

**2020 ECR Plan Status Update Report**  
**Quarterly Report – Update #19**  
**July 30, 2025**

**Executive Summary:**

**General**

This report covers LG&E and KU's ("Companies") progress on the 2020 Environmental Cost Recovery ("ECR") Plan through the second quarter of 2025. The Companies filed applications requesting approval of their 2020 ECR Plan on March 31, 2020<sup>1</sup> and received approval on September 29, 2020.

Safety performance to date remains excellent with an Inception-to-Date OSHA Recordable Incident Rate of 0.22 compared to the industry average of 2.4. The Year-to-Date OSHA Recordable Incident Rate is 6.09, due to a single recordable incident occurring over a relatively small number of hours worked through the second quarter of 2025.

Work to date continues to focus on startup activities and performance testing at Ghent ("GH"). The Trimble County ("TC") Effluent Limitation Guidelines ("ELG") system and the GH Bottom Ash Transport Water system achieved Commercial Operations in the second quarter of 2024. The Mill Creek ("MC") ELG system achieved Commercial Operations in the second quarter of 2025.

Compared to the total 2020 ECR Plan projected cost of \$405.2 million (net)<sup>2</sup>, as provided in Case Nos. 2020-00060 (KU) and 2020-00061 (LG&E), the projected spend, as of the second quarter of 2025 is \$303.7 million (net)<sup>2</sup>. This projected spend represents a \$101.5 million (net) reduction from the original filing. The total spend-to-date through June 30, 2025 is \$270.7 million (net)<sup>2</sup>.

**Background**

The Environmental Protection Agency's ("EPA") 2015 ELG Rule and amendments precipitated the need to construct ELG water treatment systems at TC, MC and GH, as well as a Bottom Ash Transport Water ("BATW") recirculation system at GH. The EPA's proposed amendments to the 2015 ELG Rule were finalized in the Fall of 2020. The current ELG Rule includes daily maximum and monthly average limits for the concentration of mercury, nitrates/nitrites, selenium and arsenic allowed in Flue-Gas Desulfurization ("FGD") wastewater effluent.

To meet the revised limits for these constituents, the Companies are required to install ELG water treatment systems to treat the effluent from the physical/chemical FGD process water treatment systems recently placed into service as described in the 2016 ECR Plan quarterly reports. Without the proposed 2020 ECR Plan projects at TC, MC, and GH stations, the Companies would not be able to continue steam generating operations at these generating stations and simultaneously comply with the ELG Rule, as enforced by Kentucky Pollutant Discharge Elimination System ("KPDES") permits at each generating station. This

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<sup>1</sup> Case No. 2020-00060 and Case No. 2020-00061

<sup>2</sup> Co-Owners of the Trimble County plant: Illinois Municipal Electric Agency (IMEA) and Indiana Municipal Power Agency (IMPA) are responsible for 25%. IMEA owns 12.12% and IMPA owns 12.88%. Co-owner shares are not included in the costs provided in this report.

would significantly impair the Companies' ability to fulfill their mandate to provide adequate, efficient, and reasonable service to their ratepayers, as these generating stations are the three largest generating stations within the Companies' generating fleet. The ELG Rule requires compliance for the FGD wastewater as soon as possible on or after November 1, 2020, but no later than December 31, 2025.<sup>3</sup>

The final ELG Rule also includes up to 10 percent volumetric discharge limit (on a 30-day rolling average) for BATW, which also must be complied with "as soon as possible" but in no event later than December 31, 2025. This proposed discharge limit requires KU to construct a BATW recirculation system on the existing bottom ash transport system at GH (now in operation). The recirculation system collects the transport water previously discharged from the remote bottom ash dewatering facility and reroutes it through tanks and piping systems back to the four generating units for reuse. TC and MC do not require a BATW recirculation system due to their bottom ash transport systems being previously converted to a dry transport instead of a wet sluicing system like GH's.

On May 9, 2024, the EPA promulgated the final ELG Rule ("ELG") requiring membrane filtration followed by solidification or thermal evaporation for zero discharge of FGD Wastewater; zero discharge of Bottom Ash Transport Water; and zero discharge of combustion residual leachate waters and did not establish specific limitations for Legacy Waste Water as the permitting authority will be responsible to establish site-specific technology-based limits. The ELG stipulates compliance as soon as possible, but no later than December 31, 2029. The ELG also creates a 2034 Permanent Cessation of Coal Combustion ("PCCC") subcategory. To qualify for the 2034 PCCC, facilities must file a Notice of Planned Participation ("NOPP") by December 31, 2025 committing to retire all coal-fired units by December 31, 2034. The EPA has set interim limits based on the 2020 ELG, and all facilities must fully comply starting on their respective 2020 ELG applicability date, until their 2024 ELG applicability date, or their 2034 PCCC retirement date. The Companies are currently reviewing the final ELG rule and are formulating a compliance strategy.

Because of the uncertainties created by ELG, the Companies expect legal challenges to the ELG. Respective outcomes may influence future compliance direction.

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<sup>3</sup> 84 Fed. Reg. 64664.

## Schedules

### FGD Process Water Treatment Facilities and Diffusers

<u>Project</u>	<u>Project #</u>	<u>Awarded Contractor</u>	<u>Status<sup>4</sup></u>	<u>Planned / Actual In-Service Date<sup>5</sup></u>
Trimble County Effluent Limitations Guidelines Water Treatment System <sup>6</sup>	KU Project 44 LG&E Project 32	OKEP	Awarded March 15, 2021	Placed in service May 2024
Mill Creek Effluent Limitations Guidelines Water Treatment System <sup>6</sup>	LG&E Project 31	OKEP	Awarded March 15, 2021	Placed in service April 2025
Mill Creek Outfall 025 Diffuser	LG&E Project 31	Tetra Tech	Awarded May 12, 2021	Placed in service December 2021
Ghent Effluent Limitations Guidelines Water Treatment System <sup>6</sup>	KU Project 43	OKEP	Awarded March 15, 2021	August 2025
Ghent Bottom Ash Transport Water Recirculation System <sup>7</sup>	KU Project 43	OKEP	Awarded March 15, 2021	Placed in service May 2024
Ghent Outfall 001 Diffuser	KU Project 43	MAC Construction & Excavating	Awarded March 22, 2021	Placed in service December 2021

<sup>4</sup> Project Engineering Department or Engineering, Procurement, and Construction (“EPC”) Contract work status.

<sup>5</sup> The Planned In-Service Dates are per the 2020 ECR Plan filing (Straight Testimony, page 4-5) or the current, active construction schedule. Actual in-service dates are signified with red font.

<sup>6</sup> ELG Equipment OEM: Frontier

<sup>7</sup> BATW Equipment OEM: United Conveyor Corporation

## **Quarterly Status Update:**

### **General**

The engineering, procurement, and construction (“EPC”) contracts for TC, MC, and GH were awarded on March 15, 2021 to Old Kentucky Energy Partners (“OKEP”), which is a joint venture between Bowen Engineering (a local company) and United E&C. MC’s ELG system successfully resolved issues causing elevated transmembrane pressures and achieved Commercial Operations during the second quarter of 2025. GH’s ELG system continued performance testing, during which the system experienced transmembrane pressure trips.

Burns & McDonnell (“B&McD”) is the ELG Owner’s Engineer and is assisting the Companies with reviewing the few remaining submittals and the minimal remaining fieldwork by the EPC (OKEP) and ELG technology providers (Frontier – ELG) or United Conveyor Corporation (Ghent BATW).

### **KU Project 44 and LG&E Project 32 – Trimble County (TC) Station Effluent Limitations Guidelines (ELG) Water Treatment System**

#### **General**

Project 44 (KU) and Project 32 (LG&E) are for construction of an ELG water treatment system at the TC generating station. The current forecasted capital costs to implement these facilities is \$74.4 million (net)<sup>8</sup>, allocated between KU and LG&E.

#### **ELG**

The ELG system was constructed in close proximity to the recently completed process water treatment system (“PWS”). All facilities were installed on land currently owned by KU and LG&E at the generating station. The system is designed to handle water flow capacity up to 750 gallons per minute. The EPC contractor remains focused on completion of as-built drawings.

Commercial Operation of the ELG system was achieved during the second quarter of 2024 and record drawing turnover packages were submitted for review in the second quarter of 2025.

B&McD has been contracted to engineer the required modifications to the TC1 oxidation air system previously noted. The new oxidation air blowers have been purchased and will be installed in the spring of 2026, which is a change from the prior scheduled fall of 2025 date due to generation business need. Until these modifications are fully developed and installed, the generating station will utilize the same chemicals which facilitated the successful performance test.

Reliable operations and maintenance of the new ELG facility requires on-site spare parts and materials. A new warehouse is necessary for this purpose and will be constructed adjacent to the ELG facility. This

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<sup>8</sup> KU’s 48 percent ownership allocation equals \$35.7 million (Project 44) and LG&E’s 52 percent ownership allocation equals \$38.7 million (Project 32) – both costs are net.

construction contract was awarded to East & Westbrook Construction, Inc (“E&W”). The warehouse was designed as a 22,500 square foot pre-engineered metal building with internal shelves and racking. During this quarter, E&W completed site grading activities and installing the underground electrical duct bank for the power feed to the warehouse. E&W’s subcontractors completed installing overhead fire protection sprinkler piping, overhead roll up doors, racking and shelving, electrical conduit and receptacles, and loading dock equipment. E&W’s subcontractors also began installing permanent lighting throughout the warehouse, installing the fire alarm system, and installing the heating and ventilation system.

## **LG&E Project 31 – Mill Creek (MC) Station Effluent Limitations Guidelines (ELG) Water Treatment System and Diffuser**

### **General**

Project 31 is for construction of an ELG water treatment system and wastewater diffuser at the MC generating station. The current forecasted capital costs to implement this project is \$71.1 million. The MC project team has engaged the TC and GH project teams during all major reviews to apply lessons learned from the other projects. This collaborative effort was implemented to ensure lessons learned are applied across all the projects to promote a common fleet approach to the ELG program.

### **ELG**

In the second quarter of 2025, OKEP continued to address system reliability due to elevated transmembrane pressures at ultrafiltration units (“UF”). With the assistance of the OEM, Frontier, a number of operational set points were adjusted which aided the reduction of pressure at the UFs. OKEP continued to address punch list items as well as finalizing the incorporation of redlines to project drawing. OKEP was granted Commercial Operations.

### **Diffuser**

The diffuser was installed and placed into service in 2021.

## **KU Project 43 – Ghent (GH) Station Effluent Limitations Guidelines (ELG) Water Treatment System, Bottom Ash Transport Water (BATW) Recirculation System, and Diffuser**

### **General**

Project 43 is for construction of an ELG water treatment system, a BATW recirculation system, and a wastewater outfall diffuser at the GH generating station. These facilities are designed to process and lawfully discharge wastewater from GH in accordance with the EPA’s existing and proposed amendments to the ELG Rule and the existing Kentucky Pollutant Discharge Elimination System (“KPDES”) Permit for GH. The current forecasted capital costs to implement these facilities is \$158.2 million, with construction completed for the BATW recirculation system and anticipated in the third quarter 2025 for the ELG water treatment system.

The GH project team continues to engage the TC and MC project teams during any remaining major reviews, to apply lessons learned from the other projects. This collaborative effort was implemented to ensure lessons learned are applied across all the projects to promote a common fleet approach to the ELG program.

## **ELG**

Throughout the first half of 2025, start-up and commissioning of the ELG system continued. Initial performance testing of the system was cancelled due to process transmembrane pressure trips. Performance testing is on-going. The project team completed punch list item walkdowns, reviewed ELG turnover packages, observed the performance testing attempt, and reviewed the proposed performance testing recovery plan. Tank farm area heat trace, insulation and lagging work was completed, as well as addressing mechanical and electrical punch list items. Maintenance tank installation is in progress. An area pavement installation scope was bid in the second quarter of 2025 and is planned to be awarded in the third quarter of 2025.

## **Bottom Ash Transport Water (“BATW”)**

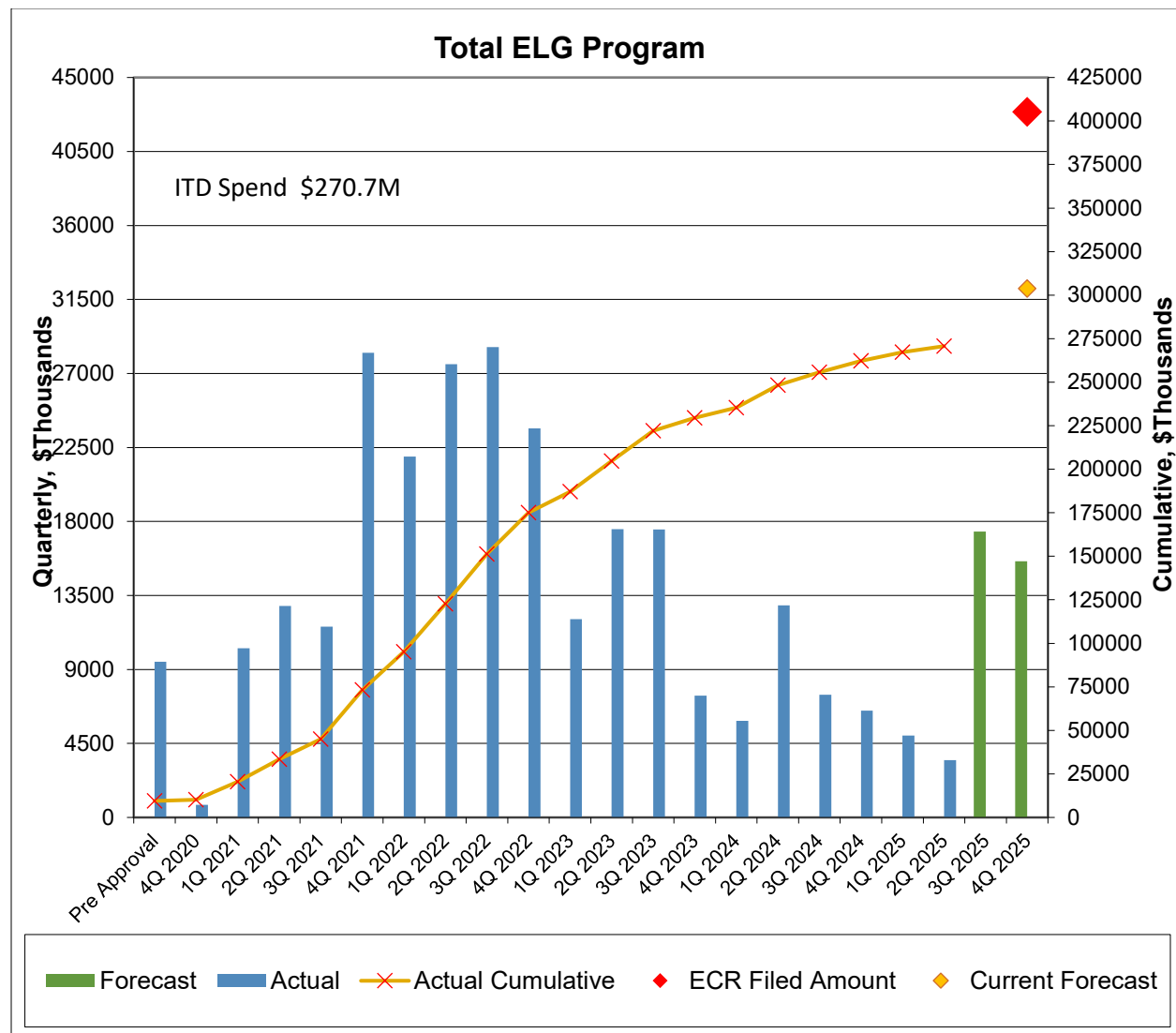
During the second quarter, the BATW project team worked further to address various documentation concerns which the contractor anticipates resolving in the third quarter of 2025.

## **Diffuser**

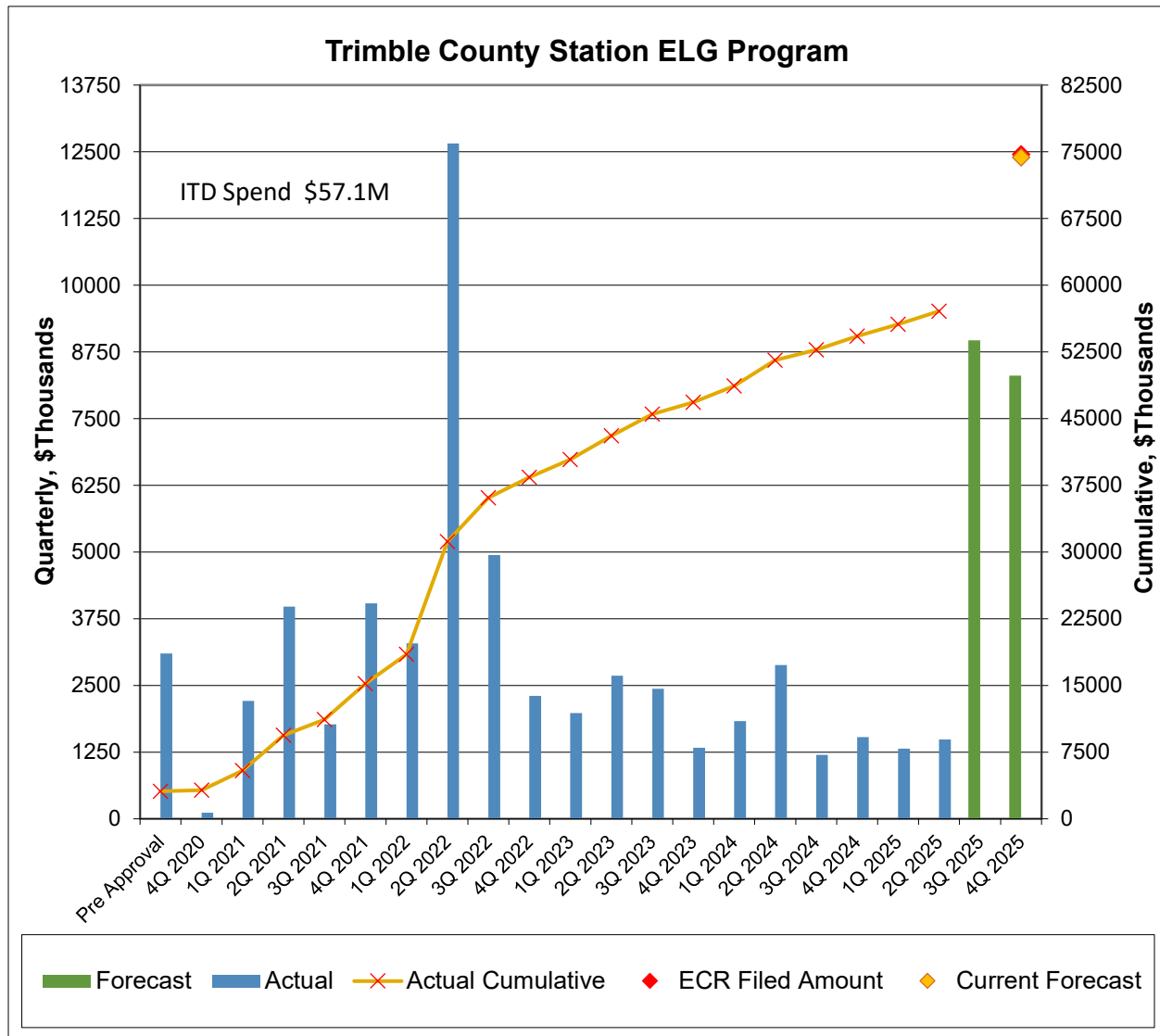
The diffuser was installed and placed into service in 2021.

## Financials:

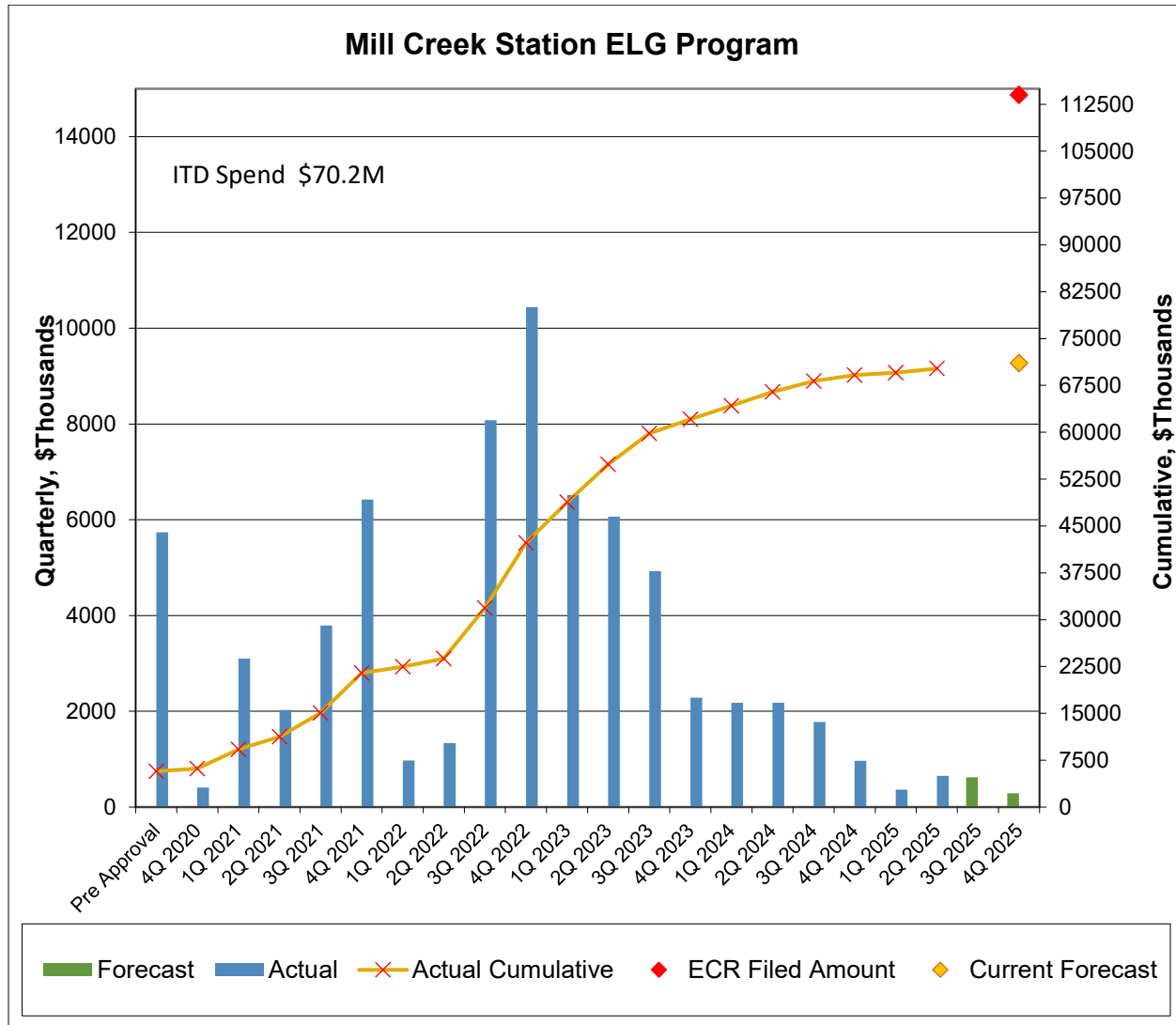
As previously reported, the total 2020 ELG Program approved forecasted cost was over \$405 million (net). As noted in prior quarterly reports, this forecasted cost was reduced significantly. The currently projected spend of \$303.7 million (net) remains well below the filed amount. Total spend-to-date through June 30, 2025 is \$270.7 million (net)<sup>2</sup>. The graph below includes: 1) a symbol (◆) to show the current forecast to completion and 2) inception-to-date (“ITD”) Spend in the upper left of the chart.



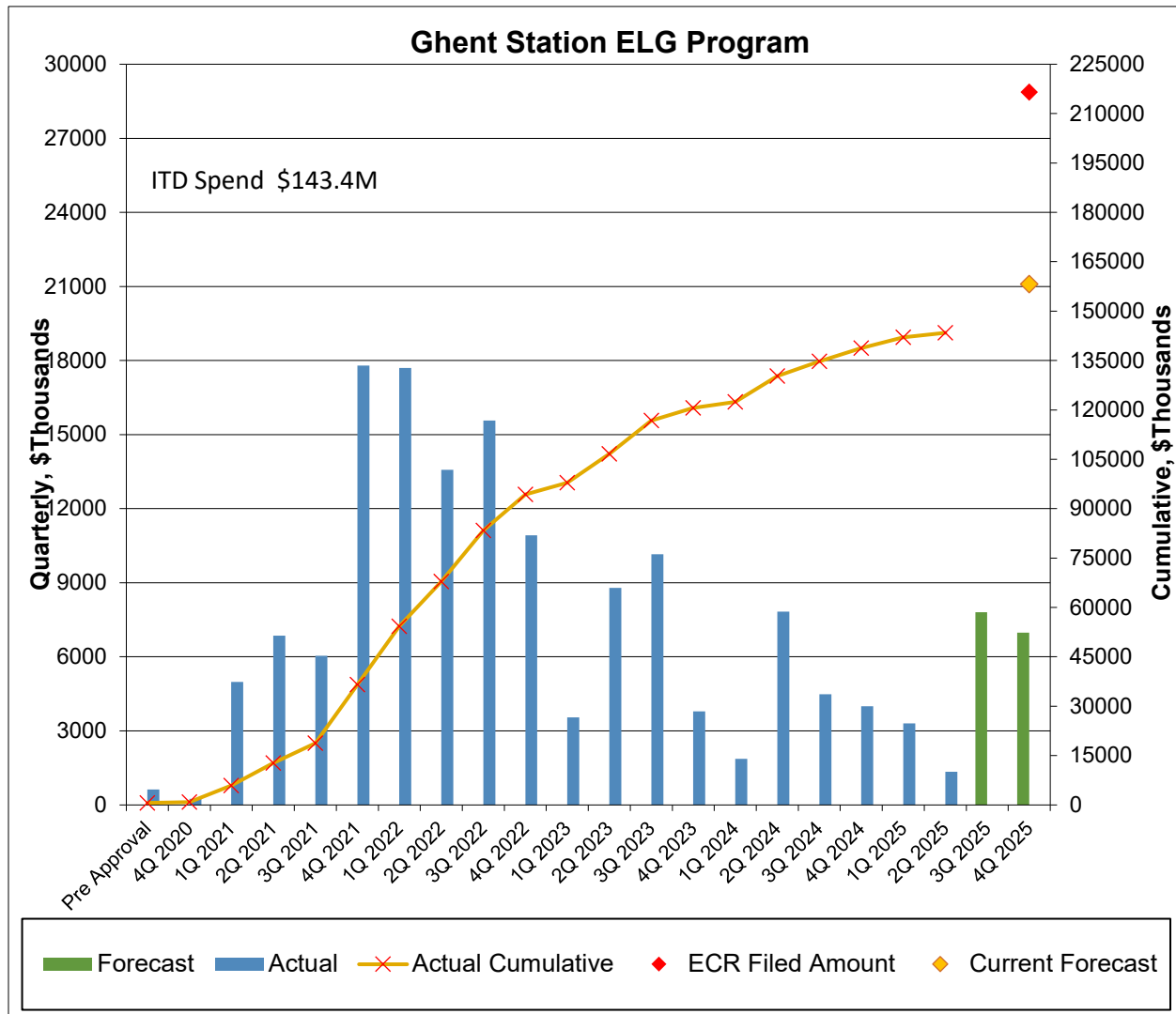
The total Trimble County Station ELG Program forecasted cost is \$74.4 million (net)<sup>2</sup>. Total spend-to-date through June 30, 2025 is \$57.1 million (net)<sup>2</sup>. The graph below includes: 1) a symbol (◆) to show the current forecast to completion and 2) inception-to-date (“ITD”) Spend in the upper left of the chart.



The total Mill Creek Station ELG Program and Diffuser forecasted cost is \$71.1 million. Total spend-to-date through June 30, 2025 is \$70.2 million. The graph below includes: 1) a symbol (◆) to show the current forecast to completion and 2) inception-to-date (“ITD”) Spend in the upper left of the chart.



The total Ghent Station ELG Program, BATW, and Diffuser forecasted cost is \$158.2 million. Total spend-to-date through June 30, 2025 is \$143.4 million. The graph below includes: 1) a symbol (◆) to show the current forecast to completion and 2) inception-to-date (“ITD”) Spend in the upper left of the chart.



**Planned Activities for Next Quarter:**

**KU Project 44 and LG&E Project 32 – Trimble County (TC) Station Effluent Limitations Guidelines (ELG) Water Treatment System**

ELG – An RFQ will be issued for the replacement of the existing Unit 1 oxidation air blowers and associated piping system. E&W will install the new power feed for the warehouse, install the heating and ventilation systems, and commission all components in the warehouse. Achievement of warehouse Final Completion is expected during the third quarter of 2025.

**LG&E Project 31 – Mill Creek (MC) Station Effluent Limitations Guidelines (ELG) Water Treatment System and Diffuser**

ELG – Achievement of Final Completion is expected during the third quarter of 2025.

Diffuser – No further work expected.

**KU Project 43 – Ghent (GH) Station Effluent Limitations Guidelines (ELG) Water Treatment System, Bottom Ash Transport Water (BATW) Recirculation System, and Diffuser**

ELG – OKEP expects to complete performance testing. Completion of punch list items will continue along with completion of record drawings. Placing this system In-Service is targeted for the third quarter of 2025. OKEP will complete the maintenance tank coating and mechanical installation. An area pavement scope will be awarded and begin construction.

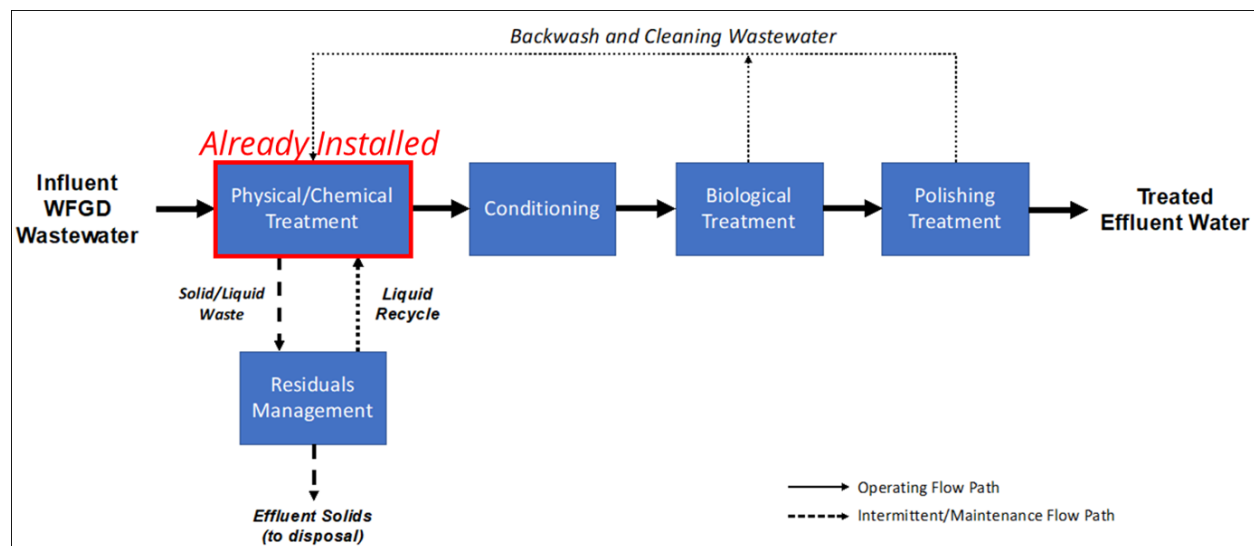
BATW – PE continues to work with OKEP to correct documentation issues.

## APPENDIX

### ELG Water Treatment System Description – TC, MC, and GH

The ELG Rule requires the Companies to use the Best Available Technology Economically Achievable (“BAT”)<sup>9</sup> to control particulate, metals, arsenic, mercury, selenium, and nitrates/nitrites. Current BAT technology is physical/chemical treatment plus biological treatment. The process water systems are physical/chemical systems designed to capture particulate and most metals; however, they are not designed to capture nitrates/nitrites and selenium. The levels of nitrate/nitrite and selenium capture required by the ELG Rule requires biological treatment of the process water treatment system’s effluent.

The first step in the biological treatment process is denitrification, which is the reduction in concentration of nitrates/nitrites through a biological process utilizing denitrification equipment. Effluent from the denitrification equipment is discharged to the first stage reactor, which is comprised of fiberglass vessels and internal reactor surfaces. The reactor contains living microorganisms, which are fed nutrients and convert the nitrates/nitrites and selenium molecules in an aerobic atmosphere, to an elemental form. Effluent from the first stage reactor flows into a second stage reactor, where additional biological processes reduce remaining selenium. The elemental form of selenium is transferred, via a backwash phase of the process, to the equalization tanks at the beginning of the process water treatment system for particulate removal. The second stage reactor feeds to an ultrafiltration (“UF”) system where remaining particulate metals are filtered out. The UF tank is then discharged to a series of clean water tanks, which can be used to backwash the biological and UF systems or be discharged. A “typical” flow diagram is shown below.



The majority of the mechanical and electrical systems will be constructed in a building for weather protection, whereas most of the biological process tanks will be located outside. The building houses the denitrification equipment, UF systems, effluent tanks, various pumps and support subsystems. The system also requires cleaning and chemical feed equipment, pumps, piping, valves, and electrical equipment.

<sup>9</sup> 84 Fed. Reg. 64624.

Separate rooms must be constructed inside the treatment building to house battery systems and electrical equipment. A control room is also required, along with restrooms. The reactor area, including the vessels housing the microorganisms, will be constructed outside the building under a weather canopy. All of the tanks and reactors in the system must be large enough to handle the immense volume of water flowing through the effluent treatment process. In other words, the system must be sized commensurate with the process water treatment systems recently commissioned to enable treatment of the effluent of flow from the process water treatment systems.

## Diffusers Description – GH and MC

The diffusers installed at GH and MC are large multi-port pipes that connect to the stations' wastewater outfall pipe and are placed into the bottom of the Ohio River with the discharge ports above the riverbed and facing downstream. The pictures shown below provide a general concept of the GH diffuser, similar to the MC diffuser. As this graphic representatively shows, the diffuser is a single large discharge pipe that is installed in the riverbed. The diffuser ports face downstream to disperse the water out of multiple discharge ports instead of a single, larger point of discharge.

## Ghent Outfall 001 Diffuser Concept

