

a.) OVEC is maintaining substantial compliance with all current environmental rules.

OVEC's status regarding specific environmental rules include:

- Cross State Air Pollution Rule
 - In the 2022 ozone season OVEC maintained compliance with the update for 2008 Ozone National Ambient Air Quality Standards (“NAAQS”). Relevant additional considerations include:
 - Clifty Creek’s allowance budget was 40% lower at 849 tons. Actual emissions were 865 tons, but below the not-to-exceed assurance level of 1,027 tons. Unit 6, which does not have SCR, was limited to 4.3 day of operation.
 - Kyger Creek’s allowance budget was 927 tons. Actual emissions were 930 tons, but below the not-to-exceed assurance level of 1,121 tons.
- Mercury and Air Toxics Standards (“MATS”) Rule
 - Both Clifty Creek and Kyger Creek have maintained compliance with all MATS-related compliance obligations and emission limits in 2022.
- SO₂ NAAQS
 - The ambient network monitoring system around Kyger Creek Station continues to show attainment with SO₂ NAAQS. The US EPA proposed a rule on September 2, 2020 to change the status for the area around the plant to “attainment.” OVEC is uncertain if or when US EPA will take final agency action.
- Effluent Limitation Guidelines (“ELG”) and Coal Combustion Residuals (“CCR”) Rule
 - OVEC maintained compliance with applicable ELG and CCR requirements in 2022.

Compliance with pending and expected environmental rules:

- Good Neighbor Plan
 - OVEC anticipated that the proposed Good Neighbor Plan will further limit OVEC’s ability to operate Clifty Creek Unit 6 in the ozone season beginning in 2024 unless the unit is equipped with SCR. No material near-term compliance challenges are anticipated with operating the other five units at Clifty or any of the five units at Kyger, as they are all equipped with SCR.
 - OVEC has been exploring options to manage Clifty Creek Unit 6’s operation during future ozone seasons, maintain its capacity interconnection rights, and maximize future operation.
 - The Companies have not identified the anticipated costs of OVEC complying with the Good Neighbor Plan.

- ELG
 - In 2022, OVEC continued construction of new treatment systems to meet ELG compliance dates. ELG compliance dates in the facilities' National Pollutant Discharge Elimination System ("NPDES") permits include:
 - Clifty Creek – The Indiana Department of Environmental Management ("IDEM") issued a final NPDES permit on November 29, 2022. The final permit has new ELG applicability dates of December 31, 2023 for bottom ash treatment water ("BATW") and December 31, 2025 for flue gas desulfurization wastewater ("FGDWW").
 - Kyger Creek – The Ohio Environmental Protection Agency issued a new NPDES Permit for Kyger effective September 1, 2022. The final permit also includes ELG applicability dates of no later than December 31, 2023 for BATW and December 31, 2025 for FGDWW.
 - OVEC is studying bioreactors for ELG compliance, with a pilot study at Kyger Creek completed in 2022 and proof of concept demonstrated with favorable pilot results for both plants. OVEC is working with a vendor and third-party engineering firm to prepare projected cost and timelines to install treatment systems that are anticipated to be operational prior to December 2025. OVEC is seeking a modular, scalable system design that can be leased and operated by a third-party vendor to reduce near-term costs.
- CCR Rule
 - CCR Part A Final Rule (published 8/28/20) required that all unlined CCR surface impoundments cease receipt of CCR and non-CCR waste streams and initiate closure by April 11, 2021, or a demonstration must be filed by November 30, 2020 with US EPA for an alternate date to cease ash placement and initiate closure of each applicable surface impoundment. The alternative date must still be technically feasible and can be no later than October 17, 2023. OVEC prepared and submitted the required demonstrations for a site-specific alternative closure deadline by the November 30, 2020 filing date. US EPA issued a proposed decision to deny the Clifty Creek Station's request for a site-specific deadline to cease receipt of CCR and non-CCR waste streams on January 11, 2022. OVEC filed detailed comments on March 24, 2022 in response to US EPA's proposed decision. To date, US EPA has yet to take any final action on the Clifty Creek demonstration. Kyger Creek has not received a preliminary decision regarding its demonstration application. Both plants are expecting to cease receipt of CCR and non-CCR waste streams in the unlined ponds by mid-2023.

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b.) OVEC's anticipated cost to comply with new or expected environmental regulations are as follows. The estimated costs provided are subject to change.

- CCR/ELG capital projects
 - Capital costs are projected to be \$ [REDACTED]
 - Kyger Creek dry fly ash conversion system went into service in October 2022.
 - Both Clifty Creek's and Kyger Creek's boiler slag tank systems, low volume wastewater treatment systems, and water redirect construction are expected to allow for sluicing to cease by mid-2023.
- CCR surface impoundment closures
 - Total expected costs are \$ [REDACTED], to be funded through current and prior decommissioning and demolition funding.
 - Clifty:
 - The landfill runoff pond will be closed in place, costing \$ [REDACTED].
 - The west boiler slag pond will be 75% closed in place and 25% closed by removal, costing \$ [REDACTED].
 - Kyger
 - The boiler slag pond will be closed by removal, costing \$ [REDACTED].
 - The south fly ash pond will be closed in place, costing \$ [REDACTED].
- 316(b) Compliance
 - 316(b) Section 122.21(r) reports were filed in November 2018 (Kyger) and January 2019 (Clifty). Kyger Creek's final NPDES permit includes piloting of modified traveling water screens. The technology OVEC will pilot requires minimal existing equipment modification and is projected to be an O&M expense, while also offsetting current O&M maintenance costs. Clifty Creek's final NPDES permit currently includes wedgewire screen installation. OVEC is requesting IDEM to approve modified traveling water screens. Timelines for complying with cooling water intake system modifications to meet 316(b) compliance are outlined in each facility's NPDES permit.