiary	Environmental	Properties
<b>CURRENT ASSETS</b>			
Cash and equivalents	\$ 551,071	\$ 173,740	\$ 45,603
Accounts receivable-contracts	2,366,123	70,000	
Job inventories	1,189,117		
Costs and estimated earnings in excess of billings on uncompleted contracts	137,022	47,073	
Prepaid expenses and other	200,785	25	
Total Current Assets	<u>4,444,118</u>	<u>290,838</u>	<u>45,603</u>
<b>PROPERTY AND EQUIPMENT</b>			
Land	7,500		385,725
Equipment	7,113,958		
Transportation equipment	2,675,033		
Buildings and leasehold improvements	560,245		2,000,433
Office furniture and fixtures	600,131		98,075
	<u>10,956,867</u>		<u>2,484,233</u>
Less: Accumulated depreciation	7,355,746		462,306
Total Property and Equipment	<u>3,601,121</u>		<u>2,021,927</u>
<b>OTHER ASSETS</b>			
Loan to related party	568,503	893,639	
Real estate held for development, at cost			2,156,352
Deposits and other	82,895		650
Total Other Assets	<u>651,398</u>	<u>893,639</u>	<u>2,157,002</u>
<b>TOTAL ASSETS</b>	<u>\$ 8,696,637</u>	<u>\$ 1,184,477</u>	<u>\$ 4,224,532</u>

**LIABILITIES AND OWNERS' EQUITY**

<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 1,076,741		\$ 25,645
Bank line of credit borrowings	384,259		
Accounts payable-related companies			1,127,051
Billings in excess of costs and estimated earnings on uncompleted contracts			
Accrued payroll and payroll taxes	439,073	\$ (1,781)	
Accrued expenses	307,347	57	48,997
Current maturity of note payable			121,565
Total Current Liabilities	<u>2,207,420</u>	<u>(1,724)</u>	<u>1,323,258</u>
<b>NOTE PAYABLE</b>			
Total Liabilities	<u>2,207,420</u>	<u>(1,724)</u>	<u>1,548,289</u>
<b>OWNERS' EQUITY</b>			
Common stock, no par value	3,005	1,000	
Additional paid-in capital	1,314,858		
Retained earnings	5,171,354	1,185,201	
Members' equity			2,676,243
Total Owners' Equity	<u>6,489,217</u>	<u>1,186,201</u>	<u>2,676,243</u>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<u>\$ 8,696,637</u>	<u>\$ 1,184,477</u>	<u>\$ 4,224,532</u>

Eliminations	2011 Combined	2010 Combined
	\$ 770,414	\$ 763,124
	2,436,123	3,731,891
	1,189,117	2,267,898
	184,095	47,073
	200,810	387,482
	<u>4,780,559</u>	<u>7,197,468</u>
	393,225	282,515
	7,113,958	6,840,230
	2,675,033	2,085,713
	2,560,678	2,529,147
	698,206	660,323
	<u>13,441,100</u>	<u>12,397,928</u>
	7,818,052	7,134,618
	<u>5,623,048</u>	<u>5,263,310</u>
\$ (1,127,051)	335,091	335,091
	2,156,352	1,974,149
	83,545	3,820
<u>(1,127,051)</u>	<u>2,574,988</u>	<u>2,313,060</u>
<u>\$ (1,127,051)</u>	<u>\$ 12,978,595</u>	<u>\$ 14,773,838</u>
	\$ 1,102,386	\$ 1,776,143
\$ (1,127,051)	384,259	1,740,155
		195,086
	437,292	406,576
	356,401	414,171
	121,565	116,226
<u>(1,127,051)</u>	<u>2,401,903</u>	<u>4,648,357</u>
	225,031	336,709
<u>(1,127,051)</u>	<u>2,626,934</u>	<u>4,985,066</u>
	4,005	4,005
	1,314,858	1,314,858
	6,356,555	5,746,713
	2,676,243	2,723,196
	<u>10,351,661</u>	<u>9,788,772</u>
<u>\$ (1,127,051)</u>	<u>\$ 12,978,595</u>	<u>\$ 14,773,838</u>

**NATIONAL SALVAGE & SERVICE CORPORATION AND AFFILIATES**

**COMBINING SCHEDULE-STATEMENT OF INCOME INFORMATION**

**Year Ended July 31, 2011**

**(With Comparative Combined Amounts for Year Ended July 31, 2010)**

	National and Subsidiary	Environmental	Properties
<b>REVENUE</b>	\$ 30,864,931		\$ 182,040
<b>COST OF REVENUE</b>	<u>24,215,835</u>		<u>128,579</u>
Gross Profit	6,649,096		53,461
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	<u>4,570,191</u>	<u>\$ 12,542</u>	<u>100,414</u>
Net Operating Income (Loss)	<u>2,078,905</u>	<u>(12,542)</u>	<u>(46,953)</u>
<b>OTHER INCOME (EXPENSE)</b>			
Interest expense	(31,215)	(35)	
Gain on sales of equipment	416,189		
Other income (expense)	7,639		
Total Other Income (Expense)	<u>392,613</u>	<u>(35)</u>	
<b>NET INCOME (LOSS)</b>	<u><u>\$ 2,471,518</u></u>	<u><u>\$ (12,577)</u></u>	<u><u>\$ (46,953)</u></u>

Eliminations	2011 Combined	2010 Combined
\$ (3,560,852)	\$ 27,486,119	\$ 25,077,238
<u>(3,378,812)</u>	<u>20,965,602</u>	<u>18,461,012</u>
(182,040)	6,520,517	6,616,226
<u>(182,040)</u>	<u>4,501,107</u>	<u>4,327,800</u>
	<u>2,019,410</u>	<u>2,288,426</u>
	(31,250)	(29,513)
	416,189	24,850
	7,639	(54,282)
	<u>392,578</u>	<u>(58,945)</u>
	<u>\$ 2,411,988</u>	<u>\$ 2,229,481</u>

# TOBIAS

INSURANCE GROUP, INC.

INSURANCE ■ SELF INSURANCE ■ RISK MANAGEMENT ■ EMPLOYEE BENEFITS ■ SURETY

June 28, 2012

Ms. Dawn VanArsdale  
National Salvage & Service Corp.  
P. O. Box 300  
Clear Creek, IN 47426

Re: Workers Compensation Coverage  
Experience Modification Rate (EMR)

Dear Dawn:

As requested, following are the Workers Compensation Experience Modification Rates (EMRs) applicable for National Salvage & Service Corp. for the current and past three years:

<u>EFFECTIVE DATE</u>	<u>INSURANCE COMPANY</u>	<u>POLICY NUMBER</u>	<u>EMR</u>
7/1/2012	Zurich American Insurance Company	WC931065101	0.92
7/1/2011	Zurich American Insurance Company	WC931065100	0.93
7/1/2010	Zurich American Insurance Company	WC491584308	1.18
7/1/2009	Zurich American Insurance Company	WC491584307	0.99

Note that the above represents an Inter-State Modification Factor and applies to all States that subscribe to the NCCI (National Council on Compensation Insurance).

Please contact our office if you have any questions.

Sincerely,

TOBIAS INSURANCE GROUP, INC.

Cliff Buchman  
([cbuchman@tobias.com](mailto:cbuchman@tobias.com))

**SENT VIA E-MAIL ONLY**

## Wayne Thompson

---

**From:** Craig Bentley [craig.bentley@nssccorp.com]  
**Sent:** Tuesday, July 22, 2014 6:57 AM  
**To:** Doug Linebach  
**Cc:** Wayne Thompson  
**Subject:** RE: Henderson Municipal Power and Light  
**Attachments:** FS 2011 - 2010.pdf; FS 2012 - 2013.pdf

Doug:

Our financial statements are attached for your review. I will have the Bracing Plan to you yet today. The plan is currently being reviewed by Jim McNitt and Curtis.

### Craig Bentley

Project Manager, EHS  
National Salvage & Service Corporation  
P.O. Box 300  
Clear Creek, IN 47426



Phone: 812.339.9000  
Fax: 812.331.8235

---

**From:** Doug Linebach [<mailto:dlinebach@lfienv.com>]  
**Sent:** Friday, July 18, 2014 4:40 PM  
**To:** Victoria Schopp; Craig Bentley  
**Cc:** Charles Leachman  
**Subject:** Henderson Municipal Power and Light

Hi Victoria and Craig,

I am following up regarding the additional information that was requested during the interview on Tuesday – primarily the financial statement and the plan for securing the wall along Water Street. When do you anticipate having the information together? We would like to keep the process moving along quickly. Please also copy Charles, as I will be out of town all of next week.

Thanks and we look forward to the receiving the information. Doug.

*Doug Linebach*  
Linebach Funkhouser, Inc.  
114 Fairfax Avenue  
Louisville, Kentucky 40207  
(502) 895-5009 Office  
(502) 721-5700 Direct  
[dlinebach@lfienv.com](mailto:dlinebach@lfienv.com)  
[www.linebachfunkhouser.com](http://www.linebachfunkhouser.com)





**NATIONAL SALVAGE & SERVICE CORPORATION**  
REMOVE • RECOVER • RESTORE

COMBINED FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

July 31, 2013 and 2012

# NATIONAL SALVAGE & SERVICE CORPORATION AND AFFILIATES

## CONTENTS

	<b>Page</b>
<b>COMBINED FINANCIAL STATEMENTS</b>	
Independent Auditors' Report	1-2
Combined Balance Sheets	3
Combined Statements of Operations	4
Combined Statements of Owners' Equity	5
Combined Statements of Cash Flows	6
Notes to Combined Financial Statements	7-12
<b>SUPPLEMENTARY INFORMATION</b>	
Independent Auditors' Report	13
Combined Schedule of Uncompleted Contracts	14
Combining Schedule - Balance Sheet Information	15
Combining Schedule - Statement of Operations Information	16



Our People: Your Success

## *Independent Auditors' Report*

Board of Directors and Stockholders  
National Salvage & Service Corporation and Affiliates

We have audited the accompanying combined financial statements of National Salvage & Service Corporation and Affiliates, which comprise the combined balance sheets as of July 31, 2013 and 2012, and the related combined statements of operations, owners' equity, and cash flows for the years then ended, and the related notes to the combined financial statements.

### ***Management's Responsibility for the Combined Financial Statements***

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of National Salvage & Service Corporation and Affiliates as of July 31, 2013 and 2012, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

*Katz, Agnew & Miller, LLP*

Indianapolis, Indiana  
November 21, 2013

**NATIONAL SALVAGE & SERVICE CORPORATION AND AFFILIATES**

**COMBINED BALANCE SHEETS  
July 31, 2013 and 2012**

**ASSETS**

	<b>2013</b>	<b>2012</b>
<b>CURRENT ASSETS</b>		
Cash and equivalents	\$ 1,036,863	\$ 1,675,120
Accounts receivable - contracts	3,313,676	3,606,828
Job inventories	3,641,336	4,690,553
Costs and estimated earnings in excess of billings on uncompleted contracts	2,448,414	1,065,947
Stockholder advances		476,106
Prepaid expenses and other	208,346	396,784
Total Current Assets	<u>10,648,635</u>	<u>11,911,338</u>
<b>PROPERTY AND EQUIPMENT</b>		
Land	1,058,667	554,900
Equipment	10,073,989	9,443,410
Transportation equipment	6,852,591	5,236,942
Buildings and leasehold improvements	2,820,385	2,816,135
Office furniture and fixtures	1,087,599	961,816
Construction in progress	456,035	1,115,152
	<u>22,349,266</u>	<u>20,128,355</u>
Less: Accumulated depreciation	9,874,427	9,036,674
Total Property and Equipment	<u>12,474,839</u>	<u>11,091,681</u>
<b>OTHER ASSETS</b>		
Loans to related parties	549,585	335,091
Real estate held for development, at cost		2,747,234
Deposits and other	37,532	37,532
Total Other Assets	<u>587,117</u>	<u>3,119,857</u>
<b>TOTAL ASSETS</b>	<u>\$ 23,710,591</u>	<u>\$ 26,122,876</u>

See accompanying notes.

## LIABILITIES AND OWNERS' EQUITY

	2013	2012
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 3,218,067	\$ 5,580,861
Bank line of credit borrowings	3,200,000	2,500,000
Billings in excess of costs and estimated earnings on uncompleted contracts	375,593	203,811
Accrued payroll and payroll taxes	417,841	573,805
Accrued expenses	600,091	369,474
Current maturities of notes payable	1,481,664	980,660
Total Current Liabilities	<u>9,293,256</u>	<u>10,208,611</u>
<b>NOTES PAYABLE</b>	<u>5,473,293</u>	<u>5,510,226</u>
Total Liabilities	<u>14,766,549</u>	<u>15,718,837</u>
<b>OWNERS' EQUITY</b>		
Common stock, no par value	4,005	4,005
Additional paid-in capital	3,652,215	1,534,858
Retained earnings	<u>5,355,159</u>	<u>6,202,138</u>
	9,011,379	7,741,001
Members' equity (deficit)	<u>(67,337)</u>	<u>2,663,038</u>
Total Owners' Equity	<u>8,944,042</u>	<u>10,404,039</u>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<u><u>\$ 23,710,591</u></u>	<u><u>\$ 26,122,876</u></u>

**NATIONAL SALVAGE & SERVICE CORPORATION AND AFFILIATES**

**COMBINED STATEMENTS OF OPERATIONS**  
**Years Ended July 31, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b>REVENUE</b>	\$ 52,846,250	\$ 39,662,693
<b>COST OF REVENUE</b>	<u>46,988,089</u>	<u>32,248,022</u>
Gross Profit	5,858,161	7,414,671
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	<u>6,735,966</u>	<u>6,832,523</u>
Net Operating Income (Loss)	<u>(877,805)</u>	<u>582,148</u>
<b>OTHER INCOME (EXPENSE)</b>		
Interest expense	(244,514)	(130,455)
Gain on sales of equipment	797,780	76,450
Other	12,331	16,108
Total Other Income (Expense)	<u>565,597</u>	<u>(37,897)</u>
<b>NET INCOME (LOSS)</b>	<u>\$ (312,208)</u>	<u>\$ 544,251</u>

See accompanying notes.

**NATIONAL SALVAGE & SERVICE CORPORATION AND AFFILIATES**

**COMBINED STATEMENTS OF OWNERS' EQUITY**  
**Years Ended July 31, 2013 and 2012**

	Common Stock	Additional Paid-in Capital	Retained Earnings	Total Stockholders' Equity	Members' Equity (Deficit)	Total Owners' Equity
<b>BALANCE AT JULY 31, 2011</b>	\$ 4,005	\$ 1,314,858	\$ 6,356,555	\$ 7,675,418	\$ 2,676,243	\$ 10,351,661
Net income (loss)			557,456	557,456	(13,205)	544,251
Contributions by stockholders		220,000		220,000		220,000
Distributions to stockholders			<u>(711,873)</u>	<u>(711,873)</u>		<u>(711,873)</u>
<b>BALANCE AT JULY 31, 2012</b>	4,005	1,534,858	6,202,138	7,741,001	2,663,038	10,404,039
Net loss			(246,979)	(246,979)	(65,229)	(312,208)
Contributions by stockholders		2,117,357		2,117,357		2,117,357
Distributions of real estate to members					(2,665,146)	(2,665,146)
Distributions to stockholders			<u>(600,000)</u>	<u>(600,000)</u>		<u>(600,000)</u>
<b>BALANCE AT JULY 31, 2013</b>	<u>\$ 4,005</u>	<u>\$ 3,652,215</u>	<u>\$ 5,355,159</u>	<u>\$ 9,011,379</u>	<u>\$ (67,337)</u>	<u>\$ 8,944,042</u>

See accompanying notes.



## NATIONAL SALVAGE & SERVICE CORPORATION AND AFFILIATES

### COMBINED STATEMENTS OF CASH FLOWS Years Ended July 31, 2013 and 2012

	2013	2012
<b>OPERATING ACTIVITIES</b>		
Net income (loss)	\$ (312,208)	\$ 544,251
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation	2,524,488	1,508,745
Gain on sales of equipment	(797,780)	(76,450)
(Increase) decrease in certain current assets:		
Accounts receivable - contracts	293,152	(1,170,705)
Job inventories	1,049,217	(3,501,436)
Costs and estimated earnings in excess of billings on uncompleted contracts	(1,382,467)	(881,852)
Prepaid expenses and other	188,438	(229,833)
Increase (decrease) in certain current liabilities:		
Billings in excess of costs and estimated earnings on uncompleted contracts	171,782	203,811
Accounts payable and accrued expenses	(2,288,141)	4,628,061
Net Cash Provided (Used) by Operating Activities	<u>(553,519)</u>	<u>1,024,592</u>
<b>INVESTING ACTIVITIES</b>		
Net (Increase) decrease in advances to stockholders	476,106	(442,247)
Proceeds from sales of equipment	888,120	87,160
Purchases of property and equipment	(2,170,510)	(716,999)
Costs incurred for development of real estate	(14,988)	(590,882)
Decrease in deposits and other		46,013
Net Cash Used by Investing Activities	<u>(821,272)</u>	<u>(1,616,955)</u>
<b>FINANCING ACTIVITIES</b>		
Net proceeds on bank line of credit	700,000	2,115,741
Net repayments on term notes payable	(1,266,329)	(126,799)
Net advances to related parties	(214,494)	
Cash contributions from stockholders	2,117,357	220,000
Cash distributions to stockholders	(600,000)	(711,873)
Net Cash Provided by Financing Activities	<u>736,534</u>	<u>1,497,069</u>
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	(638,257)	904,706
<b>CASH AND EQUIVALENTS</b>		
Beginning of Year	<u>1,675,120</u>	<u>770,414</u>
End of Year	<u>\$ 1,036,863</u>	<u>\$ 1,675,120</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Interest paid	\$ 237,934	\$ 123,875
Noncash investing and financing activities:		
Property and equipment acquired with notes payable	1,730,400	6,271,089
Distribution of real estate held for investment to members	2,665,146	

See accompanying notes.

# NATIONAL SALVAGE & SERVICE CORPORATION AND AFFILIATES

## NOTES TO COMBINED FINANCIAL STATEMENTS

July 31, 2013 and 2012

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Combined Financial Statements:** The accompanying combined financial statements include the accounts of National Salvage & Service Corporation (National), its wholly-owned subsidiary, NSSX Transportation, LLC (NSSX) and its affiliates, National Environmental Services Corporation (Environmental) and NSSX Properties, LLC (Properties) (collectively, the Companies). Based in Bloomington, Indiana, these entities are under common control. All significant intra-entity balances and transactions have been eliminated from the combined financial statements.

National contracts with railroad companies and other organizations for the purchase, dismantlement, and removal of railroad materials from abandoned tracks and other materials from various facilities no longer in use. National grants credit to railroad companies and customers who purchase the railroad ties and rails (primarily steel companies) throughout the United States. Environmental is also engaged in various other construction-type contracts, including demolition, and grants credit to customers located throughout the United States. NSSX is a transportation company providing transportation services to both National and Environmental. Properties owns real estate in Bloomington, which is leased to National and Environmental as the Companies' headquarters. Properties owned a warehouse in Bloomington, which certain space was leased to not-for-profit groups. The warehouse was distributed to the members during 2013. See Note 4.

**Estimates:** Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could vary from those estimates.

**Revenue and Cost Recognition for Fixed Price Contracts:** The percentage-of-completion method is used to recognize revenue from construction contracts. Under this method, revenue is recognized as work on the contract progresses. Contract costs include all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, and repairs. General and administrative costs are charged to expense as incurred. Provisions for estimated losses on contracts in progress are made in the period in which such losses are determined. Changes in job performance, job conditions, and estimated profitability may result in revisions to costs and income, which are recognized in the period in which the revisions are determined. Because of the inherent uncertainties in estimating costs and revenues, it is at least reasonably possible that the estimates used will change within the near term.

Costs and estimated earned income on contracts in progress in excess of billings are included in current assets. Billings on contracts in process in excess of costs and estimated earned income are included in current liabilities.

**Revenue and Cost Recognition for Other Contracts:** The Companies may purchase the right or enter into a contract to dismantle a facility or length of railroad. The Companies retain the right to sell any reclaimed equipment or materials, such as railroad ties, rails, scrap metal and machinery. Revenue is typically recognized as job inventory is sold to customers. Processing and reclamation costs of job inventory produced are charged to job inventory as incurred. Costs include all acquisition direct costs, material and labor and indirect costs related to inventory production including indirect labor, supplies, tools, and repairs. Additional costs are accrued for job cleaning, site restoration and demolition work when the costs become known. If the terms of the contract require additional revenue from the owner of the railroad or facility, this revenue is recognized using the percentage-of-completion method.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Equivalents:** For purposes of the statement of cash flows, cash equivalents may include time deposits and all highly liquid debt instruments which are readily convertible to cash. The Companies maintain cash in bank accounts which may, at times, exceed federally insured limits. The Companies have not experienced any losses in such accounts.

**Receivables and Credit Policy:** Accounts receivable represents uncollateralized customer obligations for shipments of railroad or other salvaged materials as well as billings for work performed pursuant to fixed and other contracts and time and material jobs. The receivables for shipments of materials are stated at the amount billed and are invoiced as shipped. Customer invoices not paid by the due date, generally within 30 days, are considered past due and are investigated.

Billings for fixed and other contracts and time and material jobs follow contract terms, which generally dictate scheduled billing dates, payment terms and retainage amounts. In general, the Companies do not record interest on past due accounts. If required by the contract, retainage is withheld by the customer pending completion and acceptance of the job. The retainage amount varies by contract, but is generally 5% to 10% of the contract amount.

All accounts receivable are periodically reviewed for collectability by management, which provides an allowance for doubtful accounts based on this review. Accounts 90 days past due are placed with an outside collection agency. Following this, accounts are written off when determined to be uncollectible.

**Job Inventories** are valued at the lower of cost (first-in, first-out method) or market. Such inventories consist of rails, ties, locomotives and other salvageable material still in place and on hand.

**Property and Equipment** are recorded at cost and are being depreciated using both accelerated and straight-line methods. Estimated useful lives are as follows:

Equipment	3-7 years
Transportation equipment	3-5 years
Building and leasehold improvements	10-31.5 years
Office furniture and fixtures	5-7 years

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparison of the carrying amount to future net undiscounted cash flows expected to be generated by the related asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount exceeds the fair market value of the assets. To date, no adjustments to the carrying amount of long-lived assets have been required.

**Real Estate Held for Development** included direct expenditures related to the development of the real estate, the real estate cost, and interest costs on debt directly related to land and a warehouse purchased by Properties in April 2009. Interest costs were capitalized at the beginning of each phase until the various phases were generally available for lease, at which point depreciation would commence. No interest was capitalized in the years ended July 31, 2013 and 2012. The land and warehouse were distributed to the members during 2013. The ownership interest was subsequently donated to a 501c(3) entity. See Note 4.

**Advertising Costs** are expensed as incurred and totaled \$31,189 and \$10,018 in the years ended July 31, 2013 and 2012, respectively.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes:** The stockholders have consented to National's and Environmental's elections to be taxed as S corporations under the Internal Revenue Code. The stockholders of an S Corporation are taxed on their proportionate share of the entity's taxable income. These elections are also valid for the state of Indiana. NSSX's and Properties' income, losses, and credits, etc. are recognized for income tax reporting purposes by their parent or members, as applicable. Therefore, no provision or liability for income taxes has been included in the combined financial statements. Certain specific deductions and credits flow through the Companies to the stockholders and members.

The Companies file income tax returns in the U.S. federal jurisdiction and various state jurisdictions. The Companies are no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2010.

**Subsequent Events:** The Companies have evaluated the combined financial statements for subsequent events occurring through November 21, 2013, the date the combined financial statements were available to be issued.

**NOTE 2 - ACCOUNTS RECEIVABLE - CONTRACTS**

Accounts receivable - contracts consisted of the following at July 31, 2013 and 2012:

	2013	2012
Completed contracts		\$ 11,025
Contracts in progress	\$ 184,887	48,004
Retainage	303,795	2,527
Other trade accounts	2,885,917	3,606,195
Less: Allowance for doubtful accounts	<u>(60,923)</u>	<u>(60,923)</u>
Total	<u>\$3,313,676</u>	<u>\$3,606,828</u>

Accounts receivable from three major customers approximated 40% of the Companies' total accounts receivable at July 31, 2013. Accounts receivable from one major customer approximated 15% of the Companies' total accounts receivable at July 31, 2012. Revenue from one major customer approximated 22% and 18% of the Companies' total revenue for the years ended July 31, 2013 and 2012, respectively. The number and mix of major customers may vary each year.

### NOTE 3 - CONTRACTS

Information with respect to uncompleted contracts at July 31, 2013 and 2012 is as follows:

	2013	2012
Fixed Price Contracts:		
Contract amounts	<u>\$12,602,357</u>	<u>\$18,534,792</u>
Costs incurred on uncompleted contracts	\$ 9,998,496	\$10,503,546
Estimated earnings (loss)	<u>(1,626,100)</u>	<u>2,024,015</u>
	8,372,396	12,527,561
Less: Billings to date	<u>6,470,453</u>	<u>12,066,420</u>
	1,901,943	461,141
Net under billings on other contracts	<u>170,878</u>	<u>400,995</u>
	<u>\$ 2,072,821</u>	<u>\$ 862,136</u>

Included in the accompanying combined balance sheets under the following captions:

Costs and estimated earnings in excess of billings on uncompleted contracts	\$ 2,448,414	\$ 1,065,947
Billings in excess of costs and estimated earnings on uncompleted contracts	<u>(375,593)</u>	<u>(203,811)</u>
Total	<u>\$ 2,072,821</u>	<u>\$ 862,136</u>

### NOTE 4 - DEBT AND CREDIT ARRANGEMENTS

National has a bank revolving line of credit, maturing in January 2014, which provides short-term borrowings of up to \$4 million, limited to 80% of eligible accounts receivable, 40% of eligible inventory and 50% of Environmental's accounts receivable (exclusive of retainage). Interest on such borrowings is computed at the LIBOR rate plus 3.0% (3.19% at July 31, 2013). At July 31, 2013 and 2012, National had borrowings outstanding against the revolving line of credit of \$3,200,000 and \$2,500,000, respectively, which are secured by substantially all of the Companies' assets, the guarantees of all related companies and the personal guarantees of the stockholders. The line of credit agreement includes various financial and non-financial covenants.

At July 31, 2013 and 2012, long-term debt consisted of the following:

	2013	2012
Term note payable by Properties in monthly installments of \$11,186, including interest computed at 4.5%, through April 2014. The note was secured by a warehouse located on South Rogers Street in Bloomington, Indiana. The warehouse was distributed to the members during 2013 with approval of the mortgage holder. The balance is guaranteed by National.	\$ 98,810	\$ 225,485

**NOTE 4 - DEBT AND CREDIT ARRANGEMENTS (CONTINUED)**

	2013	2012
Term note payable by National in monthly installments of \$28,840 including interest computed at the LIBOR rate plus 2.5% (2.69% at July 31, 2013), through September 5, 2017. Secured by equipment.	\$1,441,750	
Capital expenditure notes payable to bank by National in monthly interest only payments computed at the LIBOR rate plus 2.5% (2.69% at July 31, 2013). The notes are payable in aggregate monthly installments to fully amortize principal and interest through September 12, 2017. Secured by equipment.	4,210,263	\$4,996,807
Capital expenditure note payable to bank by Properties in monthly interest only payments computed at the LIBOR rate plus 2.5% (2.69% at July 31, 2013). The note is payable in monthly installments to fully amortize principal and interest through June 12, 2017, when a balloon payment of the remaining balance is due. Secured by equipment.	<u>1,204,134</u>	<u>1,268,594</u>
Less: Current maturities	<u>6,954,957</u>	<u>6,490,886</u>
	<u>1,481,664</u>	<u>980,660</u>
Total Long-term Debt	<u>\$5,473,293</u>	<u>\$5,510,226</u>

At July 31, 2013, the aggregate long-term debt maturities in each of the next five years were as follows:

Payable In Year Ending July 31,	Aggregate Debt Maturities
2014	\$1,481,664
2015	1,411,690
2016	1,441,329
2017	2,377,539
2018	242,735

**NOTE 5 - OWNERS' EQUITY**

Owners' equity was comprised of the following at July 31, 2013 and 2012:

	Common Stock	Additional Paid-in Capital		Retained Earnings		Members' Equity (Deficit)	
		2013	2012	2013	2012	2013	2012
National	\$3,005	\$3,652,215	\$1,534,858	\$4,627,911	\$4,938,641		
Environmental Properties	1,000			727,248	1,263,497		
	<u>\$4,005</u>	<u>\$3,652,215</u>	<u>\$1,534,858</u>	<u>\$5,355,159</u>	<u>\$6,202,138</u>	<u>\$(67,337)</u>	<u>\$2,663,038</u>

National and Environmental each have 1,000 shares of no par value common stock authorized, with 100 shares issued and outstanding.

The Companies distributed to members the warehouse recorded as real estate held for development on the combined financial statements. This was recorded as a noncash distribution on the combined financial statements during 2013.

**NOTE 6 - RETIREMENT PLAN**

The Companies sponsor a safe-harbor 401(k) retirement savings plan for all of their full-time employees who are at least 21 years of age and have attained one full year of service. The Companies may make additional discretionary contributions to the Plan. The Companies contributed \$235,137 and \$159,546 to the Plan in the years ended July 31, 2013 and 2012, respectively.

**NOTE 7 - RELATED PARTY TRANSACTIONS**

National had loans receivable from related parties in the amount of \$549,585 and \$335,091 at July 31, 2013 and 2012, respectively. National had a stockholder advance of \$476,106 at July 31, 2012. The loans receivable and stockholder advances are noninterest-bearing and have no stated maturity date.

**NOTE 8 - LITIGATION**

In the course of normal operations, the Companies are subject to various claims and assessments and are involved in various litigation that management intends to vigorously defend. The range of loss, if any, from these potential claims cannot be reasonably estimated. However, management believes the ultimate resolution of these matters will not have a material adverse impact on the Companies' business or their financial position.

**SUPPLEMENTARY INFORMATION**





Our People: Your Success

*Independent Auditors' Report  
on Supplementary Information*

Board of Directors and Stockholders  
National Salvage & Service Corporation and Affiliates

We have audited the combined financial statements of National Salvage & Service Corporation and Affiliates as of and for the years ended July 31, 2013 and 2012, and our report thereon dated November 21, 2013, which contained an unmodified opinion on those combined financial statements, appears on pages 1 and 2. Our audits were performed for the purpose of forming an opinion on the combined financial statements as a whole. The combining schedules of balance sheet and statement of operations information and combined schedule of uncompleted contracts are presented for the purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

*Katz, Sapper & Miller, LLP*

Indianapolis, Indiana  
November 21, 2013

**NATIONAL SALVAGE & SERVICE CORPORATION AND AFFILIATES**  
**COMBINED SCHEDULE OF UNCOMPLETED CONTRACTS**  
**July 31, 2013**

Contract No.	Contract Name	Contract Price	Estimated Costs to Complete	Estimated Gross Profit (Loss)
<b>Fixed Price Contracts</b>				
574	Kings Park Demo - Long Island, NY	\$ 6,835,357		\$ (1,705,870)
595	VA E&P North Branch	5,000,000	\$ 3,702,668	
613	Norfolk Southern Precipitator Demo - Roanoke, VA	597,000	239,230	200,000
620	WWTP Demo - Bedford, IN	170,000	147,833	20,000
		<u>\$ 12,602,357</u>	<u>\$ 4,089,731</u>	<u>\$ (1,485,870)</u>

**Other Contracts**

555	CSX Change Out Ties 2012 Contract Work
570	BNSF Change Out Ties 2012
584	Frontier Communication Utility Poles
585	UP Lake Charles, LA
592	CSX Change Out Program 2013
597	Selma 2013
598	Miscellaneous Brokered Ties
599	NS Change Out Ties 2013
600	Miscellaneous Brokered Rail
601	Duke Energy Utility Poles 2013
608	Duke Energy Poles NC/SC 2013
602	New Tie Sales 2013
603	Goldsboro Tie Processing Plant 2013
604	Canadian National 2013
605	Canadian National Hi-Rail 2013
606	Miscellaneous Wood Waste 2013
607	American Electric Power 2013
610	CN Wisconsin 2013
612	CSX Hanover, MD
614	MRC Mitchell Rapid City, SD
615	AEP Texas
616	Norfolk Southern - Pineville, WV
617	Norfolk Southern Anniston, AL
618	OK Gas & Electric 2013
622	AEP Western OH

Billed to Date	Total Costs Incurred to Date	Job Costs Included in Ending Inventory	Recognized Profit (Loss) to Date	Costs and Estimated Earnings in Excess of Billings	Billings in Excess of Costs and Estimated Earnings
\$ 6,363,953	\$ 8,541,227		\$ (1,705,870)	\$ 471,404	
60,000	1,297,332			1,237,332	
46,500	157,770		79,481	190,751	
	2,167		289	2,456	
<u>6,470,453</u>	<u>9,998,496</u>		<u>(1,626,100)</u>	<u>1,901,943</u>	
19,133,858	11,347,961	\$ 745,824	8,212,356		\$ 319,365
1,572,236	756,769	177,965	937,204		56,228
39,894	18,899		20,995		
40,449	54,118		(13,669)		
4,895,311	3,661,769	2,044,925	3,824,938	546,471	
3,859,809	2,722,741	31,764	1,168,832		
5,600	5,600	1,774	1,774		
76	180,155	28,353	(151,726)		
43,355		180	43,535		
531,823	442,751		89,072		
532,296	338,679		193,617		
3,782,191	3,485,367	16,158	312,982		
3,556,647	3,376,382	92,234	272,499		
622,557	325,640	4,159	301,076		
380,250	285,501		94,749		
40,736	40,452		284		
63,028	42,746		20,282		
247,000	190,054		56,946		
153,868	118,617		35,251		
	33,650		(33,650)		
68,468	30,212		38,256		
	236,999	236,999			
	261,000	261,000			
	12,350		(12,350)		
	2,819		(2,819)		
<u>\$ 46,039,905</u>	<u>\$ 37,969,727</u>	<u>\$ 3,641,335</u>	<u>\$ 13,784,333</u>	<u>\$ 2,448,414</u>	<u>\$ 375,593</u>

**NATIONAL SALVAGE & SERVICE CORPORATION AND AFFILIATES**

**COMBINING SCHEDULE - BALANCE SHEET INFORMATION**

**July 31, 2013**

**(With Comparative Combined Amounts at July 31, 2012)**

**ASSETS**

	<b>National and Subsidiary</b>	<b>Environmental</b>	<b>Properties</b>
<b>CURRENT ASSETS</b>			
Cash and equivalents	\$ 981,053	\$ 869	\$ 54,941
Accounts receivable - contracts	3,313,676		
Job inventories	3,641,336		
Costs and estimated earnings in excess of billings on uncompleted contracts	2,448,414		
Stockholder advances			
Prepaid expenses and other	208,346		
Total Current Assets	<u>10,592,825</u>	<u>869</u>	<u>54,941</u>
<b>PROPERTY AND EQUIPMENT</b>			
Land	672,942		385,725
Equipment	10,073,989		
Transportation equipment	6,852,591		
Buildings and leasehold improvements	632,634		2,187,751
Office furniture and fixtures	989,524		98,075
Construction in progress	438,440		17,595
	<u>19,660,120</u>		<u>2,689,146</u>
Less: Accumulated depreciation	9,241,582		632,845
Total Property and Equipment	<u>10,418,538</u>		<u>2,056,301</u>
<b>OTHER ASSETS</b>			
Loans to related parties	646,444	727,379	
Real estate held for development, at cost			
Deposits and other	36,882		650
Total Other Assets	<u>683,326</u>	<u>727,379</u>	<u>650</u>
<b>TOTAL ASSETS</b>	<u>\$ 21,694,689</u>	<u>\$ 728,248</u>	<u>\$ 2,111,892</u>

**LIABILITIES AND OWNERS' EQUITY**

<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 3,215,023		\$ 3,044
Bank line of credit borrowings	3,200,000		
Accounts payable - related companies			824,238
Billings in excess of costs and estimated earnings on uncompleted contracts	375,593		
Accrued payroll and payroll taxes	417,841		
Accrued expenses	551,088		49,003
Current maturities of notes payable	1,311,299		170,365
Total Current Liabilities	<u>9,070,844</u>		<u>1,046,650</u>
<b>NOTES PAYABLE</b>	<u>4,340,714</u>		<u>1,132,579</u>
Total Liabilities	<u>13,411,558</u>		<u>2,179,229</u>
<b>OWNERS' EQUITY</b>			
Common stock, no par value	3,005	\$ 1,000	
Additional paid-in capital	3,652,215		
Retained earnings	4,627,911	727,248	
Members' equity (deficit)			(67,337)
Total Owners' Equity	<u>8,283,131</u>	<u>728,248</u>	<u>(67,337)</u>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<u>\$ 21,694,689</u>	<u>\$ 728,248</u>	<u>\$ 2,111,892</u>

Eliminations	2013 Combined	2012 Combined
	\$ 1,036,863	\$ 1,675,120
	3,313,676	3,606,828
	3,641,336	4,690,553
	2,448,414	1,065,947
		476,106
	208,346	396,784
	<u>10,648,635</u>	<u>11,911,338</u>
	1,058,667	554,900
	10,073,989	9,443,410
	6,852,591	5,236,942
	2,820,385	2,816,135
	1,087,599	961,816
	456,035	1,115,152
	<u>22,349,266</u>	<u>20,128,355</u>
	<u>9,874,427</u>	<u>9,036,674</u>
	<u>12,474,839</u>	<u>11,091,681</u>
\$ (824,238)	549,585	335,091
		2,747,234
	37,532	37,532
<u>(824,238)</u>	<u>587,117</u>	<u>3,119,857</u>
<u>\$ (824,238)</u>	<u>\$ 23,710,591</u>	<u>\$ 26,122,876</u>
	\$ 3,218,067	\$ 5,580,861
\$ (824,238)	3,200,000	2,500,000
	375,593	203,811
	417,841	573,805
	600,091	369,474
	1,481,664	980,660
<u>(824,238)</u>	<u>9,293,256</u>	<u>10,208,611</u>
	5,473,293	5,510,226
<u>(824,238)</u>	<u>14,766,549</u>	<u>15,718,837</u>
	4,005	4,005
	3,652,215	1,534,858
	5,355,159	6,202,138
	(67,337)	2,663,038
	<u>8,944,042</u>	<u>10,404,039</u>
<u>\$ (824,238)</u>	<u>\$ 23,710,591</u>	<u>\$ 26,122,876</u>

**NATIONAL SALVAGE & SERVICE CORPORATION AND AFFILIATES**  
**COMBINING SCHEDULE - STATEMENT OF OPERATIONS INFORMATION**  
**Year Ended July 31, 2013**  
**(With Comparative Combined Amounts for Year Ended July 31, 2012)**

	<b>National and Subsidiary</b>	<b>Environmental</b>	<b>Properties</b>
<b>REVENUE</b>	\$ 56,674,128	\$ 85,295	\$ 180,000
<b>COST OF REVENUE</b>	<u>51,249,335</u>	<u>13,075</u>	<u>(1,148)</u>
Gross Profit	5,424,793	72,220	181,148
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	<u>6,332,283</u>	<u>8,469</u>	<u>215,214</u>
Net Operating Income (Loss)	<u>(907,490)</u>	<u>63,751</u>	<u>(34,066)</u>
<b>OTHER INCOME (EXPENSE)</b>			
Interest expense	(213,351)		(31,163)
Gain on sales of equipment	797,780		
Other	12,331		
Total Other Income (Expense)	<u>596,760</u>		<u>(31,163)</u>
<b>NET INCOME (LOSS)</b>	<u>\$ (310,730)</u>	<u>\$ 63,751</u>	<u>\$ (65,229)</u>

<b>Eliminations</b>	<b>2013 Combined</b>	<b>2012 Combined</b>
\$ (4,093,173)	\$ 52,846,250	\$ 39,662,693
<u>(4,273,173)</u>	<u>46,988,089</u>	<u>32,248,022</u>
180,000	5,858,161	7,414,671
<u>180,000</u>	<u>6,735,966</u>	<u>6,832,523</u>
	<u>(877,805)</u>	<u>582,148</u>
	(244,514)	(130,455)
	797,780	76,450
	12,331	16,108
	<u>565,597</u>	<u>(37,897)</u>
<u>\$ -</u>	<u>\$ (312,208)</u>	<u>\$ 544,251</u>

1 **Item 48) Please provide all minutes, communications, emails regarding the cessation**  
2 **of Station One operations.**

3 **Response)** See response to Item 47.

4 **Witness)** **Chris Heimgartner**

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22



1 **Item 49) Please provide all minutes, communications, emails regarding the**  
2 **decommissioning, dismantling, or demolishing of Station One, or regarding any costs or**  
3 **activities relating to the Station One site since Station One was demolished.**

4 **Response) See response to Item 47.**

5 **Witness) Chris Heimgartner**

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

1 **Item 50) Where is the coal ash from Station One located? If located at other than the**  
2 **former Station One site to its current location. If hauled by truck, identify the hauling**  
3 **company for years 1995 through the closure of Station One.**

4 **Response)** The ash was trucked off site, mixed with soil and used in various beneficial reuse  
5 projects.

6 **Witness) Chris Heimgartner**

7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22

1 **Item 51) Please refer to the Request for Proposal dated August 19, 2018 that**  
2 **Henderson issued. Explain why Henderson’s Capacity and Energy Requirement in Section**  
3 **2.0 is calculated differently than in Brad Bickett’s e-mail to Mark Eacret dated May 18,**  
4 **2019.**

5 **Response)** I do not have a record of an email from Mark Eacret dated May 18, 2019.  
6 Assuming Big Rivers is referring to the email dated May 16, 2018, my calculation was for  
7 Planning Year 2018-2019. The demand and energy data contained in the RFP was for Planning  
8 Year 2019-2020. Additionally, the RFP did not include planning reserve requirements for  
9 capacity and energy, as Henderson was not yet a member of MISO. The RFP applied to supply-  
10 side resources only and was based on the assumption that the Station Two generation plant  
11 would be retired effective May 31, 2019.

12 **Witness) Brad Bickett**

13