

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF DUKE ENERGY)
KENTUCKY, INC. FOR A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY TO)
CONVERT ITS WET FLUE GAS)
DESULFURIZATION SYSTEM FROM A)
QUICKLIME REAGENT PROCESS TO A)
LIMESTONE REAGENT HANDLING SYSTEM AT)
ITS EAST BEND GENERATING STATION AND)
FOR APPROVAL TO AMEND ITS)
ENVIRONMENTAL COMPLIANCE PLAN FOR)
RECOVERY BY ENVIRONMENTAL SURCHARGE)
MECHANISM)

CASE NO.
2025-00002

REBUTTAL TESTIMONY OF

JULIE WALTERS

ON BEHALF OF

DUKE ENERGY KENTUCKY, INC.

April 30, 2025

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I. INTRODUCTION AND PURPOSE

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Julie Walters, and my business address is 1000 E. Main St., Plainfield,
3 Indiana.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am employed by Duke Energy Business Services LLC, a service company affiliate
6 of Duke Energy Kentucky, Inc. (Duke Energy Kentucky or Company) and a
7 subsidiary of Duke Energy Corporation (Duke Energy Corp.), as Lead
8 Environmental Health and Safety (EHS) Consultant.

9 **Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATION AND**
10 **PROFESSIONAL EXPERIENCE.**

11 A. I received a bachelor's degree in environmental policy with a minor in chemistry
12 from Indiana University–Purdue University of Indianapolis in 2011, and a Master
13 of Public Administration in Environmental Policy and Sustainability in 2019. After
14 graduating with my bachelor's degree, I joined URS as an environmental scientist
15 working on various environmental projects and field testing for the consulting firm.
16 In 2012, I joined the Indiana Department of Environmental Management as an air
17 permit writer. I joined Duke Energy in December 2015 as a Midwest compliance
18 verification rover. My role was to ensure plant compliance with all applicable local,
19 state, and federal regulations and probation and debarment compliance. In July
20 2017, I was promoted to a senior EHS professional. Once probation and debarment
21 finished, I started my work as the Midwest air compliance, Tier II, and greenhouse
22 gas subject matter expert. In 2023, as part of a reorganization, I moved into my
23 current role. I was recently promoted to Lead EHS Consultant.

1 **Q. PLEASE BRIEFLY DESCRIBE YOUR DUTIES AND RESPONSIBILITIES**
2 **AS LEAD EHS CONSULTANT.**

3 A. I am responsible for reviewing federal and state air regulations, such as, but not
4 limited to, the Mercury and Air Toxics Standards (MATS), the National Ambient
5 Air Quality Standards (NAAQS), and Cross State Air Pollution Rule (CSAPR), and
6 determining their impact on our generating facilities. I am also responsible for
7 permitting activities for our generation in Ohio.

8 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
9 **PROCEEDING?**

10 A. The purpose of my testimony is to adopt the testimony of J. Michael Geers
11 submitted in this proceeding on January 28, 2025, and his testimony and data
12 request responses from Case No. 2024-00152 that were incorporated into this
13 proceeding. My rebuttal testimony also rebuts the Direct Testimony of Dr. Ranajit
14 Sahu filed March 28, 2025, in this proceeding. In doing so, I will provide updates
15 on regulations impacting Duke Energy Kentucky's fossil generation since the filing
16 of this application.

II. **ADOPTION OF TESTIMONY AND DATA REQUESTS**

17 **Q. PLEASE EXPLAIN WHY YOU ARE ADOPTING THE DIRECT**
18 **TESTIMONY AND SCHEDULES OF MR. GEERS.**

19 A. Since the filing of the Company's Application and Testimony in this proceeding,
20 Mr. Geers has retired from the Company. Effective March 1, 2025, I assumed his
21 responsibility for environmental regulations.

1 **Q. HAVE YOU REVIEWED THE DIRECT TESTIMONY AND DATA**
2 **REQUESTS PROVIDED BY MR. GEERS AND IN CASE NO. 2024-00152**
3 **AND CASE NO. 2024-00197 TO THE EXTENT THOSE DOCUMENTS**
4 **HAVE BEEN INCORPORATED BY REFERENCE INTO THIS**
5 **PROCEEDING?**

6 A. Yes, I have reviewed Mr. Geers' Direct Testimony filed in this case on January 28,
7 2025, his Direct Testimony in Case No. 2024-00152 on July 25, 2025, and the
8 numerous data requests he sponsored in Case No. 2024-00152, as well as those in
9 Case No. 2024-00197, which were incorporated into the record of this case by
10 Commission Order dated February 4, 2025.¹

11 **Q. DO YOU HAVE ANY CHANGES OR CORRECTIONS TO THOSE**
12 **DOCUMENTS?**

13 A. Other than the updates to specific regulations I discuss below, I have no other
14 changes.

15 **Q. DO YOU HEREBY ADOPT THE TESTIMONY AND THE DATA**
16 **REQUESTS INITIALLY SPONSORED BY MR. GEERS?**

17 A. Yes.

III. REBUTTAL TESTIMONY

18 **Q. PLEASE SUMMARIZE THE TESTIMONY OF DR. SAHU FILED ON**
19 **MARCH 28, 2025.**

20 A. Dr. Sahu continues to recommend that the Commission deny the Company's
21 application to convert the lime handling system to a limestone-based handling

¹ The Commission ordered that all filings made on or before September 27, 2024 in Case No. 2024-00197, would be incorporated into the record in this case.

1 system. Dr. Sahu continues to claim that East Bend does not need to do anything to
2 comply with the 2024 MATS rule update (“MATS Update Rule” or “new MATS
3 standard”) based upon the United States Environmental Protection Agency
4 (USEPA) not including East Bend on the USEPA’s list of generating units it
5 determined would need to upgrade emission controls. Dr. Sahu also claims that
6 based upon the USEPA’s March 12, 2025, announcement that it would reconsider
7 the MATS Update Rule, that the Company cannot justify MATS compliance as a
8 reason to complete its limestone conversion project. Finally, Dr. Sahu cites the
9 Company’s response to STAFF-DR-02-003 where it disclosed that its current
10 magnesium enhanced lime (MEL) supplier has made a subsequent and new offer
11 to provide MEL for a longer term and at a lower price to support his position that
12 the Commission should deny the Company’s Application.

13 My testimony responds to Dr. Sahu’s discussion of environmental
14 regulations. Company witness Verderame will address the issue of a new MEL
15 supply contract.

16 **Q. PLEASE RESPOND TO DR. SAHU’S CLAIM THAT THE COMPANY**
17 **DOES NOT NEED TO MAKE ANY INVESTMENTS AT EAST BEND FOR**
18 **MATS COMPLIANCE BECAUSE THE USEPA DID NOT INCLUDE EAST**
19 **BEND ON ITS LIST OF GENERATING UNITS REQUIRING CONTROLS**
20 **TO MEET THE NEW MATS STANDARD.**

21 A. The Company previously addressed the fallacy of Dr. Sahu’s conclusion in their
22 Direct Testimony filed in this case. USEPA’s characterization of East Bend is
23 inaccurate for multiple reasons. First of all, when USEPA conducted its technology
24 review for MATS compliance, it stated that it selectively chose a limited data set to

1 evaluate the impact of different potential emission limits on the regulated electric
2 generating units (EGUs). Specifically, the USEPA stated “*We assessed summary*
3 *statistics of the lowest quarter’s fPM rate to evaluate the most representative metric*
4 *to describe baseline fPM emissions.*”² This assessment was not appropriate because
5 East Bend, like all EGUs, must operate in continuous compliance with the
6 regulations. Choosing a narrow data set does not properly reflect the full range of
7 fuel, load, CEMS monitor operation, and other conditions that cause fPM emission
8 rates to fluctuate. Even so, the USEPA indicated that from this narrow data set the
9 99th percentile value was 0.009 lb/MMBtu, which is just below the new standard
10 but allows no compliance margin.

11 As Mr. Geers stated in his Direct Testimony, it is not possible for the
12 Company to take no action at East Bend and continue to meet the new MATS
13 standard. East Bend regularly exceeds the revised value of fine particulate matter
14 (fPM) of 0.010 lbs/MMBTU under the new MATS standard, as shown in Exhibit 3
15 of the Company’s Application. The amount of fPM capture at East Bend is limited
16 by the design of the currently installed equipment, and there are no available and
17 simple operational changes that would reduce emissions below the new MATS
18 standard. As a result, the Company must take further action to operate in
19 compliance with the new standard or cease operating the unit.

20 Dr. Sahu’s testimony does not rebut this evidence. In fact, in response to the
21 Company’s information requests, Dr. Sahu agrees that under the implementation of
22 the MATS Update Rule, the Company must maintain continuous compliance under

² Pg. 3 2023 Technology Review for the Coal- and Oil-Fired EGU Source Category, memo to Docket No: EPA-HQ-OAR-2018-0794, Sarah Benish, Nick Hutson, Erich Eschmann, U.S. EPA/OAR, January 2023.

1 all operating conditions.³ Dr. Sahu merely accepts the USEPA's myopic and
2 incomplete analysis as infallible and uses that as justification for his position that
3 East Bend can comply with the new MATS standard despite clear evidence to the
4 contrary. For these reasons, the Commission should disregard Dr. Sahu's position
5 that East Bend is currently able to comply with the new MATS standard.

6 **Q. PLEASE DESCRIBE THE RECENT DEVELOPMENTS WITH REGARD**
7 **TO USEPA AND ITS RECONSIDERATION OF EXISTING**
8 **ENVIRONMENTAL REGULATIONS, INCLUDING MATS AND HOW**
9 **THESE DEVELOPMENTS MAY IMPACT THE COMPANY'S**
10 **LIMESTONE CONVERSION REQUEST.**

11 A. In a series of press releases dated March 12, 2025, the USEPA announced their
12 intention to review and reconsider various environmental regulations that impact
13 coal-fired power plants, including MATS, Green House Gas Emission Guidelines,
14 and Coal Combustion Residuals.⁴ As of April 25, 2025, the USEPA has not made
15 any changes to the Greenhouse Gas Guidelines under Clean Air Act section 111(d),
16 or MATS. In any event, regardless of the outcome of the reconsideration rule
17 making, the Company's justification for pursuing the Limestone Conversion was
18 not solely driven by meeting the new MATS update, although certainly an added
19 benefit, but was based upon the economics of the plant and supply risks for
20 continuing to meet existing regulations and economically operate the unit.

³ See Sierra Club's Response to Duke Energy Kentucky's Request 1.11 (Apr. 18, 2025).

⁴ See e.g., <https://www.epa.gov/newsreleases/epa-announces-action-address-costly-obama-biden-climate-measurements-social-cost> ; <https://www.epa.gov/newsreleases/epa-announces-swift-actions-coal-ash-program-coal-combustion-residuals>; and <https://www.epa.gov/newsreleases/trump-epa-reconsider-biden-harris-mats-regulation-targeted-coal-fired-power-plants-be>

1 **Q. DR. SAHU’S TESTIMONY MENTIONS THAT THE USEPA IS**
2 **CONSIDERING A TWO-YEAR COMPLIANCE EXEMPTION PURSUANT**
3 **TO SECTION 112(i)(4) OF THE CLEAN AIR ACT FOR AFFECTED**
4 **POWER PLANTS WHILE THE USEPA UNDERTAKES ITS RULE**
5 **MAKING PROCESS TO RECONSIDER THE MATS UPDATE RULE. IS**
6 **DR. SAHU’S DESCRIPTION ACCURATE?**

7 A. Yes, in a March 12, 2025, press release titled *Trump EPA to Reconsider Biden-*
8 *Harris MATS Regulation That Targeted Coal-Fired Power Plants to be Shut Down*,
9 EPA announced its intent to reconsider the MATS Update Rule promulgated by the
10 Biden administration’s EPA.⁵ Subsequently, on April 8, 2025, President Trump
11 issued a proclamation to a list of stationary sources granting a two-year compliance
12 exemption from these standards pursuant to section 112(i)(4) of the Clean Air Act.

13 **Q. DID DUKE ENERGY KENTUCKY SEEK SUCH A TWO-YEAR MATS**
14 **COMPLIANCE EXEMPTION FROM THE USEPA? PLEASE EXPLAIN**
15 **THE COMPANY’S DECISION.**

16 A. No, it did not. Whether to issue a presidential exemption from a compliance
17 standard, including MATS, under section 112 of the Clean Air Act requires a
18 source-specific determination based on the criteria set forth in subsection (i)(4) of
19 section 112. In pertinent part, USEPA’s Clean Air Act Section 112 Presidential
20 Exemption Information website reads “Submitting a request does not entitle the
21 submitter to an exemption. The President will make a decision on the merits.”⁶

⁵ Presidential Proclamation – Regulatory Relief for Certain Stationary Sources to Promote American Energy | US EPA

⁶ Available at <https://www.epa.gov/stationary-sources-air-pollution/clean-air-act-section-112-presidential-exemption-information> (emphasis added).

1 After a careful consideration of the statutory criteria as applied to East Bend within
2 the short time frame allowed by EPA,⁷ the Company determined it was unable to
3 make the required source-specific showing to secure a presidential exemption and,
4 therefore, decided not to submit a request.

5 **Q. WHY COULD DUKE ENERGY KENTUCKY NOT MAKE THE**
6 **NECESSARY SHOWING TO RECEIVE THE EXEMPTION?**

7 A. Securing a presidential exemption was not a foregone conclusion as the entity
8 seeking an exemption must demonstrate with specificity how the stationary source
9 meets both of the following statutory criteria: 1) the technology to implement the
10 new MATS standard is not available; and 2) it is in the national security interests
11 of the United States to grant the exemption. After analyzing these statutory factors,
12 the Company determined it was unable to meet both criteria. Specifically, as Mr.
13 Donner explains in his direct testimony, “the Limestone Conversion provides an
14 added co-benefit of enabling the unit to meet the recently enacted MATS Update
15 Rule, which places more strict compliance obligations on coal units through an
16 aggressive fine particulate matter standard.” Accordingly, the Company could not
17 show that “the technology to implement such standard is not available.”⁸ Moreover,
18 because the Company intended to undertake the limestone conversion project
19 irrespective of whether a presidential exemption would have been granted (had the
20 Company requested one), it cannot be argued that “it is in the national security
21 interests of the United States” to grant a presidential exemption for East Bend.⁹

⁷ EPA posted the information on its website on March 27, 2025, and asked that exemption requests be submitted by March 31, 2025.

⁸ 42 U.S.C. § 7412(i)(4).

⁹ 42 U.S.C. § 7412(i)(4).

1 **Q. CAN DUKE ENERGY KENTUCKY JUST WAIT AND SEE WHAT THE**
2 **USEPA DOES WITH ITS FINAL RULE MAKING BEFORE**
3 **PROCEEDING WITH ITS LIMESTONE CONVERSION?**

4 A. No, the Company cannot simply do nothing and hope the MATS Update Rule gets
5 rescinded. As a regulated entity that must comply with all applicable regulations,
6 Duke Energy Kentucky cannot base its investment decisions on speculation.
7 Likewise, the USEPA cannot predetermine the outcome of its rule making, because
8 doing so would be a violation of the Administrative Procedure Act, which requires
9 EPA to provide the public with notice and an opportunity to comment before
10 finalizing the rule.¹⁰

11 Compliance with the MATS Update Rule was just one supporting
12 justification for proceeding with the limestone conversion project. As Mr.
13 Verderame explains, the conversion was also necessary to address the scarcity
14 issue, price risks, and long-term supply concerns with the current MEL reagent
15 product. Limestone is more readily available, has multiple suppliers, and is an
16 industry standard form of reagent. The conversion to limestone will provide greater
17 security over the availability of reagent and price stability because it is in vast
18 supply with multiple national suppliers. And if East Bend were to continue to burn
19 coal for a longer term, 10 or more years, having a more readily available reagent
20 handling process is in the long-term best interests of customers, the Company, and
21 the coal industry.

¹⁰ “After notice required by this section, the agency shall give interested persons an opportunity to participate in the rule making through submission of written data, views, or arguments with or without opportunity for oral presentation. After consideration of the relevant matter presented, the agency shall incorporate in the rules adopted a concise general statement of their basis and purpose.” 5 U.S.C. § 553(c).

1 **Q. AS OF THE DATE OF THE PREPARATION OF YOUR TESTIMONY,**
2 **HAS THE USEPA ACTUALLY STAYED OR REPEALED ANY OF ITS**
3 **ENVIRONMENTAL REGULATIONS FOLLOWING ITS MARCH**
4 **ANNOUNCEMENTS OR THE RECENT PRESIDENTIAL EXECUTIVE**
5 **ORDERS?**

6 A. No, as of April 25, 2025, the EPA has reaffirmed it intends to reconsider the
7 Greenhouse Gas Guidelines by issuing a proposed reconsideration rule in spring
8 2025 and a final rule by December 2025. The MATS Update Rule is still in place,
9 and the Company must take action to comply. If the Company does not take such
10 action, and the 2024 MATS Update Rule remains effective, then the Company will
11 not be able to run East Bend until it comes into compliance.

12 **Q. UNTIL THESE REGULATIONS ARE STAYED OR REPEALED, DO YOU**
13 **BELIEVE IT IS PRUDENT AND REASONABLE FOR DUKE ENERGY**
14 **KENTUCKY TO CONTINUE TO PURSUE STRATEGIES TO COMPLY**
15 **WITH THESE REGULATIONS, INCLUDING THE NEW MATS**
16 **STANDARDS? PLEASE EXPLAIN.**

17 A. As stated throughout my testimony, the Company cannot base its investment
18 decisions on speculation of EPA rule-making outcomes. If the Company does not
19 make the necessary investment to comply with current regulations and those
20 regulations remain applicable requirements under the Clean Air Act, East Bend will
21 not be able to run until it comes into compliance with them. Even if the Company
22 did not pursue or the Commission did not approve the Limestone Conversion,
23 unless and until the MATS Update gets repealed, the Company must still take

1 action and upgrade East Bend's compliance systems to meet the new fPM MATS
2 standard.

3 Even if what Dr. Sahu predicts comes to fruition, and the USEPA finalizes
4 changes to the MATS Update Rule and the Greenhouse Gas Guidelines, the result
5 is that coal-fired generation has fewer environmental limitations going forward
6 under this administration and potentially future administrations. Limestone has
7 greater certainty of availability in the future, has a more robust market with multiple
8 suppliers, and historically, has experienced less price volatility. A conversion in the
9 future may or may not be justifiable or prudent. As it sits today, East Bend is more
10 than 40 years old. As the plant continues to age, making a significant investment
11 may not be cost-effective 10 years from now, as it gets closer to its eventual
12 retirement.

IV. CONCLUSION

13 **Q. DOES THIS CONCLUDE YOUR PRE-FILED REBUTTAL TESTIMONY?**

14 **A. Yes.**

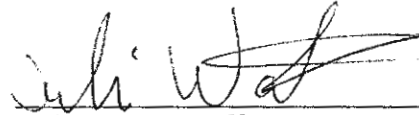
VERIFICATION

STATE OF INDIANA)

COUNTY OF Boone)

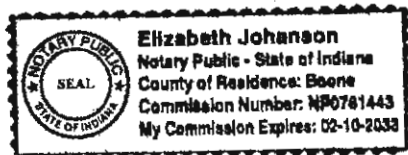
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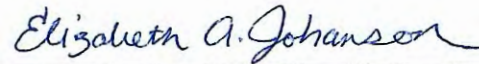
The undersigned, Julie Walters, Lead EHS Consultant, being duly sworn, deposes and says that she has personal knowledge of the matters set forth in the foregoing rebuttal testimony and that it is true and correct to the best of her knowledge, information and belief.



Julie Walters, Affiant

Subscribed and sworn to before me by Julie Walters on this 25 day of APRIL, 2025.





NOTARY PUBLIC

My Commission Expires: 02-10-2033