

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2024-00310
FIRST REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED OCTOBER 28, 2024
REQUEST 18

RESPONSIBLE PARTY: **Jerry Purvis**

Request 18. Provide a list of any existing environmental concerns, such as soil contamination or protected habitats, that exists with the selected site.

Response 18. EKPC plans to seek financing assistance from the U.S. Department of Agriculture (USDA) Rural Utilities Service (RUS) to construct the proposed Liberty Reciprocating Internal Combustion Engine Project in Casey County, Kentucky. Prior to taking a federal action (i.e., providing financial assistance), RUS is required to complete an analysis of the potential environmental effects of the proposed action in accordance with the National Environmental Policy Act of 1969 (NEPA [42 U.S.C. 4321 et seq.]), the Council on Environmental Quality's (CEQ) regulations for implementing NEPA (40 CFR Parts 1500-1508), and Rural Development's (RD) NEPA implementing regulations, Environmental Policies and Procedures (7 CFR Part 1970). In addition, RUS considers the proposed Project an undertaking subject to review under Section 106 of the National Historic Preservation Act (NHPA), 54 U.S.C. 300101 et seq., and its implementing regulations, "Protection of Historic Properties" (36 CFR Part 800), and Section 7 of the Endangered Species Act (ESA) (16 U.S.C. 1531 et seq.).

Per RUS Environmental Policies and Procedures, the proposed action requires the preparation of Environmental Assessments (EA) in accordance with Section 1970.101 and RD Instruction 1970-C.

At this time, EKPC and its consultants are conducting the required field assessments, environmental analyses, interagency coordination, and drafting the reports that will summarize the results of those efforts for each project, which will be submitted for review and approval by RUS. Upon such approval, RUS may adopt the report as the EA to meet their NEPA compliance obligations. Based on the anticipated environmental review schedule for this project, the final EA is anticipated to be completed and submitted by Q1 2025.

Supplemental Response: EKPC received the final Finding of No Significant Impact (“FONSI”) from the Environmental and Historic Preservation Division of RUS. Please see attached for the final FONSI.

FINDING OF NO SIGNIFICANT IMPACT

**Liberty Reciprocating Internal Combustion Engine (RICE) Project
Casey County, Kentucky**

**Rural Utilities Service
U.S. Department of Agriculture**

East Kentucky Power Cooperative

**Prepared by:
Environmental and Historic Preservation Division
Rural Utilities Service**

April 2025

A. INTRODUCTION

East Kentucky Power Cooperative (EKPC) plans to submit a financing request to the U.S. Department of Agriculture, Rural Utilities Service (RUS) to construct the proposed Liberty Reciprocating Internal Combustion Engine (RICE) plant in Casey County, Kentucky. RUS is considering this financing request. Prior to taking a federal action (i.e., providing financial assistance), RUS is required to complete an environmental analysis in accordance with the National Environmental Policy Act (NEPA) review (42 United States Code [USC] 4321 – 4347) and USDA Rural Development’s Environmental Policies and Procedures (7 CFR 1970). After completing an independent analysis of an environmental report prepared by EKPC and its consultant, RUS concurred with its scope and content. In accordance with 7 CFR § 1970.102, RUS will adopt the report and issue it as the Agency’s Environmental Assessment (EA) for the proposed Project. RUS finds that the EA is consistent with federal regulations and meets the standards for an adequate assessment. RUS considers the proposed Project an undertaking subject to review under Section 106 of the National Historic Preservation Act (NHPA), (54 USC 306108), and its implementing regulation, “Protection of Historic Properties” (36 CFR Part 800).

B. PROJECT DESCRIPTION AND PURPOSE/NEED

The overall purpose of the Project is to construct the Liberty RICE plant in Casey County, Kentucky. The Liberty RICE Project includes the construction and operation of an approximately 214-megawatt (MW) net RICE power plant to meet projected load demand and support the integration of increased amounts of intermittent renewable energy generation on the EKPC system. The plant will be powered by natural gas with fuel oil as a backup option. Twelve individual 18-MW RICE would be constructed at a site approximately 3.2 miles north of Liberty, Kentucky.

The Project also includes upgrades to approximately 6.6 miles of existing electric transmission line, rebuild of approximately 7.6 miles of existing transmission line, and construction of 0.3 miles of new interconnection transmission line. Approximately 3.9 miles of transmission line upgrades and rebuilds would occur approximately 1 mile northwest of Lebanon in Marion County, Kentucky. The remaining transmission line rebuilds and upgrades would occur in Casey County, Kentucky, extending northwest and southeast from the proposed power plant.

The USDA’s purpose and need is to either approve or deny EKPC’s application for financing. The USDA’s RUS administers programs that provide infrastructure improvements to rural communities. Specifically, the RUS Electric Program provides loans and loan guarantees to finance the construction or improvement of electric distribution, transmission, and generation facilities in rural areas (USDA 2018b). Financial assistance can include direct loans, guaranteed loans, and grants in order to accomplish program objectives. The Project and borrower meet

the eligibility requirements to receive the loan through RUS, as established by the Rural Electrification Act of 1936 and pursuant to 7 CFR Chapter XVIII.

ALTERNATIVES EVALUATED

1. No Action

Under the No Action Alternative, RUS would not provide financial assistance to EKPC to construct the Project. As a result, EKPC would be unable to meet its obligation to its members to furnish adequate and reliable power to meet their present and future needs. EKPC would be required to secure alternative financing for the proposed Project or secure power to address the projected capacity shortfall from other third-party resources. The No Action Alternative would result in increased Project financing costs, which would have an adverse impact on the financial viability of the Project. Alternately, the No Action Alternative could require EKPC to get power from another source, increasing power output from existing generating resources in the EKPC service territory (e.g., existing coal-fired power plants, etc.), or experience rolling blackouts of varying intensity, especially during extreme winter weather events.

2. Action Alternative (Preferred Alternative)

Under the Action Alternative, RUS will consider financing the proposed Project, and EKPC will construct the Liberty RICE Plant. The proposed Project will be a new natural gas-fired simple-cycle electric generating facility. The Project consists of twelve (12) individual 18-MW reciprocating internal combustion engines and associated equipment for a nominal capacity of 214 MW. The project will burn natural gas with the capability to use fuel oil as a backup. The project site is 3.2 miles north of Liberty, KY. Approximately 43 acres would be permanently disturbed within the proposed fenced facility, 10 acres would be permanently disturbed within new permanent rights of way, 33.8 acres would be temporarily disturbed during construction, and 21.2 acres would remain undisturbed. A security fence would be constructed around the permanent facilities.

Operation of the Liberty RICE facility would require installation of a new natural gas pipeline lateral and a new water pipeline to service the facility. The pipeline lateral would extend approximately 530 feet southeast from the Project Site boundary to a tap point on an existing pipeline. The water pipeline would tap into an existing water main located approximately 0.1 mile east of the Project Site. Figure 2 shows the total undisturbed area, construction disturbance area, and permanent disturbance area.

3. Alternatives Eliminated from Further Consideration

In addition to the No Action Alternative and Action Alternative, EKPC considered alternative generation technologies, alternative sites, which are documented in the Alternatives section of the EA.

C. SUMMARY OF ENVIRONMENTAL EFFECTS

The analysis in the EA documented that the proposed Project will have no adverse effects to land use, farmland, floodplains, wetlands, water resources, coastal resources, biological resources, cultural resources and historic properties, aesthetics, air quality, socioeconomics, noise, transportation, human health and safety, and corridors. In accordance with the requirements of § 1970.104(b), a summary of anticipated impacts on the human environment is provided below, including any mitigation measures deemed necessary to avoid, minimize, or mitigate impacts. EKPC is responsible for implementing these measures.

There are no federal lands or other formally classified lands within the Project. The Project site received a relative Land Evaluation and Site Assessment (LESA) value of 85, so it will not receive further evaluation under the Farmland Protection Policy Act. The Project will have no significant impacts to formally classified lands or important farmland.

The Project site is outside of the 500-year floodplain. The site was chosen to largely avoid impacts to jurisdictional waters, and only minimal stream impacts would occur at the site. Transmission lines associated with the project would span stream/wetlands with no fill discharged to these waters. The Project area will not impact coastal resources or groundwater (including sole source aquifers) or significantly impact other water resources. The Project will have no significant impacts to floodplains, wetlands, water resources, or coastal resources.

The Project will have no effect on twelve (12) federally listed, proposed, or candidate species. The Project may affect, not likely to adversely affect ten (10) other species on the official species list. There are no critical habitats or known eagle nests within the Project area. Any tree clearing will be conducted between October 15 and March 31 outside of bat roosting season. The Project will have no significant impacts to biological resources.

A cultural resources survey was conducted in the Project Area of Potential Effect (APE). Consultation was conducted with the State Historic Preservation Officer (SHPO) who concurred with a recommended finding of No Adverse Effects to Historic Properties for the project. Three Indian tribes were contacted, but no responses were received from these tribes. The Project will not adversely affect historic properties or cultural resources.

The Project may have temporary minimal adverse impacts during construction to aesthetics, noise, and transportation. There are no identified hazardous materials in the Project site. Therefore, the Project will have no significant impacts to aesthetics, socioeconomics, noise, transportation, and human health and safety.

The Project area is in attainment for criteria air pollutants and in compliance with all

federal clean air standards. Project air emissions during construction will be temporarily adverse in nature, will decrease with distance from the construction site, and will be of insufficient quantity and duration to significantly contribute to ambient air quality degradation. Fugitive dust control measures will be utilized to mitigate temporary impacts during construction and maintenance to include: watering roadways after completion of grading, covering with gravel or paving, reducing speed limits on unpaved roadways to 15 miles per hour or less, and seeding of areas within 30 days of establishing final grading.

A Liberty RICE plant was identified as a dispatchable power generation facility needed to respond to fluctuations in demand and power by created by renewable energy generation resources. The proposed natural gas generating technology meets that need and results in significantly less emissions than other fossil-based generating technologies. Project air emissions during operation will be subject to all applicable federal and state emission standards. The Project is subject to permitting for criteria air pollutants The Project has submitted a combined Air PSD/Title V permit application to the Kentucky Department of Air Quality in September 2024 and will comply with the requirements within the permit, once received. The Project will not result in adverse impact to air quality.

D. PUBLIC AND AGENCY INVOLVEMENT

Project scoping letters were sent to federal, state, and local government agencies. A public open house was held on December 11, 2024, at the Central Kentucky Ag/Expo Center in Liberty, Kentucky. In accordance with 7 CFR § 1970.102, EKPC published public notices on March 12 and March 19, 2025, in The Casey County News announcing the availability of the EA for public review. A copy of the EA was available for public review at the agency website: <https://www.rd.usda.gov/resources/environmental-studies/assessment/liberty-reciprocating-internal-combustion-engine-rice-project>. The comment period ended on March 26, 2025. RUS received no comments on the EA during the public comment period.

E. FINDING OF NO SIGNIFICANT IMPACT

Based on its EA, RUS has concluded that the proposed Project will have no significant effects to land use and important farmland, floodplains, wetlands, water resources, coastal resources, biological resources, cultural resources and historic properties, aesthetics, air quality, socioeconomics, miscellaneous issues (noise, transportation), human health and safety, and corridors. The proposed Project will have no effects on historic properties listed or eligible for listing on the National Register of Historic Places and no effects to federally listed species or designated critical habitat.

In accordance with the National Environmental Policy Act, and RD's Environmental Policies and Procedures, RUS has determined that the environmental impacts of the

proposed Project have been adequately addressed and that no significant impacts to the quality of the human environment will result from construction and operation of the proposed Project. Any final action by RUS related to the proposed Project will be subject to, and contingent upon, compliance with all relevant federal and state environmental laws and regulations. Because RUS's action will not result in significant impacts to the quality of the human environment, RUS will not prepare an Environmental Impact Statement for its potential federal action associated with the proposed Project.

F. LOAN REVIEW AND RIGHT OF ADMINISTRATIVE REVIEW

This FONSI is not a decision on a loan application and therefore not an approval of the expenditure of federal funds. Issuance of the FONSI and its notices concludes RUS's environmental review process. The ultimate decision on loan approval depends upon conclusion of this environmental review process in addition to financial and engineering reviews. Issuance of the FONSI and publication of notices will allow for these reviews to proceed. The decision to provide financial assistance also is subject to the availability of loan funds for the designated purpose in RUS's budget. There are no provisions to appeal this FONSI or the agency's other environmental determinations. Legal challenges to the FONSI may be filed in Federal District Court under the Administrative Procedures Act.

G. APPROVAL

This Finding of No Significant Impact is effective upon signature.

Dated:

**CHRISTOPHER
MCLEAN**

Digitally signed by
CHRISTOPHER MCLEAN
Date: 2025.04.14 09:00:00
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CHRISTOPHER A. MCLEAN
Acting Administrator
Electric Programs
Rural Utilities Service

Contact Information

For additional information on this FONSI and EA, email: RUSPublicComments@usda.gov.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

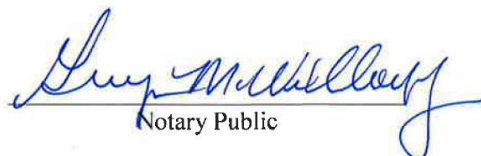
THE ELECTRONIC APPLICATION OF)	
EAST KENTUCKY POWER COOPERATIVE,)	
INC. FOR 1) A CERTIFICATE OF PUBLIC)	CASE NO.
CONVENIENCE AND NECESSITY TO)	2024-00310
CONSTRUCT A NEW GENERATION)	
RESOURCE; 2) A SITE COMPATIBILITY)	
CERTIFICATE; AND 3)	
OTHER GENERAL RELIEF)	
	CERTIFICATE	

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Jerry Purvis, being duly sworn, states that he has supervised the preparation of the supplemental responses of East Kentucky Power Cooperative, Inc. to the Staff's First Request for Information in the above-referenced case dated October 28, 2024 and that the matters and things set forth therein are true and accurate to the best of his knowledge, information, and belief, formed after reasonable inquiry.

Jerry Purvis

Subscribed and sworn before me on this 15th day of April, 2025.


Notary Public

