

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF EAST)	
KENTUCKY POWER COOPERATIVE, INC. FOR)	
APPROVAL TO AMEND ITS ENVIRONMENTAL)	CASE NO.
COMPLIANCE PLAN, AND RECOVER COSTS)	2025-00053
PURSUANT TO ITS ENVIRONMENTAL)	
SURCHARGE, AND OTHER GENERAL RELIEF)	

RESPONSES TO STAFF’S FIRST REHEARING INFORMATION REQUEST
TO EAST KENTUCKY POWER COOPERATIVE, INC.
DATED FEBRUARY 2, 2026

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

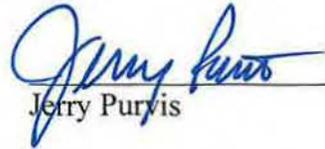
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CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Jerry Purvis, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Commission Staff's First Rehearing Request for Information in the above-referenced case dated February 2, 2026, 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 17th day of February, 2026.

JOHN CHRISTIAN EVERLY
Notary Public
Commonwealth of Kentucky
Commission Number KYNP104251
My Commission Expires Aug 27, 2029


Notary Public

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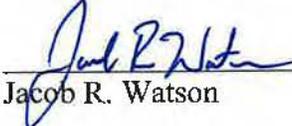
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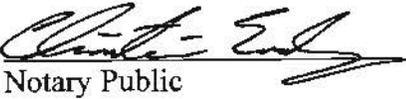
Jacob R. Watson, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Commission Staff's First Rehearing Request for Information in the above-referenced case dated February 2, 2026, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



Jacob R. Watson

Subscribed and sworn before me on this 19th day of February, 2026.

JOHN CHRISTIAN EVERLY
Notary Public
Commonwealth of Kentucky
Commission Number KYNP104251
My Commission Expires Aug 27, 2029



Notary Public

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00053
FIRST REHEARING REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED FEBRUARY 2, 2026

REQUEST 1

RESPONSIBLE PARTY: **Jacob R. Watson**

Request 1. Refer to EKPC's motion for rehearing, page 7. EKPC discussed Project 44 and its alternative proposal to amend Project 11 to include the replacement of the Cooper Unit 2 air heater basket/seals.

a. EKPC states that, if treated as part of Project 11, the replacement of the air heater basket/seals would result in a revised Project 11 balance of \$4,383,923, reflecting recovery of \$1,278,714 after writing off the remaining balance of the existing assets. Provide a detailed explanation of the calculations supporting these figures, including all underlying assumptions, formulas, and accounting treatment used to derive:

- 1) the remaining balance of the existing air heater basket/seals;
- 2) the net replacement cost; and
- 3) the proposed total revised Project 11 balance.

b. Identify and provide all supporting documentation, including schedules, workpapers, depreciation records, and accounting entries, that support EKPC's assertion that the replacement costs described in the motion for rehearing are properly recoverable as part of Project 11 rather than as a separate project.

Response 1a and b. Please see attachment *PSC Rehearing DRI Response 1 – Project 11.xlsx*. To clarify, \$3,105,209 is the total cost of the current Cooper Unit 2 air heater basket/seals, not the total cost of Project 11 in its entirety. The net book value for the remaining depreciable life of the Cooper Unit 2 air heater basket/seals project is \$741,825 as of December 31, 2025. However, Project 11 in its entirety has a net book value of \$53,780,397 as of December 31, 2025. See attachment *PSC Rehearing DRI Response 1 – Project 11.xlsx*, tab “a3 Total Revised Project Bal” for a complete breakdown of Project 11 in its entirety as it stands as of December 31, 2025 and then with the inclusion of the proposed Cooper Unit 2 air heater basket/seals project.

Also, the Cooper Unit 2 air heater basket/seals replacement has a total forecasted project cost of \$2,287,031. The projected 2025-year end net book value is \$2,164,598. See *Attachment JRW-3 – Residential Impact.xlsx*, tab “Proposed - YE 2025,” cell D20, and attachment *PSC Rehearing DRI Response 1 – Project 11.xlsx*, tab “a2 Net Replacement Cost,” cell H2 and tab “a3 Total Revised Project 11 Bal,” cell G453. The presented impact of including the Cooper Unit 2 air heater basket/seals in Project 11 mistakenly doubled the accumulated depreciation. The total impact to Project 11’s total cost would increase by \$1,523,578 and the net book value in its entirety would be an increase of \$1,982,212. See attachment *PSC Rehearing DRI Response 1 – Project 11.xlsx*, tab “a3 Total Revised Project 11 Bal,” row 457.

EAST KENTUCKY POWER COOPERATIVE, INC.
CASE NO. 2025-00053
FIRST REHEARING REQUEST FOR INFORMATION RESPONSE

STAFF'S REQUEST DATED FEBRUARY 2, 2026

REQUEST 2

RESPONSIBLE PARTY: Jerry Purvis

Request 2. Refer to EKPC's motion for rehearing, page 5. On the issue of whether recovery of Project 44 on the basis that the project constitutes maintenance rather than an environmental compliance project, provide the following information:

a. Explain, with specificity, how replacement of the Cooper Unit 2 air heater basket and seals is required to comply with a particular federal or state environmental statute, regulation, permit condition, consent decree, or enforceable regulatory mandate, rather than to maintain or extend the useful life of existing equipment.

b. Identify the specific environmental requirement(s) that would be violated if the air heater basket/seals were not replaced, including citation to the applicable rule, permit provision, or consent decree requirement, and explain how the replacement directly enables continued compliance with that requirement.

c. To the extent EKPC contends that Project 44 is necessary to maintain compliance with environmental controls previously approved under Project 11, explain how this necessity differs from routine replacement of end-of-life components and provide any supporting documentation or engineering analysis not previously submitted in this proceeding.

Response

a-b. Congress passed the 1990 Clean Air Act Amendments that created new Environmental Protection Agency (“EPA”) regulations called the Acid Rain Program (“ARP”). The ARP was based on market-based economics balancing capital spend for power plant environmental controls for SO_x and NO_x versus trading with over complying units all managed by EPA Markets Division. It was unit-by-unit controls based, and was implemented in three waves beginning in 1990. The ARP Phase 1 was from 1995-2000; ARP Phase 2 was from 2000-2010; and the full implementation was from 2010-2024. This program allowed utilities to economically purchase allowances from over compliance units, trade SO_x and NO_x allowances in a market, or to build the appropriate environmental control equipment if market-based allowances were unfavorably high to purchase. The market-based approach of the ARP achieved significant emission reductions in a cost-effective manner. On April 29, 2014, the United States Supreme Court, in a 6-2 decision, upheld EPA’s Cross State Air Pollution Rule (“CSAPR”) that quantifies upwind and downwind pollution transport. Essentially, the opinion states upwind cannot pollute downwind and the Court’s ruling set off a suite of rules to control SO_x and NO_x transporting from one state to another that concluded in the Good Neighbor Plan. Based on this decision, the EPA improved its environmental controls in 28 states identified in CSAPR 1.0. Additionally, this decision created a number of new EPA regulations, CSAPR, CSAPR 1.0, CSAPR update Rule 2.0, and the Good Neighbor Plan (“GNP”).

EKPC worked with the regulators under the 1990 Clean Air Act Amendments, ARP and CSAPR suite of rules to determine that new control equipment needed to be planned and constructed to comply with the ARP, CSAPR suite of rules and the two EPA consent decrees. The first control equipment needed were wet scrubbers on Spurlock Unit 2 and Unit 1.

Later the Cooper Unit 2 dry scrubber and selective catalytic reactors (“SCR”) were needed that were later tied into the Cooper Unit 1 and Unit 2 dry scrubber. Like many neighboring utilities, pulverized coal boilers utilize air heaters to heat up the inlet ambient air coming into the boiler with carbon steel baskets transferring the heat to the frame and steel baskets as it rotates internally in a circle. Flue gas heat and ash with levels of sulfur dioxide traveled through the air heater downstream, giving up its heat to cold ambient air coming into the air heater inlet. Carbon steel material is good for up to 900 degrees Fahrenheit. With the advent of SCRs with ammonia injection as required by new EPA rules, new environmental control equipment known as SCR’s were purchased and installed to reduce NOx emissions, which introduced a more corrosive environment for the air heater baskets, seals and bearings to reside in. Depending on the air heater location relative to the wet or dry scrubbers, the air heater baskets may be subject to ammonia slip, ammonia bisulfides that are sticky and agglomerate on the baskets. The industry suffered reliability issues, forced outages, and air heater pluggage issues at exactly the wrong time during hot summer days and cold winter nights. The industry moved from carbon steel air heater baskets to enameled or Teflon-coated baskets to maintain reliability and minimize forced outages from air heater pluggage and long-life materials due to the EPA rules.

Additionally, EKPC must comply with the EPA New Source Review (“NSR”) Consent decree that folded into the existing Title V air permits during the renewal process with the Kentucky Division of Air Quality. The language requires EKPC to maintain the control equipment and operate it year-round, including the shoulder months through the winter and into Spring. May 30 through September 30 is the acid rain and ozone season. EKPC is not aware if other electric generating utilities in Kentucky must operate their environmental control equipment year-round. Since EKPC is required to operate the environmental control equipment year-round, it causes more wear and tear on the Teflon coated baskets, bearings, and seals in EKPC’s air heaters on all coal fired units.

In summary, the replacement of the Cooper Unit 2 air heater basket and seals is necessary due to environmental compliance requirements stemming from a variety of Federal regulations detailed above. All of these federal regulations directly impact EKPC’s ability to maintain and upkeep its Air Quality Control System and ensure that it is compliant so that the generation plants can operate year-round and not exceed its federally mandated emissions limits.

c. EKPC must purchase more expensive Teflon coated or enameled air heater baskets as compared to carbon steel baskets and must replace them more often because of the year-round operations required by the respective unit-by-unit Title V air permit conditions. If it not for the Federal CSAPR rules and Title V year-round operation requirements, EKPC would purchase, maintain and utilize less expensive carbon steel baskets, bearings, and seals and replacing them on a less frequent basis.