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 COMPLIANCE PLAN AND RECOVER COSTS PURSUANT TO ITS ENVIRONMENTAL SURCHARGE, AND OTHER GENERALRELIEF	**)**	**CASE NO. 2025-00053**

VERIFIED APPLICATION

Comes now East Kentucky Power Cooperative, Inc. ("EKPC"), by counsel, pursuant to KRS 278.183, 807 KAR 5:001, and other applicable law, and hereby requests this Commission enter an Order: (1) approving EKPC's proposed amendment of its Environmental Compliance Plan ("Compliance Plan"); (2) granting EKPC authority to recover the costs associated with said Compliance Plan amendment through its existing environmental surcharge; and (3) granting all other required relief. In support of its requested relief, EKPC respectfully states as follows:

I. Introduction

1. EKPC is a not-for-profit, rural electric cooperative corporation established under KRS Chapter 279 with its headquarters in Winchester, Kentucky. Pursuant to various agreements, EKPC provides electric generation capacity and electric energy to its sixteen (16) Owner-Member Cooperatives ("Owner-Members"), which in turn serve over 570,000 Kentucky homes, farms, and commercial and industrial establishments in eighty-nine (89) Kentucky counties. EKPC's Board of Directors has stated its strategic objective is to maintain a generation fleet that prudently

diversifies its fuel sources while maximizing the potential of its capital investments and minimizing stranded assets.

2. EKPC is a "utility" as that term is defined in KRS 278.010(3)(a) and a "generation and transmission cooperative" as that term is defined in KRS 278.010(9). Each of EKPC's sixteen (16) Owner-Members are a "utility" under KRS 278.010(3)(a), as well as a "distribution cooperative" under KRS 278.010(10), and a "retail electric supplier" under KRS 278.010(4).

3. In total, EKPC owns and operates approximately 2,963 MW of net summer generating capacity and 3,265 MW of net winter generating capacity. EKPC owns and operates coal-fired generation at the John S. Cooper Station in Pulaski County, Kentucky (341 MW) and the Hugh L. Spurlock Station (1,346 MW) in Mason County, Kentucky. EKPC also owns and operates natural gas-fired generation at the J. K. Smith Station in Clark County, Kentucky (753 MW (summer)/989 MW (winter)) and the Bluegrass Generating Station in Oldham County, Kentucky (501 MW (summer)/567 MW (winter)); landfill gas-to-energy facilities in Boone County, Greenup County, Hardin County, Pendleton County and Barren County (13.1 MW total); and a Community Solar facility (8.5 MW) in Clark County, Kentucky and Cooperative Solar Farm Four – Star Hill Farm (0.5MW) in Marion County, Kentucky. Finally, EKPC purchases hydropower from the Southeastern Power Administration at Laurel Dam in Laurel County, Kentucky (70 MW), and the Cumberland River system of dams in Kentucky and Tennessee (100 MW). EKPC also has 200 MWs of interruptible load and approximately 28 MWs in peak reduction mechanisms. EKPC's record peak demand of 3,754 MW occurred on January 17, 2024.

4. EKPC owns 2,994 circuit miles of high voltage transmission lines in various voltages, mainly 69kV and greater. EKPC also owns the substations necessary to support this transmission line infrastructure. Currently, EKPC has seventy-seven (77) free-flowing

interconnections with its neighboring utilities. EKPC's transmission system is operated by PJM Interconnection, LLC ("PJM"), of which EKPC has been a fully integrated member since June 1, 2013. PJM is a regional electric grid and market operator with operational control of over 180,000 MW of regional electric generation. It operates the largest capacity and energy market in North America.

5. EKPC requests Commission authorization to amend its Compliance Plan to include nineteen (19) additional projects necessary to comply with the Disposal of Coal Combustion Residuals ("CCR") from Electric Utilities Rule ("CCR Rule"), the federal Clean Water Act ("CWA"), and other environmental requirements and obligations that arise from the use of coal in the generation of electric energy. In conjunction with its request to amend its Compliance Plan, EKPC also proposes to recover the costs associated with the projects through its environmental surcharge pursuant to KRS 278.183.

II. Background

A. The Spurlock Station

6. EKPC's largest coal-fired electric generation facility is the Spurlock Station located a few miles west of downtown Maysville, Kentucky. The Spurlock Station is situated along the Ohio River and consists of four (4) electric generation units. Spurlock Station Unit #1 ("Spurlock 1") began commercial operation on September 1, 1977, and has a net capacity of 300 MW. Spurlock Station Unit #2 ("Spurlock 2") became operational on March 2, 1981; at 510 MW of net capacity, it is the largest electric generation unit at the Spurlock Station. Spurlock 1 and Spurlock 2 are both conventional, pulverized coal units. Spurlock Station Unit #3 is known as the E. A. Gilbert Unit ("Gilbert Unit") and began commercial operations on March 1, 2005. The Gilbert Unit utilizes a Circulating Fluidized Bed ("CFB") technology and boasts a net generating capacity of 268 MW.

Spurlock Station Unit #4 ("Spurlock 4") is a sister unit to the Gilbert Unit and also has 268 MW of generating capacity. Spurlock 4 became operational on April 1, 2009. The combined coal storage capacity of the Spurlock Station is 970,000 tons and the Spurlock Station primarily burns a range of eastern bituminous coals delivered by barge.

7. EKPC has already heavily invested in environmental control equipment at the Spurlock Station. Spurlock 1 is equipped with low NOx burners, selective catalytic reduction ("SCR") technology, a cold-side electrostatic precipitator ("ESP"), a wet flue gas desulfurization ("FGD") scrubber, and a wet ESP. Spurlock 2 is equipped with low NOx burners, SCR technology, a hot-side ESP, wet FGD scrubber and a wet ESP. The Gilbert Unit and Spurlock 4 employ CFB combustion technology, a different type of environmental control technology. The Gilbert Unit and Spurlock 4 are further equipped with selective non-catalytic reduction technology, dry FGD scrubbers, and baghouses.

8. On May 18, 2018, the Commission approved EKPC's 2018 Compliance Plan amendment with various proposed modifications of existing Spurlock Station facilities to comply with state and federal environmental requirements.[1] These improvements include conversion of the plant's bottom ash handling system, construction of a new wastewater treatment plant and fly ash storage silo, and the closure and repurposing of the on-site coal ash pond. These projects help ensure the ongoing safety and stability of EKPC's generation fleet.

9. The four (4) units at the Spurlock Station are among the least expensive electric generation units in the EKPC fleet and have maintained favorable capacity factors following

[1] Case No, 2017-00376, *In the Matter of the Application of East Kentucky Power Cooperative, Inc. for Approval to Amend its Environmental Compliance Plan and Recover Costs pursuant to its Environmental Surcharge, Settlement of Certain Asset Retirement Obligations and Issuance of a Certificate of Public Convenience and Necessity and Other Relief*, May 18, 2018 Order, (Ky. P.S.C., May 18, 2018).

EKPC's full integration into the Reliability Pricing Model ("RPM") Capacity Market administered by PJM Interconnection LLC ("PJM"). Likewise, prudent management practices have assured that the Spurlock Station's units have a high availability factor. In light of their consistent availability and low-cost operations, the Spurlock Station's units are the workhorses of the EKPC electric generation fleet.

B. The Cooper Station

10. Cooper Station is EKPC's other coal-fired electric generation facility and is located in the Burnside community of Pulaski County, Kentucky. Cooper Station is situated adjacent to Lake Cumberland and consists of two (2) electric generation units. Cooper Station Unit #1 ("Cooper 1") is rated at 116 MW and began commercial operation on February 9, 1965. Cooper Station Unit #2 ("Cooper 2") is larger with 225 MW of electric generation capacity and entered service for EKPC on October 28, 1969. The combined coal storage capacity of Cooper Station is 250,000 tons. Cooper Station units burn eastern bituminous coal, delivered exclusively by truck.

11. Cooper Station is equipped with a dry ash handling system. Cooper Station's two (2) units share a common FGD system including a pulse jet fabric filter, and one of its units is serviced by an SCR system.

C. Overview of Environmental Regulation

1. Breadth of Requirements at the State and Federal Levels

12. Electric utilities are among the most heavily environmentally regulated companies in the United States. Authorities at the federal and state levels oversee nearly every aspect of EKPC's operations, with particular emphasis on the monitoring and abatement of the wastes and by-products that accompany coal-fired electric generation. EKPC has devoted and continues to

devote substantial resources to ensure its proactive compliance with environmental requirements, especially at its Cooper and Spurlock Stations as described herein.

13. EKPC complies with nearly a dozen federal rules that have been promulgated under the authority of the Clean Air Act ("CAA"), including: New Source Performance Standards; New Source Review; Title IV of the CAA, including rules governing pollutants that contribute to acid deposition; Title V operating permit requirements; Mercury and Air Toxics Standards; summer ozone trading program requirements promulgated after the United States Environmental Protection Agency ("EPA") acted upon Section 126 Petitions and the Ozone State Implementation Plan Call; National Ambient Air Quality Standards for Sulfur Dioxide, Nitrogen Dioxide, Carbon Monoxide, Ozone, Particulate Matter, Particulate Matter of 2.5 microns or less and Lead; the Cross State Air Pollution Rule; and the Regional Haze Rule.

14. As the Commission is aware, much of EKPC's environmental compliance activity in recent years was undertaken as a result of the CCR Rule, which governs the classification, collection and disposal of certain by-products of the combustion of coal (fly ash, bottom ash, boiler slag and flue gas desulfurization materials). The final CCR Rule,[2] which became effective October 19, 2015, applies to owners and operators of new and existing landfills and new and existing surface impoundments (including all lateral expansions of such landfills and surface impoundments) where CCR material is disposed. The CCR Rule also has applicability to inactive CCR surface impoundments.[3] The principal objectives of the CCR Rule are as follows: (1) to impose structural

[2] *See* 80 Fed. Reg. 21302 (April 17, 2015).

[3] The CCR Rule currently does not apply to: CCR landfills that ceased receiving CCR materials prior to the effective date of the CCR Rule; CCR landfills and impoundments at facilities that have ceased producing electricity prior to the effective date of the CCR Rule; CCR materials generated at facilities that are not part of an electric utility or independent power producer, such as manufacturing facilities, universities and hospitals; CCR materials generated primarily from the combustion of fuels other than coal; CCR that is beneficially reused; CCR placement at active or abandoned underground or surface coal mines; or CCR material that is placed at municipal solid waste landfills.

integrity requirements to reduce the risk of catastrophic failure of CCR landfills and impoundments; (2) protecting groundwater through monitoring and corrective actions, location restrictions, and landfill and impoundment liner design criteria; (3) adopting operating criteria for CCR landfills and impoundments; (4) record-keeping, notification and publicly-available internet website posting obligations; (5) obligations for inactive CCR landfills and impoundments; (6) administration of state programs to implement the CCR Rule; (7) CCR landfill and impoundment closure obligations; and (8) guidelines for beneficial reuse of CCR materials. Numerous projects contained in EKPC's existing and proposed Compliance Plan are the result of the CCR Rule, as further detailed in testimony submitted herewith.

2. The CWA and Related Regulation

15. The federal CWA, and particularly the EPA's promulgation of the current Effluent Limitation Guidelines and Standards for the Steam Electric Power Generating Point Source Category ("ELG Rule") thereunder, also serve as significant stimuli for EKPC's recent environmental compliance investment and activities. The ELG Rule was finalized in its proposed form by the EPA on November 3, 2015. The ELG Rule established revised technology-based effluent limitations and standards for various wastewater streams generated by coal-fired steam electric generating stations. As such, the ELG Rule establishes the best available technology that is economically achievable with requirements for existing facilities. After taking considerable public comment, the ELG Rule became effective on January 4, 2016. The ELG Rule requires that all permits issued in the first permitting cycle following the third anniversary of the effective date of the ELG Rule should include a compliance schedule established by the Kentucky Energy and Environment Cabinet's Division of Water ("Division of Water"). On September 18, 2017, the EPA

published a new Final Postponement Rule that postponed the earliest compliance deadline for these two ELG waste streams but otherwise maintained the ELG standards during the reconsideration.

16. The standards set forth in the ELG Rule are incorporated into the Kentucky Pollutant Discharge Elimination System ("KPDES") requirements imposed upon EKPC by the Division of Water.

3. Additional Environmental Requirements

17. While the CCR Rule and the ELG Rule are primary factors behind EKPC's recent requests to amend its existing Compliance Plan, there are other environmental regulations which also make the proposed Compliance Plan amendments a prudent course of action for EKPC. Thus, even if the CCR Rule or the ELG Rule were not applicable, other legal authorities would still require EKPC and other coal-generating electric utilities in the state to move forward with most, if not all, of the proposed Compliance Plan amendments.[4]

III. General Filing Requirements

18. Pursuant to 807 KAR 5:001 Section 14(1), EKPC's business address is 4775 Lexington Road, Winchester, Kentucky 40391 and its mailing address is P.O. Box 707, Winchester, Kentucky 40392-0707. EKPC's telephone number is 859-744-4812 and its fax number is 859-744-6008. EKPC's email address is psc@ekpc.coop. EKPC requests the following individuals be included on the service list:

Gregory H. Cecil, EKPC's Director of Regulatory and Compliance Services:

greg.cecil@ekpc.coop

L. Allyson Honaker, Counsel for EKPC:

[4] See the Direct Testimony of Jacob R. Watson, Exhibit 6 Attachment JRW-1, for a full listing of the applicable environmental regulations and environmental permits of EKPC's proposed Compliance Plan.

allyson@hloky.com

Heather S. Temple, Counsel for EKPC:

heather@hloky.com

Meredith L. Cave, Counsel for EKPC

meredith@hloky.com

19. Pursuant to 807 KAR 5:001, Section 14(1), the grounds for EKPC's request for an amendment of its Compliance Plan and recovery of costs through its environmental surcharge are set forth herein and, in the testimony, filed in support hereof.

20. Pursuant to 807 KAR 5:001, Section 14(2), EKPC is a Kentucky corporation, in good standing, and was incorporated on July 9, 1941. A certificate of good standing is attached to this Application as Exhibit 1.

V. Overview of Testimony

21. EKPC is providing written testimony to support its Application from the following individuals:

a. Mr. Jerry Purvis, Vice President of Environmental Affairs, will offer testimony concerning the environmental obligations that EKPC must satisfy. He will also offer detailed testimony as to the purpose, scope and requirements of the CCR Rule, the ELG Rule and other applicable environmental authorities.

b. Mr. Jacob Watson, Manager of Pricing, will provide testimony concerning the cost and rate impact of the Compliance Plan. He will also discuss the proposed revisions to the environmental surcharge tariff, monthly reporting forms, and the implementation of the new rate on the 1st day of the expense month following an order.

c. Mr. Joseph T. VonDerHaar, Plant Manager of Spurlock Power Station, will offer testimony detailing the projects EKPC has proposed for inclusion in its amended compliance plan.

d. Mr. Thomas Stachnik, Vice President of Finance and Treasury, will offer testimony concerning the Rate of Return to be used for Environmental Compliance Projects.

VI. Conclusion

22. The compliance projects detailed in this Application and its supporting materials are appropriate for inclusion in EKPC's proposed amended Compliance Plan under KRS 278.183. Accordingly, EKPC respectfully requests that the Commission allow EKPC to recover the costs of the projects through its environmental surcharge as described herein. WHEREFORE, on the basis of the foregoing, EKPC respectfully requests the Commission enter an Order:

1) Approving the proposed amendment of EKPC's Compliance Plan;
2) Authorizing recovery of the costs associated with said amendment, approximately $22,500,000 with an additional $1,750,000 of annual operating and maintenance expense, through EKPC's existing environmental surcharge; and
3) Granting all other relief to which EKPC may be entitled.

This the 2nd day of July, 2025.

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF CLARK)

Comes now Jacob Watson, Manager of Pricing of East Kentucky Power Cooperative, Inc., and, after being duly sworn, does hereby verify, swear and affirm that the averments set forth in the foregoing Application are true and correct based upon my personal knowledge and belief, formed after reasonable inquiry, as of this 1st day of July, 2025.

Jacob Watson

Jacob Watson
Manager of Pricing

East Kentucky Power Cooperative, Inc.

The foregoing Verification was verified, sworn to and affirmed before me, the NOTARY PUBLIC by Jacob Watson, Manager of Pricing of East Kentucky Power Cooperative, Inc. on this 1st day of July, 2025.

KATHY L. MCINTOSH
Notary Public
Commonwealth of Kentucky
Commission Number KYNP94102
My Commission Expires Jan 30, 2029

NOTARY PUBLIC

Commission No. KYNP94102

My Commission Expires: 1/30/29

Respectfully submitted,

Heather S. Temple

L. Allyson Honaker
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Counsel for East Kentucky Power Cooperative, Inc.

VII. Exhibits

Exhibit No.	Title	Witness
1	Certificate of Good Standing	Jacob Watson
2	EKPC's Notice of Intent to File Application	Jacob Watson
3	Testimony of Jerry B. Purvis	Jerry B. Purvis
4	Testimony of Joseph T. VonDerHaar · Attachment JV-1 – Fact Sheets of Environmental Compliance Projects	Joseph T. VonDerHaar
5	Testimony of Thomas J. Stachnik · Attachment TJS-1 – Determination of Rate of Return on Environmental Compliance Rate Base	Thomas J. Stachnik
6	Testimony of Jacob Watson · Attachment JW-1 – Schedule of Current Environmental Compliance Plan and the Project Amendment/Addition · Attachment JW-2 – Sample Copy of the Monthly Environmental Surcharge Reporting Formats which Reflect Inclusion of the Amended/Additional Projects · Attachment JW-3 – Estimate of Revenue Increase and Estimated Bill Impact · Attachment JW-4 – EKPC Board Resolution – Approval to Amend Environmental Compliance Plan and Seek to Recover Costs Associated with the Specifically Identified Project	Jacob Watson
7	Notice to Owner-Member Cooperatives	Jacob Watson

EXHIBIT 1
CERTIFICATE OF GOOD STANDING

Commonwealth of Kentucky
Michael G. Adams, Secretary of State

Michael G. Adams
Secretary of State
P. O. Box 718
Frankfort, KY 40602-0718
(502) 564-3490
http://www.sos.ky.gov

Certificate of Existence

Authentication number: 337878
Visit https://web.sos.ky.gov/ftshow/certvalidate.aspx to authenticate this certificate.

I, Michael G. Adams, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

EAST KENTUCKY POWER COOPERATIVE, INC.

EAST KENTUCKY POWER COOPERATIVE, INC. is a corporation duly incorporated and existing under KRS Chapter 14A and KRS Chapter 273, whose date of incorporation is July 9, 1941 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that Articles of Dissolution have not been filed; and that the most recent annual report required by KRS 14A.6-010 has been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 27th day of June, 2025, in the 234th year of the Commonwealth.

Michael G. Adams
Secretary of State
Commonwealth of Kentucky
337878/0015195

EXHIBIT 2
NOTICE OF INTENT

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 COMPLIANCE PLAN, RECOVER COSTS PURSUANT TO ITS ENVIRONMENTAL SURCHARGE, AND OTHER GENERAL RELIEF	))))))	CASE NO. 2025-00053

EAST KENTUCKY POWER COOPERATIVE, INC.'S
NOTICE OF INTENT

Comes now East Kentucky Power Cooperative, Inc. ("EKPC"), by counsel, and hereby gives notice to the Kentucky Public Service Commission ("Commission"), pursuant to KRS 278.183(2) of its intent to file an Application under KRS 278.183. This Application will request approval of the following: an amended Environmental Compliance Plan, cost recovery through the Environmental Surcharge Mechanism, and any other general relief to which EKPC may be entitled.

This 4th day of March, 2025.

Respectfully submitted,

Heather S. Temple

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Counsel for East Kentucky Power Cooperative, Inc.

CERTIFICATE OF SERVICE

This is to certify that the foregoing was submitted electronically to the Commission on March 4, 2025 and that there are no parties that have been excused from electronic filing. Pursuant to prior Commission orders, no paper copies of this filing will be submitted.

Heather S. Temple

Counsel for East Kentucky Power Cooperative, Inc.

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 COMPLIANCE PLAN, RECOVER COSTS PURSUANT TO ITS ENVIRONMENTAL SURCHARGE, AND OTHER GENERAL RELIEF	))))))	CASE NO. 2025-00053

EAST KENTUCKY POWER COOPERATIVE, INC.'S
REVISED AND RENEWED NOTICE OF INTENT

Comes now East Kentucky Power Cooperative, Inc. ("EKPC"), by counsel, and hereby gives notice to the Kentucky Public Service Commission ("Commission"), pursuant to KRS 278.183(2) of its revised and renewed notice of intent to file an Application under KRS 278.183. This Application will request approval of the following: an amended Environmental Compliance Plan, cost recovery through the Environmental Surcharge Mechanism, and any other general relief to which EKPC may be entitled.

This 2nd day of May 2025.

Respectfully submitted,

Heather S. Temple

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Counsel for East Kentucky Power Cooperative, Inc.

CERTIFICATE OF SERVICE

This is to certify that the foregoing was submitted electronically to the Commission on May 2, 2025 and that there are no parties that have been excused from electronic filing. Pursuant to prior Commission orders, no paper copies of this filing will be submitted.

Heather S. Temple

Counsel for East Kentucky Power Cooperative, Inc.

EXHIBIT 3
DIRECT TESTIMONY OF JERRY B. PURVIS

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 COMPLIANCE PLAN AND RECOVER COSTS PURSUANT TO ITS ENVIRONMENTAL SURCHARGE, AND OTHER GENERALRELIEF	**)**	**CASE NO. 2025-00053**

DIRECT TESTIMONY OF JERRY B. PURVIS ON BEHALF OF EAST KENTUCKY POWER COOPERATIVE, INC.

Filed: July 2, 2025

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 COMPLIANCE PLAN AND RECOVER COSTS PURSUANT TO ITS ENVIRONMENTAL SURCHARGE, AND OTHER GENERALRELIEF	))))))	**CASE NO. 2025-00053**

AFFIDAVIT

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Jerry Purvis, being duly sworn, states that he has read the foregoing prepared testimony and he would respond in the same manner to the question if so asked upon taking the stand and that the matters and things set forth therein are true and correct, to the best of his knowledge, information and belief.

Jerry Purvis

Jerry Purvis

Subscribed and sworn before me on this 1st day of July, 2025.

Jeannie M. Jones

Notary Public

JEANNIE M. JONES
NOTARY PUBLIC
STATE AT LARGE
KENTUCKY
COMMISSION # KYNP41703
MY COMMISSION EXPIRES JANUARY 15, 2026

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.

A. My name is Jerry B. Purvis and my business address is East Kentucky Power Cooperative, Inc. ("EKPC"), 4775 Lexington Road, Winchester, Kentucky 40391. I am the Vice President of Environmental Affairs for East Kentucky Power Cooperative, Inc. ("EKPC").

Q. PLEASE STATE YOUR EDUCATION AND PROFESSIONAL EXPERIENCE.

A. I earned a B.S. degree in Chemistry from Morehead State University and a B.S. degree in Chemical Engineering from the University of Kentucky. I also earned a Master of Business Administration from Morehead State University. I served in various positions at EKPC over the course of the past thirty years. On May 28, 2017, I became the Vice President of Environmental Affairs at EKPC.

Q. PLEASE PROVIDE A BRIEF DESCRIPTION OF YOUR DUTIES AT EKPC.

A. As Vice President of Environmental Affairs, I am responsible for compliance with environmental laws, the preparation of applications for all environmental compliance plans and permits required for the construction and operation of generation stations, transmission facilities and landfills, and the preparation of environmental impact statements and other documentation necessary to demonstrate compliance with the National Environmental Policy Act to achieve federally approved financing through the Rural Utilities Service. I report directly to the Chief Operating Officer/Executive Vice President, Mr. Don Mosier.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE COMMISSION?

A. Yes. I provided written testimony in multiple cases before the Commission, most recently in Case No. 2024-000310[1] and Case No. 2024-000370.[2]

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to describe the current status of the Spurlock Station and Cooper Station as it applies to environmental regulations, the environmental rules applicable to the storage and disposal of coal ash under which EKPC must operate, how those rules apply to the coal ash currently stored at Spurlock Station and Cooper Station, EKPC's current permitting activities relating to the Spurlock Station and Cooper Station, and EKPC's current plan to store the ash and the additional capacity provided by the additional phase.

Q. WHAT PROJECTS ARE YOU SPONSORING?

A. I am sponsoring Projects 58 and 59 which include annual compliance monitoring. Projects 42-57 and the amendment to Project 38 is discussed further in Mr. VonDerHaar's testimony.

II. COAL ASH AND SPECIAL WASTE

Q. WHAT IS COAL ASH?

A. Coal ash is the result of combustion of coal. The terms "coal ash," "Coal Combustion Residuals" or "CCRs," "Coal Combustion By-Products" or "CCBs," and "ash materials" are somewhat synonymous and are often used interchangeably as terms for

1 Case No. 2024-00310, *Electronic Application of East Kentucky Power Cooperative, Inc. for 1) A Certificate of Public Convenience and Necessity to Construct a New Generation Resource; 2) a Site compatibility Certificate; and 3) Other General Relief.*

2 Case No. 2024-00370, *Electronic Application of East Kentucky Power Cooperative, Inc. for 1) Certificates of Public Convenience and Necessity to Construct a New Generation Resources; 2) For a Site Compatibility Certificate Relating to the Same; 3) Approval of Demand Side Management Tariffs; and 4) Other General Relief.*

the coal combustion waste generated and disposed of at EKPC's Spurlock Station and Cooper Station. The use of each term depends in large measure on the environmental regulations that were in effect at the time the coal combustion waste was generated. Over the history of coal-fired electricity generation, the definition of coal ash has been modified, expanded and narrowed as the EPA promulgated new standards for air quality and waste disposal. Pursuant to the EPA's CCR rule in 2015, CCR is defined to include fly ash, bottom ash, boiler slag, and flue gas desulfurization materials generated from burning coal for the purpose of generating electricity by an electric utility.

Q. HAS THE COMBUSTION OF COAL AT EKPC'S SPURLOCK AND COOPER STATIONS PRODUCED COAL ASH?

A. Yes. When all Spurlock Station units are in full operation, approximately 1,300,000 tons of coal ash are typically produced annually consistent with the Landfill Management Plan, March 2024. And when all Cooper Station units are in full operation, approximately 80,000 tons of coal ash are typically produced annually consistent with the Landfill Management Plan, March 2024.

Q. Are you familiar with existing and/or proposed federal laws and regulations governing the storage and disposal of coal ash with which EKPC must comply?

A. Yes.

Q. PLEASE DESCRIBE ANY APPLICABLE EXISTING AND/OR PROPOSED FEDERAL LAWS AND REGULATIONS GOVERNING THE STORAGE AND DISPOSAL OF COAL ASH.

A. The EPA promulgated the first national standards for coal combustion residuals ("CCR") disposal in December 2014, 40 CFR part 257, Subpart D (the "CCR rule"). EPA's CCR rule establishes national standards under Subtitle D of the Resource Conservation and Recovery Act ("RCRA") for the disposal of CCR as non-hazardous waste. The promulgation of the CCR rule was prompted in part by the catastrophic releases of CCR at the TVA Kingston and Duke Dan River Facilities in Kinston, TN and Eden, NC, respectively. Kentucky subsequently adopted new regulations at 401 KAR Chapter 46 that established permitting procedures and substantive standards based on the federal CCR rule for the regulation of CCR disposal in Kentucky. CCR disposal was formerly permitted under the special waste provisions of 401 KAR chapter 45. The permitting provisions of Chapter 46 were ultimately invalidated by the Franklin Circuit Court, but the substantive performance standards for the disposal of CCR in Chapter 46, which are consistent with the CCR rule, remain in effect. The KDWM subsequently authorized new CCR disposal under its Chapter 45 permitting authority and Chapter 46 substantive standards through the mechanism of Agreed Orders.

Q. ARE YOU FAMILIAR WITH STATE LAWS AND REGULATIONS GOVERNING THE STORAGE AND DISPOSAL OF COAL ASH IN KENTUCKY WITH WHICH EKPC MUST COMPLY?

A Yes.

Q. IS COAL ASH CONSIDERED "SPECIAL WASTE"?

A. Yes. KRS 224.50-760(1)(a) designates utility waste (fly ash, bottom ash, scrubber

sludge) as special waste. A special waste is a waste with a large volume and low hazard.

Q. WHEN DID KENTUCKY BEGIN TO REGULATE COAL ASH AS A "SPECIAL WASTE"?

A. KRS224.50-760 was enacted in 1980. In 1992, the predecessor to the EEC promulgated regulations related to the disposal of waste including special wastes. The regulations authorized the disposal of special waste in designated categories of landfills, including an inert landfill, with specific approval from the Cabinet. *See* 401 KAR 30:010 Section 1(138)(a) (1983) (since repealed). Moreover, 401 KAR 47:040 (1983) (since repealed) established requirements for permit applications and general design requirements for inert landfills.

Q. HAS THE REGULATION OF SPECIAL WASTE IN KENTUCKY EVOLVED OR CHANGED SINCE THE EARLY 1980'S?

A. Yes. In 1992, the Cabinet promulgated 401 KAR Chapter 45 to establish regulations specifically applicable to special waste, including utility waste. These regulations remained applicable until the EPA promulgated 40 CFR Part 257, Subpart D, the new federal minimum standards known as the CCR rule. Kentucky took action to effectively adopt the new federal standards by reference in 401 KAR Chapter 46. The Cabinet's proposed permitting provisions in Chapter 46 were invalidated by the Franklin Circuit Court, and the Cabinet since permitted CCR disposal under its Chapter 45 permitting authority through an Agreed Order mechanism.

Q. WHAT ARE SOME OF THE PERMITTING REQUIREMENTS CONTAINED IN 401 KAR CHAPTER 45 GOVERNING SPECIAL WASTE?

A. There are a number of permitting requirements contained in 401 KAR Chapter 45 governing the storage and disposal of special waste. For example, 401 KAR 45:020 Section 2(1) requires a permit for a Special Waste Landfill, 401 KAR 45:030 Section 5 prohibits unpermitted disposal facilities, and 401 KAR 45:110 establishes technical requirements for the design of Special Waste Landfills. Today, Kentucky utilizes the substantive standards of 40 CFR Part 257, Subpart D, EPA's CCR rule, through new regulations at 401 KAR Chapter 46.

Q. PLEASE DESCRIBE THE CCR RULE AND WHAT CHANGES HAVE BEEN MADE.

A. The Disposal of Coal Combustion Residuals from Electric Utilities Rule ("CCR Rule") applies to coal combustion wastes and by-products from EKPC facilities utilized for production of energy from coal. Prior to adoption of the federal CCR Rule in 2015, the KDWM adopted and administered special waste regulations under their Solid Waste program beginning in the mid-to-late 1990's. EKPC permitted its waste disposal facilities and complied with those regulations for many years.

Rule History

On December 22, 2008, a large coal ash spill occurred at the TVA power plant in Kingston, Tennessee, flooding more than 300 acres of land and releasing coal ash into the Emory and Clinch rivers. This catastrophic spill prompted the EPA to assess coal ash surface impoundments and gather information from facilities managing coal ash nationwide. On June 21, 2010 (75 Federal Register 35128), the EPA issued a proposal to regulate the disposal of CCR generated from the combustion of coal at electric

utilities and independent power producers under the Resource Conservation and Recovery Act ("RCRA"). The proposal contained two regulatory options: to regulate CCR as hazardous waste under RCRA Subtitle C or to regulate CCR as non-hazardous waste under RCRA Subtitle D. Under both alternatives, the EPA proposed to establish dam safety requirements to address the structural integrity of surface impoundments and prevent catastrophic releases.

After receipt and evaluation of extensive public comments, the EPA opted to establish national standards for the disposal of CCR as non-hazardous waste under Subtitle D of RCRA. The rule was signed by the EPA Administrator on December 19, 2014, published in the Federal Register on April 17, 2015, and became effective on October 14, 2015. This rule established a comprehensive set of requirements for the safe disposal of CCR from coal-fired power plants.

The CCR regulations address the risks from coal ash disposal, such as the leaking of contaminants into ground water, blowing of contaminants into the air as dust, and catastrophic failure of CCR surface impoundments. Additionally, the rule sets out recordkeeping and reporting requirements as well as the requirement for each facility to establish and post specific information to a publicly accessible website.

The CCR Rule was altered and amended several times since 2015 as a result of several federal court decisions and subsequent EPC rulemakings. Some of the more notable changes include a U.S. Court of Appeals, Washington D.C. Circuit Court decision No. 151219, decided August 21, 2018, finding that unlined CCR surface impoundments (including those lined only with clay) pose an unreasonable risk to the environment and

must be closed or retrofitted. In addition, Congress passed the Water Infrastructure Improvements for the Nation Act (WIIN Act) in 2016, authorizing the EPA to approve State CCR permitting programs and to administer a federal permitting program in states without an approved program. The EPA subsequently proposed and adopted multiple additional rule revisions in response to the WIIN Act and to address court decisions and other implementation issues.

EKPC currently has several regulated CCR units at its generating facilities, including four permitted CCR landfills and the CCR surface impoundment at Spurlock Station, which is in the process of closure by removal. (Ash from the Spurlock Impoundment closure is being placed in the on-site Spurlock Landfill.) EKPC maintains a publicly available website on which all required CCR compliance documentation is maintained.

As noted previously, the EPA most recently issued a Notice of Proposed Rulemaking on May 18, 2023 regarding "legacy" surface impoundments. Those units are defined as CCR surface impoundments that ceased receiving waste before October 19, 2015; that nevertheless contained both CCR and liquids on or after October 19, 2015; and that are located at an inactive electric generating facility. The proposed rule would also regulate a new category of units identified as "CRR management units," which are defined as any area of land on which any non-containerized accumulation of CCR is received, placed, or otherwise managed at any time, and that is not a CCR unit. EPA issued the final rule on May 8, 2024. The legacy CCR rule defines legacy surface impoundments (LSI) and coal combustion residual management units (CCRMU). LSI are defined as a "CCR surface impoundment that no longer receives CCR but contained

both CCR and liquids on or after October 19, 2015, and that is located at an inactive electric utility or independent power producer." A CCRMU is defined as an area of land on which any noncontainerized accumulation of CCR is received, is placed, or is otherwise managed, that is not a regulated CCR unit; this includes inactive CCR landfills and CCR units that closed prior to October 19, 2015, but does not include roadbed and associated embankments…". While the timelines within the rule are less stringent than originally proposed giving the applicant more time to comply, the rule remains self-implementing.

On November 8, 2024, the EPA published a direct final rule and companion proposed rule to correct errors in the May 2024 Legacy CCR Surface Impoundments final rule. The changes reflected in the direct final rule and companion proposal are: 1.) fixing an error that caused confusion regarding November 8, 2024, effective date of the Legacy Final Rule and 2.) correcting an inadvertent deletion in the existing 2015 regulatory text caused by incorrect amendatory instructions. The EPA did not receive adverse comments by December 9.2024, so direct final rule went into effect on February 6, 2025.

On January 16, 2025, the EPA published a second direct final rule and companion proposed rule to correct errors and clarify several provisions in the May 2024 Legacy CCR Surface Impoundment final rule. The changes reflected in the direct final rule and companion proposal are: 1.) fixing incorrect regulatory text citations and cross-references, 2.) clarifying and adding provisions in the regulatory text to match what is clearly described in the preamble of the May 8 rule and 3.) improving the rule

implementation by adding a new section consolidating compliance deadlines for CCRMU.

On March 14, 2025, the EPA withdrew the direct and final rule because it received adverse comments on it before the end of the comment period, March 17, 2025. The direct and final rule would have gone into effect May 16, 2025. The EPA still accepted public comments on the rule though March 17, 2025. The EPA will respond to the comments as a part of any final action it takes on the parallel path to a proposed rule. The EPA will not institute a second comment period on this action. The EPA is not reconsidering, proposing to reopen, or otherwise soliciting comments on a provision of the Legacy CCR Surface Impoundments rule or CCR regulations. The Legacy Impoundment Rule is applicable to any coal-fired site that burned coal and requires a qualified professional to make determines under the rule as to if the site contains legacy surface impoundments or CCRMU's, the applicability to groundwater monitoring, sampling and collection of samples, the timelines and closure.

EKPC is working with its consultants and legal counsel pursuant to the rule determining applicability for Spurlock, Cooper, Smith, and Dale Stations. While Smith Station did not burn coal, it received the coal ash from Dale Station in a permitted landfill and another location for beneficial reuse. While Dale Station closed under the regulations of the state, the EPA Legacy Impoundment Rule requires reclosure under this federal regulation. Hancock Creek landfill permitted under 401 KAR 45, special waste landfill regulations, is indeterminate at this time until the studies are completed. Ground water monitoring is required under the Legacy Impoundment Rule for coal fired facilities that

are determined to have either legacy surface impoundments (LSIs) or coal combustion residual management units (CCRMUs).

WHAT O/M PROJECTS RESULT FROM LEGACY CCR?

EKPC is required by the rule to complete initial studies called "Facility Evaluation Reports" to determine by location if EKPC has legacy CCR impoundments or Coal Combustion Residual Management Units on site by facility that burned coal. Once this determination of the FERs is complete, EKPC with its environmental consultants develop capital projects required by the rule. Should the Trump EPA revise the rules EKPC will monitor, work closely with the Division of Waste Management and EPA to revise the compliance plan and capital projects that resulted from the legacy CCR rule.

VI. CONCLUSION

Q. PLEASE SUMMARIZE YOUR TESTIMONY.

A. EKPC proactively works with the EEC and the Department of Environmental Protection to gain insight, direction, and interpretations on EPA rules and programs as delegated to Kentucky by the EPA as its authority to act. After studying and vetting the EPA and State regulations, EKPC proactively updates and submits compliance plans once risk, impacts, and costs are approved by EKPC leadership and Board. As a part of this regulatory process, EKPC seeks the required permits from the respective EPA and Kentucky Department of Environmental Protection agencies. No permits are required at this time. However, should permit applicability arise, we will contact the agency to begin this effort.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

EXHIBIT 4
DIRECT TESTIMONY OF
JOSEPH T. VONDERHAAR

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 COMPLIANCE PLAN AND RECOVER COSTS PURSUANT TO ITS ENVIRONMENTAL SURCHARGE, AND OTHER GENERALRELIEF	**)**	**CASE NO. 2025-00053**

DIRECT TESTIMONY OF JOSEPH T. VONDERHAAR ON BEHALF OF EAST KENTUCKY POWER COOPERATIVE, INC.

Filed: July 2, 2025

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 COMPLIANCE PLAN AND RECOVER COSTS PURSUANT TO ITS ENVIRONMENTAL SURCHARGE, AND OTHER GENERALRELIEF	))))))	**CASE NO. 2025-00053**

AFFIDAVIT

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Joseph VonDerHaar, being duly sworn, states that he has read the foregoing prepared testimony and he would respond in the same manner to the question if so asked upon taking the stand and that the matters and things set forth therein are true and correct, to the best of his knowledge, information and belief.

Joseph VonDerHaar

Joseph VonDerHaar

Subscribed and sworn before me on this 1st day of July, 2025.

Jeannie M. Jones

Notary Public

JEANNIE M. JONES
NOTARY PUBLIC
STATE AT LARGE
KENTUCKY
COMMISSION # KYNP41703
MY COMMISSION EXPIRES JANUARY 15, 2026

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.

A. My name is Joseph T. VonDerHaar and my business address is East Kentucky Power Cooperative, Inc. ("EKPC"), 1301 West Second Street, Maysville, KY, 41056. I am the Plant Director of Spurlock Power Station for EKPC.

Q. PLEASE STATE YOUR EDUCATION AND PROFESSIONAL EXPERIENCE.

A. I received a Bachelor of Science in Electrical Engineering from the University of Dayton. I have been employed by EKPC since 2008 and have held my current position within the EKPC organization since 2011. Before coming to EKPC, I was the Vice President of Operations for an industrial power transmission manufacturing company. Additional utility experience includes positions in System Operations, Transmission and Distribution for the Dayton Power & Light Company, and Combined Cycle power plant experience for Public Service of Indiana (now part of Duke Energy).

Q. PLEASE PROVIDE A BRIEF DESCRIPTION OF YOUR DUTIES AT EKPC.

A. I have overall responsibility for the safe, reliable, and environmentally compliant operation of the Spurlock Power Station. I report directly to Craig Johnson, EKPC's Senior Vice President of Power Production.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is first to describe EKPC's existing coal-fired generation assets, specifically the Hugh L. Spurlock Station ("Spurlock Station") and John S. Cooper Station ("Cooper Station"). I will discuss the projects EKPC undertook at these

facilities in order to comply with state and federal environmental rules and regulations. My testimony is provided in support of EKPC's request to amend its Environmental Compliance Plan to include nineteen (19) other projects in which seventeen (17) are sponsored by me and the remaining two (2) are covered in the testimony of Jerry Purvis EKPC's Vice President of Environmental Affairs.

Q. ARE YOU SPONSORING ANY EXHIBITS?

A. Yes. Included with my testimony as Attachment JV-1 is a compilation of summary fact sheets relevant to seventeen (17) of the projects EKPC proposes for inclusion in its Environmental Compliance Plan. Specifically, Projects 42-57 and the amendment to Project 38 is discussed below.

Q. PLEASE DESCRIBE EKPC'S SPURLOCK STATION.

A. The Spurlock Station is EKPC's largest coal-fired electric generation facility. It is located near the City of Maysville, Kentucky, a few miles west of the center of town, and situated along the Ohio River. The Spurlock Station consists of four (4) electric generation units. Spurlock Station Unit #1 ("Spurlock 1") began commercial operation on September 1, 1977, and has a net capacity of 300 MW. Spurlock Station Unit #2 ("Spurlock 2") became operational on March 2, 1981; at 510 MW of net capacity, it is the largest electric generation unit at the Spurlock Station. Spurlock 1 and Spurlock 2 are both conventional, pulverized coal units. Spurlock Station Unit #3 is known as the E. A. Gilbert Unit ("Gilbert Unit") and began commercial operations on March 1, 2005. The Gilbert Unit utilizes a Circulating Fluidized Bed ("CFB") technology and boasts a

net generating capacity of 268 MW. Spurlock Station Unit #4 ("Spurlock 4") is a sister unit to the Gilbert Unit and also has 268 MW of generating capacity. Spurlock 4 became operational on April 1, 2009. The normal high target for the combined coal storage capacity of the Spurlock Station is 970,000 tons and Spurlock Station primarily burns a range of eastern bituminous coals delivered by barge.

Q. PLEASE DESCRIBE EKPC'S COOPER STATION.

A. The Cooper Station is EKPC's other coal-fired electric generation facility and is located in the Burnside community of Pulaski County, Kentucky. The Cooper Station is situated adjacent to Lake Cumberland and consists of two (2) electric generation units. Cooper Station Unit #1 is rated at 116 MW and began commercial operation on February 9, 1965. Cooper Station Unit #2 is larger with 225 MW of electric generation capacity and entered service for EKPC on October 28, 1969. The combined coal storage capacity of the Cooper Station is 250,000 tons. The Cooper Station units burn eastern bituminous coal, delivered exclusively by truck.

Q. AS COAL-FIRED GENERATION FACILITIES, ARE THE SPURLOCK AND COOPER STATIONS HEAVILY REGULATED?

A. Yes. Authorities at the federal and state levels oversee nearly every aspect of EKPC's operations, with particular emphasis on the monitoring and abatement of the wastes and by-products that accompany coal-fired electric generation. EKPC continually evaluates existing and anticipated environmental requirements to ensure its facilities are best-positioned for compliance.

The testimony submitted herewith of Mr. Jerry Purvis, EKPC's Vice President of Environmental Affairs, provides extensive detail concerning the purpose, scope, and requirements of various state and federal environmental regulations that have necessitated the projects EKPC proposes to add to its Compliance Plan. These include the Effluent Limitation Guidelines and Standards for the Steam Electric Power Generating Point Source Category ("ELG Rule"), the Disposal of Coal Combustion Residuals from Electric Utilities Rule ("CCR Rule"), and other applicable environmental regulations and requirements (including those associated with the Kentucky Pollutant Discharge Elimination System ("KPDES")), all of which apply to coal combustion wastes and by-products from EKPC facilities utilized for production of energy from coal.

Q. HAS EKPC MADE INVESTMENTS IN ENVIRONMENTAL CONTROLS FOR THE SPURLOCK STATION AND COOPER STATION?

A. Yes. With respect to the generation assets themselves, Spurlock 1 is equipped with low NOx burners, selective catalytic reduction ("SCR") technology, a cold-side (or, in the case of Spurlock 2, hot-side) electrostatic precipitator ("ESP"), a wet flue gas desulfurization ("FGD") scrubber, and a wet ESP. The Spurlock Station's other two (2) units employ Circulating Fluidized Bed combustion technology and are further equipped with selective non-catalytic reduction technology, dry FGD scrubbers and baghouses. Conversely, EKPC's Cooper Station has a dry ash handling system. The Cooper Station's two (2) units share a common FGD system including a pulse jet fabric

filter, and one of its units is serviced by an SCR system.

Q. WHAT OTHER PROJECTS HAS EKPC UNDERTAKEN IN ORDER TO COMPLY WITH STATE AND FEDERAL REGULATIONS IMPOSED UPON COAL-FIRED GENERATION FACILITIES?

A. EKPC has invested significant resources in its Spurlock and Cooper Stations to ensure continued compliance with environmental requirements. These investments, both in the generation assets and the plant infrastructure necessary to support those assets, are specifically targeted to comply with regulations and rules imposed by various governmental authorities.

Although EKPC's environmental compliance strategies are too numerous and varied to fully discuss here, EKPC's primary efforts in this regard are reflected in the projects contained in (and proposed to be added to) its Environmental Compliance Plan. A significant amendment to EKPC's Environmental Compliance Plan occurred in 2018 when the Commission approved various proposed modifications of existing Spurlock Station facilities to comply with state and federal environmental requirements (primarily related to the CCR and ELG Rules).[1] These improvements include conversion of the plant's bottom ash handling system, construction of a new wastewater treatment plant and fly ash storage silo, the closure and repurposing of the on-site coal

1 *In the Matter of the Application of East Kentucky Power Cooperative, Inc. for Approval to Amend its Environmental Compliance Plan and Recover Costs pursuant to its Environmental Surcharge, Settlement of Certain Asset Retirement Obligations and Issuance of a Certificate of Public Convenience and Necessity and Other Relief*, Order, Case No. 2017-00376 (Ky. P.S.C., May 18, 2018).

ash pond, and the expansion of the existing landfill. These projects help ensure the ongoing safety and stability of EKPC's generation fleet.

Q. HOW MANY PROJECTS DOES EKPC SEEK TO ADD TO ITS ENVIRONMENTAL COMPLIANCE PLAN AS PART OF THIS PROCEEDING?

A. EKPC seeks to amend its Environmental Compliance Plan to reflect nineteen (19) additional projects. EKPC believes that all 19 projects should be considered amendments to projects already part of the approved Environmental Compliance Plan. The fact sheets included in Attachment JV-1 identify seventeen (17) of those projects.

Q. PLEASE DESCRIBE THE PROJECTS EKPC SEEKS TO ADD TO ITS ENVIRONMENTAL COMPLIANCE PLAN.

A. The projects are associated with four main key areas. Six (6) of them are related to proper landfill management of various landfills. Four (4) of them are related to environmental control equipment enhancements. Three (3) of them are driven by lessons learned from winter performance and our extreme cold weather hardening process. The last four (4) are related to general environmental system maintenance. Each of these projects, seventeen (17) projects, are described in detail as part of Attachment JV-1.

All of the projects EKPC seeks to add to its Environmental Compliance Plan were (or will be) undertaken in order to maintain compliant operations at EKPC's coal-fired generation facilities. These projects have been or will be completed in the usual

course of EKPC's business.

Q. WERE/ARE EACH OF THE PROJECTS EKPC SEEKS TO ADD TO ITS COMPLIANCE PLAN REASONABLE AND COST-EFFECTIVE FOR COMPLIANCE WITH APPLICABLE ENVIROMENTAL REQUIRMENTS?

A. Yes.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

ATTACHMENT JV-1
FACT SHEETS OF ENVIRONMENTAL COMPLIANCE PROJECTS

Environmental Surcharge Fact Sheet

Project:	**Spurlock Unit 3 & 4 Cooling Tower Concentrated Acid Tank - Add second tank**
Prepared by:	Varble, Bill
Description:	Add a second 6,500 gallon concentrated sulfuric acid tank north of existing tank for U3 and U4 cooling tower water treatment. Horizontal 6,500 gallon sulfuric acid tank including tank access platform and desiccant vent system. Containment basin including acid resistant coating. Pumping and piping system. Wiring (power and I&C) required to operate.
Justification:	Spurlock has had difficulty recently with receiving shipments of sulfuric acid, which can jeopardize the availability of the cooling tower and units. Request made to double storage capacity to offset delivery interruptions.
Alternatives Considered:	Chemical totes—this solution would be much more dangerous to operate than a hard piped, permanent system, and generally more expensive than bulk purchase. No sulfuric acid treatment—this would require withdrawal of excessive amounts of water from the river, perhaps exceeding permitted levels, and would require greatly increased blowdown. Probability of plating out of calcium carbonate on tower components and condenser would be expected to increase.
Installed Date: (forecast)	12/13/2024
Capital Cost: (forecast)	$796,929.00
Operations and Maintenance Cost:	$20,000/ year

Environmental Surcharge Fact Sheet

Project:	**Spurlock Landfill - Haul Road Paving Phase 2**
Prepared by:	Varble, Bill
Description:	Pave an additional 5000' of heavy-duty roadway asphalt pavement on the existing gravel haul road from the previous Phase 1 project to the existing construction entrance at South Ripley Rd.
Justification:	This project will contribute to the mitigation of fugitive dust and stormwater runoff water quality by replacing the current gravel surface with asphalt pavement, helping meet environmental compliance. This also provides safer travel conditions for haul trucks, reduction of water needed for dust control, and reduces roadside maintenance.
Alternatives Considered:	Maintaining a gravel surface on the haul road section would be the highest risk option. The options for paving were heavy duty asphalt and concrete, with concrete being the more expensive option.
Installed Date: (forecast)	9/30/2026
Capital Cost: (forecast)	$3,414,357.00
Operations and Maintenance Cost:	$35,000/year

Environmental Surcharge Fact Sheet

Project:	**Spurlock CCR ELG Operations Control Facility (Environmental Plant Operational Facility)**
Prepared by:	Varble, Bill
Description:	Office addition is 652sf in area, metal framed walls with insulated metal panel exterior to match adjacent structures, standing seam metal roof and on a concrete slab/footing. Extend existing building to include new foundations, floors, doors, windows, structure, roof, siding, walls, HVAC, plumbing and electrical. Fit-up new building with furniture and appliances.
Justification:	The original CCR/ELG plan was to build a breakroom for the additional manpower needed to operate the Waste Water Treatment (WWT) Facility and didn't include a dedicated control room. The project planned for the WWT equipment to operate from the WWT engineering station which, posed challenges with commissioning and concerns for long term operation. EKPC evaluated operating the Waste Water Treatment Equipment with the existing Scrubbers and the Four Units in the main plant control room, however, this would have caused extra congestion and complexity in the existing plant control room as well as the operating team. The selected alternative was to divide control operations for the whole station to create two operating teams that would split at the Unit 1&2 Scrubbers. The temporary WWT and Scrubbers Control room was placed in what was originally planned to be the WWT break room, meaning very limited space for both the control room and break rooms. With this capital project, there will be a dedicated control room and a dedicated breakroom that will give the WWT Operators the same amenities that are provided to the rest of the station employees including lockers, one office for the ability to check emails, perform training, or a private meeting with their supervisor, and an additional bathroom.
Alternatives Considered:	As noted in justification above: 1) Operation at the WWT engineering station, 2) Operation in the main plant control room, 3) Temporary WWT & Scrubber control in break room.
Installed Date: (forecast)	8/21/2025
Capital Cost: (forecast)	$700,000.00
Operations and Maintenance Cost:	$11,760/year

Environmental Surcharge Fact Sheet

Project:	**Spurlock South Side Cap**
Prepared by:	Burton, Jarrad
Description:	Cap the South side of the landfill over portions of Area B and Area C that are at final slope per our landfill permit. The cap will be approximately 10 acres. It will include regrading the slope to meet permitted top of waste, placing FML, geocomposite, and two feet of clay as required by the CCR rule. This project scope will also include establishing vegetative cover and performance of field and engineering services per the Spurlock Landfill Permit.
Justification:	As part of compliance with the Coal Combustion Residual Rule for Spurlock Landfill, EKPC is required to install a closure cap on the areas of the landfill that reach final permitted limits. In accordance with the CCR Rule, the cap permeability must be equal to or less than the subgrade. The bond will be reduced when cap is established.
Alternatives Considered:	No alternatives were considered. This is an Asset Retirement Obligation (ARO) associated with the landfill.
Installed Date: (forecast)	12/31/2026
Capital Cost: (forecast)	$3,750,000.00
Operations and Maintenance Cost:	$20,000/year

Environmental Surcharge Fact Sheet	
Project:	**Spurlock Landfill A, B, C Runon and Runoff Upgrade**
Prepared by:	Burton, Jarrad
Description:	Upgrade legacy portions of the Spurlock landfill to adequately handle a 25 year, 24 hour rain event in accordance with the CCR Rule. Work to include 223 feet of 2-42" reinforced concrete pipe, 70 feet of 24"x38" elliptical reinforced concrete pipe and 983 feet of stone lined ditches.
Justification:	This work is required by EPA's Code of Federal Regulations 40 CRF 257. In accordance with 40 CRF 257.82 the Periodic Run-on/Run-off Assessments is due every five years. It was initially performed in 2016 and is due again this year. This work needed to be completed this summer in order to complete the assessment by the due date.
Alternatives Considered:	No alternatives were considered. This work was necessary in order to complete the required assessment.
Installed Date:	7/7/2021
Capital Cost:	$197,176.00
Operations and Maintenance Cost:	$2,500/year

Environmental Surcharge Fact Sheet	
Project:	**Spurlock West Side Pump Station**
Prepared by:	Burton, Jarrad
Description:	Wet areas exist on the west side of Spurlock Landfill. The project scope includes installing toe drains within the landfill cap and a pump station capable of moving the water to the adjacent landfill ditch. In addition, the area will be regraded to promote stormwater runoff.
Justification:	The wet areas on the west side of Spurlock landfill are beginning to cause stability issues on the slope including minor sloughing. If not addressed, the stability issues will continue to worsen, and the integrity of the landfill cap system and perimeter haul road could be at risk of failure.
Alternatives Considered:	The following alternatives were considered to address this problem: • Do nothing • Regrade the area and re-evaluate in the future • Install drains and a pump station to remove water from the area
Installed Date: (forecast)	12/17/2025
Capital Cost: (forecast)	$809,600.00
Operations and Maintenance Cost:	$20,000/year

Environmental Surcharge Fact Sheet

Project:	**Smith Landfill Final Cap**
Prepared by:	Burton, Jarrad
Description:	Place a CCR compliant cap on JK Smith Landfill and initiate final closure. It will include regrading the slopes to meet permitted top of waste, placing FML, geocomposite, and two feet of clay as required by the CCR rule. This project scope will also include establishing vegetative cover and performance of field and engineering services per the Smith Landfill Permit.
Justification:	JK Smith has no future plans to take any CCR material, therefore, the landfill is no longer needed and can be closed consistent with the CCR Legacy Rule. In accordance with the CCR Rule, the cap permeability must be equal to or less than the subgrade.
Alternatives Considered:	No alternatives were considered. This is an Asset Retirement Obligation (ARO) associated with the landfill.
Installed Date: (forecast)	12/31/2026
Capital Cost: (forecast)	$4,000,000.00
Operations and Maintenance Cost:	$20,000/year

Environmental Surcharge Fact Sheet

Project:	**Spurlock Unit 3 and Unit 4 - Dust Suppression for BC3, BC4, PC3 and PC4 Conveyors**
Prepared by:	Caldwell, Jeff
Description:	This project will provide dust suppression for bunker coal conveyors BC3 and BC4 as well as plant coal conveyors PC3 and PC4. The discharge of the PC3 and PC4 conveyors are located in the tripper floor room at the top of the main plant building. The BC3 and BC4 conveyors are located entirely within the tripper floor room. The project scope to provide a fogging dust suppression system is listed below. Third-party vendor, Dust Solution Inc. (DSI) will design and supply the dust suppression equipment. DSI has provided several dust suppression systems for ash and coal at Spurlock. Construction contract will provide the following: installation of one multi-function module (MFM), installation of one electric control module (ECM), installation of four (4) flow control modules (FCM), installation of 28 fogger nozzles, installation of all piping and hoses to connect the MFM, FCMs and fogger nozzles, provide materials and install air, water and electrical supply to the dust suppression system.
Justification:	Plant coal conveyors PC3 and PC4 supply coal to the tripper floor at the top of the main plant building. The coal is then discharged onto the bunker coal conveyors BC3 and BC4. The coal then leaves BC3 and BC4 to fill the silos, ready for Unit 3 and Unit 4 boilers. As the coal transfers from conveyor to conveyor and conveyor to silo there is a significant amount of dust created. That dust can make its way throughout the entire tripper floor room. The coal dust can create a fire hazard. It can also be a health issue for employees working in the tripper floor room.
Alternatives Considered:	None – This is approximately the 7th one of these systems the plant has installed and they have been proven reliable.
Installed Date: (forecast)	12/13/2024
Capital Cost:	$247,080.00
Operations and Maintenance Cost:	$5,000/year

Environmental Surcharge Fact Sheet

Project:	**Spurlock WWT - Ash Reliability Improvements**
Prepared by:	Caldwell, Jeff
Description:	Cable tray covers, service water flush capabilities for wastewater elimination system, new isolation valve for brine forwarding leg, plenom cover at WWT & Ash PCM's to prevent potential water seepage, A/C bypass source at ash PCM, removable handrail at WWT & ash PCM's and lid for distribution, service and clarifier clearwell tanks.
Justification:	After operating the new systems for nearly two years and during that time period successfully operating through Winter Storm Elliot, several opportunities to improve reliability that are needed have been identified. This scope improves reliability of the electrical system that powers all of the ash systems for U1 & U2 as well as the WWT Plant needed to operate U1 & U2. Also, this project is in accordance with EPKC's Winter (cold weather) Preparedness Plan reviewing lessons learned from past winter events (Winter Storm Elliot). Proper winter readiness is also part of NERC requirement EOP-012 (Emergency Operation Plans).
Alternatives Considered:	None –These projects are reliability driven, permanent solutions to the issues identified over the past two years. Tank lid covers – 1) Currently there is netting over the 2 tanks that does not have the same longevity as a solid fiberglass lid. 2)service water mods are to have permanent water lines versus red rubber hoses run where several were tripping hazards. The outdoor lines will be run with heat trace and insulation so they do not have to be rolled back up when not in use during the colder months outside.
Installed Date: (forecast)	2/20/2025
Capital Cost: (forecast)	$1,264,820.00
Operations and Maintenance Cost:	$10,000/year

Environmental Surcharge Fact Sheet

Project:	**Spurlock Vac Truck Air Compressor**
Prepared by:	Caldwell, Jeff
Description:	Purchase a new air compressor for the vacuum truck ash transfer station. The new air compressor will need to be the same capacity as the existing. The new compressor will need to have remote start capability so that it only runs during the unloading process. It will also need to have a cold start kit with interlock to prevent startup before the oil is warm. The new air compressor will need to be installed at a location remote to the vacuum truck ash transfer station to prevent it from being contaminated with ash particulate. This will require a new concrete pad. Piping and cables will need to be ran from the existing compressor location to connect to the new remote location.
Justification:	The existing air compressor for the vacuum truck ash transfer station has been damaged by ash particulate due to it being mounted in close proximity to the ash unloading. It has also incurred damage from cold starting during the winter. The compressor was also being operated 24/7 since there was not a remote start for the truck drivers. The air compressor repair cost is a significant portion of a new compressor price. The option to tie into the waste water treatment plant air system was explored but found to have insufficient capacity for this additional operation. Since the ash pond operation has ceased, it is no longer an option for the vacuum trucks to unload there. If the vacuum trucks were to haul directly to the landfill it would require the landfill to operate 24/7 rather than the current day shift operation. At present time a rental air compressor is being utilized to allow the transfer station to continue to operate.
Alternatives Considered:	None – In-kind replacement was not an option as current compressor did not survive the environment it was in. the fogging system has an air requirement and there was not any reasonable local air that could be tied into.
Installed Date: (forecast)	1/20/2025
Capital Cost: (forecast)	$740,000.00
Operations and Maintenance Cost:	$20,000/year

Environmental Surcharge Fact Sheet

Project:	**Spurlock WWT Distillate System Upgrades**
Prepared by:	Caldwell, Jeff
Description:	Install a lid on the distillate tank to prevent contamination from the adjacent coal pile. Heat trace and insulate distillate line from WWT to U2 scrubber
Justification:	The existing distillate tank had an open top and was susceptible to dust, debris and coal from the coal pile nearby. The water from this tank goes to a permitted outfall and needs to comply with the associated water quality limits. The installation of a lid to avoid water contamination was the only solution. In addition, during Winter Storm Elliot, the distillate line had freezing issues brought about by the cold temperatures, so EKPC added heat trace and insulating line to avoid freezing. This project is in accordance with EPKC's Winter (cold weather) Preparedness Plan reviewing lessons learned from past winter events (Winter Storm Elliot). Proper winter readiness is also part of NERC requirement EOP-012 (Emergency Operation Plans).
Alternatives Considered:	None – Tank lid was best option to keep out unwanted particles and it had to be stainless since the tank could not be removed from service. We also wanted the security/permanency of a solid lid since the water ends up at a permitted outfall. Freeze Protection – It is standard at power plants to use heat trace and insulate to prevent freeze protection of lines.
Installed Date:	1/3/2024
Capital Cost:	$611,855.00
Operations and Maintenance Cost:	$5,000/year

Environmental Surcharge Fact Sheet

Project:	**Spurlock Water Mass Balance Pond- Install Heat Trace on Supply/Return Lines to Pond**
Prepared by:	Caldwell, Jeff
Description:	Purchase and installation of heat trace and insulation for the Spurlock Water Mass Balance Treatment Recirculation Lines to the WMB Pond.
Justification:	Current piping supply/return are subject to freezing. This project is in accordance with EPKC's Winter (cold weather) Preparedness Plan reviewing lessons learned from past winter events (Winter Storm Elliot). Proper winter readiness is also part of NERC requirement EOP-012 (Emergency Operation Plans).
Alternatives Considered:	None - Freeze Protection – It is standard at power plants to use heat trace and insulate to prevent freeze protection of lines.
Installed Date:	10/10/2024
Capital Cost: (forecast)	$229,342.00
Operations and Maintenance Cost:	$5,000/year

Environmental Surcharge Fact Sheet

Project:	**Cooper SCR - Top Catalyst Layer Replacement 2024/25**
Prepared by:	Ackerman, Paul
Description:	Purchase one (1) new layer/63 modules of plate catalyst in 2024 and replace the Cooper Unit 2 SCR top layer in 2025. Catalyst layer will come with new ash baffles to seal the 63 modules inside the reactor.
Justification:	Fall 2022 catalyst testing results showed 9,000 hours of remaining life left in the reactor. Unit 2's total activity factor (Z) for the reactor required to meet emissions is 4.5 minimum. The testing showed the current Z factor to be 5.4.
Alternatives Considered:	Replacement of modules is required to maintain environmental compliance, no known alternatives
Installed Date: (forecast)	6/13/2025
Capital Cost: (forecast)	$1,159,180.00
Operations and Maintenance Cost:	$0 added expense

Environmental Surcharge Fact Sheet

Project:	**Cooper Landfill Leachate System 480 Volt Electric**
Prepared by:	Ackerman, Paul
Description:	480Volt electric to be run to Cooper landfill leachate system.
Justification:	The leachate pumps are currently powered by a portable propane generator. The generator has failed multiple times and has resulted in significant maintenance attention. This project will supply a new 480V electric feed to the leachate farm to power submersible pumps that will reduce maintenance time and increase reliability for the landfill leachate pump system.
Alternatives Considered:	Continue with existing unreliable operations requiring high maintenance efforts.
Installed Date: (forecast)	3/27/2025
Capital Cost: (forecast)	$656,240.00
Operations and Maintenance Cost:	$0 added expense

Environmental Surcharge Fact Sheet

Project:	**Cooper U2 Air Heater Basket/Seal Replacement**
Prepared by:	Ackerman, Paul
Description:	2022 Arvos air heater inspection revealed that the cold end baskets were approaching end of life. Project will consist of replacing the air preheater cold and hot baskets and seals. The hot baskets and top seals must be removed prior to being able to access the cold baskets and in order to provide the same heat transfer system performance as existing, and to maximize life expectancy of the combined hot/cold basket system, the hot baskets must be replaced at the same time as the cold baskets.
Justification:	Air heater has to remain in service for the unit to operate.
Alternatives Considered:	No known alternatives
Installed Date: (forecast)	6/13/2025
Capital Cost: (forecast)	$1,915,981.00
Operations and Maintenance Cost:	$0 added expense

Environmental Surcharge Fact Sheet

Project:	**Cooper Unit 2 Replace Middle Layer SCR Catalyst**
Prepared by:	Ackerman, Paul
Description:	Replace middle layer SCR catalyst.
Justification:	End of life.
Alternatives Considered:	Replacement is required to maintain environmental compliance, no known alternatives.
Installed Date: (forecast)	5/11/2026
Capital Cost: (forecast)	$1,343,853.00, top catalyst layer cost with 10% contingency and 5% inflation factor
Operations and Maintenance Cost:	$0 added expense

Environmental Surcharge Fact Sheet

Project:	**Spurlock Station Ash Cooling Actuators**
Prepared by:	Scott, Quinten
Description:	New actuators to automate cooling valves on the United Conveyor Corporation Pneumatic Ash Extractor System. All control wiring and necessary terminations and inputs into the DCS System to be able to control from control room.
Justification:	Flue Gas is currently discharging into the old tool room due to the ash cooling system not being able to control the amount of air pulled. This is a personnel safety concern.
Alternatives Considered:	Logic revisions were made to full load, no load, and timers between sequences, but this change did little to prevent conveying flu gas.
Installed Date:	12/1/2023
Capital Cost:	$31,816.38
Operations and Maintenance Cost:	$500 /year

EXHIBIT 5
DIRECT TESTIMONY OF
THOMAS J. STACHNIK

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 COMPLIANCE PLAN AND RECOVER COSTS PURSUANT TO ITS ENVIRONMENTAL SURCHARGE, AND OTHER GENERALRELIEF	**)**	**CASE NO. 2025-00053**

DIRECT TESTIMONY OF THOMAS J. STACHNIK ON BEHALF OF EAST KENTUCKY POWER COOPERATIVE, INC.

Filed: July 2, 2025

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 COMPLIANCE PLAN AND RECOVER COSTS PURSUANT TO ITS ENVIRONMENTAL SURCHARGE, AND OTHER GENERALRELIEF	))))))	**CASE NO. 2025-00053**

AFFIDAVIT

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Thomas Stachnik, being duly sworn, states that he has read the foregoing prepared testimony and he would respond in the same manner to the question if so asked upon taking the stand and that the matters and things set forth therein are true and correct, to the best of his knowledge, information and belief.

Thomas Stachnik

Subscribed and sworn before me on this 1st day of July, 2025.

Notary Public

JEANNIE M. JONES
NOTARY PUBLIC
STATE AT LARGE
KENTUCKY
COMMISSION # KYNP41703
MY COMMISSION EXPIRES JANUARY 15, 2026

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.

A. My name is Thomas J. Stachnick, and my business address is East Kentucky Power Cooperative, Inc. ("EKPC"), 4775 Lexington Road, Winchester, Kentucky 40391. I am the Vice President and Treasurer for East Kentucky Power Cooperative, Inc. ("EKPC").

Q. PLEASE STATE YOUR EDUCATION AND PROFESSIONAL EXPERIENCE.

A. I earned a B.S. degree in Chemical Engineering from the University of Illinois and an MBA from the University of Chicago; additionally, I hold the Chartered Financial Analyst and Certified Treasury Professional designations. Prior to establishing a career in finance, I worked as a chemical engineer for approximately ten (10) years. I worked in the Treasury Department of Brown-Forman Corporation for thirteen (13) years before assuming my current role at EKPC in August 2015.

Q. PLEASE PROVIDE A BRIEF DESCRIPTION OF YOUR DUTIES AT EKPC.

A. As Vice President of Finance and Treasurer for EKPC, I am responsible for management and direction of the treasury area including borrowing, investing, and cash management. I also oversee the financial forecasting, budgeting, and risk management functions. I report directly to EKPC's Executive Vice President and Chief Financial Officer, Mr. Cliff Scott.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE COMMISSION?

A. Yes. I provided written testimony pertaining to financing issues in several cases,

including most recently Case No. 2024-00310 and Case No. 2024-00370.[1]

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to discuss EKPC's plans to finance the nineteen projects more fully described in Jacob Watson's Direct Testimony. I will also discuss the calculation of EKPC's weighted average cost of debt associated with the debt issuances related to its Compliance Plan.

II. SPONSORED ATTACHMENTS

Q. ARE YOU SPONSORING ANY EXHIBITS?

A. Yes. I am sponsoring the following attachment, which I ask be incorporated into my testimony by reference: Attachment TJS-1 – Surcharge ROR April 2025.

Q. WERE THE ATTACHMENTS TO YOUR TESTIMONY PREPARED BY YOU OR SOMEONE WORKING UNDER YOUR SUPERVISION?

A. Yes.

III. FINANCING

Q. PLEASE DESCRIBE HOW EKPC WILL FINANCE THE PLAN PROJECTS.

A. Initially, any expenditures related to the plan projects will be funded by general corporate cash and borrowings on EKPC's Revolving Credit Facility. EKPC will replace any temporary financing with long-term debt issued under the existing trust indenture from the Rural Utilities Service or other lenders.

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1 Case No. Case No. 2024-00310, *Electronic Application of East Kentucky Power Cooperative, Inc. for 1) A Certificate of Public Convenience and Necessity to Construct a New Generation Resource; 2) a Site compatibility Certificate; and 3) Other General Relief* and Case No. 2024-00370, *Electronic Application of East Kentucky Power Cooperative, Inc. for 1) Certificates of Public Convenience and Necessity to Construct a New Generation Resources; 2) For a Site Compatibility Certificate Relating to the Same; 3) Approval of Demand Side Management Tariffs; and 4) Other General Relief.*

Q. WILL THIS RESULT IN A MATERIAL EFFECT ON EKPC'S FINANCIAL POSITION?

A. No.

III. EKPC'S WEIGHTED AVERAGE COST OF DEBT ASSOCIATED WITH DEBT ISSUANCE RELATED TO THE COMPLIANCE PLAN

Q. WHAT WILL BE EKPC'S WEIGHTED AVERAGE COST OF DEBT ASSOCIATED WITH THE DEBT ISSUANCE RELATED TO THE PROJECTS IN THE COMPLIANCE PLAN?

A. The weighted average cost of debt related to these projects is 4.324%.

Q. WHAT RATE OF RETURN WOULD YOU PROPOSE FOR ENVIRONMENTAL COMPLIANCE PROJECTS?

A. Applying a 1.5 Times Interest Earned Ratio ("TIER"), based on EKPC's environmental surcharge review case in 2025-00013[2], to the weighted average cost of debt above, results in a proposed rate of return of 6.486%. In Case No. 2025-00013, the Commission requested EKPC to calculate the weighted average cost of debt and the rate of return based on a 1.5 TIER. Therefore, EKPC has also utilized the 1.5 TIER in this instance. Please refer to Attachment TJS-1 for a breakdown of the calculation.

VI. CONCLUSION

Q. PLEASE SUMMARIZE YOUR TESTIMONY.

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2 Case No. 2025-00013, *Electronic Examination by the Public Service Commission of the Environmental Surcharge Mechanism of East Kentucky Power Cooperative, Inc. for the Sixth-Month Expense Periods Ending May 31, 2022, November 30, 2022, November 30, 2023, May 31, 2024, and November 30, 2024, the Two-Year Expense Period Ending May 31, 2023, and the Pass-Through Mechanism of its Sixteen Member Distribution Cooperatives*.

A. The proposed plan projects will be initially funded with general corporate cash and available credit facility capacity, and costs of capital expenditures will be replaced with long-term debt. A rate of return of 6.486% on the Environmental Compliance rate base is proposed.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

ATTACHMENT TJS-1

DETERMINATION OF RATE OF RETURN ON ENVIRONMENTAL COMPLIANCE RATE BASE

ATTACHMENT TJS-1 IS AN EXCEL SPREADSHEET IS UPLOADED SEPARATELY INTO THE ELECTRONIC FILING SYSTEM

EXHIBIT 6
DIRECT TESTIMONY OF
JACOB R. WATSON

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 COMPLIANCE PLAN AND RECOVER COSTS PURSUANT TO ITS ENVIRONMENTAL SURCHARGE, AND OTHER GENERALRELIEF	**)**	**CASE NO. 2025-00053**

DIRECT TESTIMONY OF JACOB R. WATSON ON BEHALF OF EAST KENTUCKY POWER COOPERATIVE, INC.

Filed: July 2, 2025

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 COMPLIANCE PLAN AND RECOVER COSTS PURSUANT TO ITS ENVIRONMENTAL SURCHARGE, AND OTHER GENERALRELIEF	))))))	**CASE NO. 2025-00053**

AFFIDAVIT

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Jacob Watson, being duly sworn, states that he has read the foregoing prepared testimony and he would respond in the same manner to the question if so asked upon taking the stand and that the matters and things set forth therein are true and correct, to the best of his knowledge, information and belief.

Jacob Watson

Jacob Watson

Subscribed and sworn before me on this 1st day of July, 2025.

Jeannie M. Jones

Notary Public

JEANNIE M. JONES
NOTARY PUBLIC
STATE AT LARGE
KENTUCKY
COMMISSION # KYNP41703
MY COMMISSION EXPIRES JANUARY 15, 2028

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND OCCUPATION.

A. My name is Jacob Watson and my business address is East Kentucky Power Cooperative, Inc. ("EKPC"), 4775 Lexington Road, Winchester, Kentucky 40391. I am the Pricing Manager for EKPC.

Q. PLEASE STATE YOUR EDUCATION AND PROFESSIONAL EXPERIENCE.

A. I received a B.S. degree in Accounting from the University of the Cumberlands in 2011, an MBA from the University of the Cumberlands in 2014, and a Ph.D. in Business Administration with a concentration in Accounting from the University of the Cumberlands in 2021. I am also a Certified Fraud Examiner. My professional experience includes serving as a Financial Analyst for Pepsi MidAmerica and an Internal Auditor for Farmers Capital Bank Corporation. For the last ten years I have been at East Kentucky Power Cooperative working as an Accountant and Sr. Load Forecast Analyst and I am currently the Pricing Manager.

Q. PLEASE PROVIDE A BRIEF DESCRIPTION OF YOUR DUTIES AT EKPC.

A. As Pricing Manager, I am responsible for rate-making activities which include designing and developing wholesale and retail electric rates and developing pricing concepts and methodologies. I report directly to the Director of Regulatory and Compliance Services, Mr. Gregory Cecil.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE COMMISSION?

A. Yes. I adopted Isaac Scott's testimony in Case No. 2023-00009[1] and provided testimony in Case No. 2024-00109,[2] as well as Case No. 2025-00013.[3]

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to describe the cost of constructing improvements to the Hugh L. Spurlock Generation Station ("Spurlock Station") and the John S. Cooper Station ("Cooper Station") that will enable EKPC to comply with applicable environmental statutes and regulations. In addition, I will discuss how EKPC's Environmental Compliance Plan will be implemented on a monthly basis and the rate impact at the wholesale and retail levels. Finally, I will describe the proposed revisions to EKPC's monthly environmental surcharge reporting forms.

II. SPONSORED ATTACHMENTS

Q. ARE YOU SPONSORING ANY EXHIBITS?

A. Yes. I am sponsoring the following attachments, which I ask be incorporated into my testimony by reference:

- Attachment JRW-1: Schedule of Current Environmental Compliance Plan and the Project Amendment/Addition
- Attachment JRW-2: Sample Copy of the Monthly Environmental Surcharge Reporting Formats which Reflect Inclusion of the Amended/Additional Projects
- Attachment JRW-3: Estimate of Revenue Increase and Estimated Bill Impact

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1 *In the Matter of: An Electronic Examination of the Application of the Fuel Adjustment Clause of East Kentucky Power Cooperative, Inc. From November 1, 2020 Through October 31, 2022*, Order, Case No. 2023-00009, (Ky. P.S.C. May 6, 2024).

2 *In the Matter of: Electronic Application of East Kentucky Power Cooperative, Inc. For Approval to Amend Its Environmental Compliance Plan and Recover costs Pursuant to Its Environmental Surcharge, And For The Issuance of Certificate of Public Convenience and Necessity and Other Relief*, Case No. 2024-00109, (Ky. P.S.C. April 16, 2024).

3 *In the Matter of: An Electronic Examination of the Environmental Surcharge Mechanism of East Kentucky Power Cooperative, Inc. for the Sixth-Month Expense Periods Ending May 31, 2022, November 30, 2022, November 30, 2023, May 31, 2024, and November 30, 2024, the Two-Year Expense Period Ending May 31, 2023, and the Pass-Through Mechanism of Its Sixteen Member Distribution Cooperatives,* Case No. 2025-00013, (Ky. P.S.C. March 5, 2025).

- Attachment JRW-4: EKPC Board Resolution – Approval to Amend Environmental Compliance Plan and Seek to Recover Costs Associated with the Specifically Identified Project

III. CURRENT ENVIRONMENTAL COMPLIANCE PLAN AND THE 2025 PLAN PROJECTS

Q. PLEASE PROVIDE A BRIEF DESCRIPTION OF EKPC'S CURRENT ENVIRONMENTAL COMPLIANCE PLAN.

A. EKPC has nineteen (19) projects in its Environmental Compliance Plan for 2025. Seventeen (17) projects are discussed in the Direct Testimony of Joseph T. VonDerHaar, and two (2) are discussed in the Direct Testimony of Jerry B. Purvis. Attachment JRW-1 lists each of the projects, the pollutant or waste/by-product to be controlled, the control facility, the generating station, the applicable environmental regulation addressed by the project, the applicable environmental permit, the completion date of the project, and the project cost. Projects 1 through 4 were approved by the Commission in Case No. 2004-00321.[4] Projects 5 through 10 were approved by the Commission in Case No. 2008-00115.[5] Projects 7 through 9 were amended and Projects 11 through 13 were approved by the Commission in Case No. 2010-00083.[6] Project 14 was approved by the Commission in Case No. 2013-00259.[7] Project 15 was

4 *See In the Matter of Application of East Kentucky Power Cooperative, Inc. for Approval of an Environmental Compliance Plan and Authority to Implement an Environmental Surcharge*, Order, Case No. 2004-00321, (Ky. P.S.C., Mar. 17, 2005).

5 *See In the Matter of Application of East Kentucky Power Cooperative, Inc. for Approval of an Amendment to Its Environmental Compliance Plan and Environmental Surcharge*, Order, Case No. 2008-00115, (Ky. P.S.C., Sep. 29, 2008). ("2008 Environmental Compliance Plan Amendment").

6 *See In the Matter of Application of East Kentucky Power Cooperative, Inc. for Approval of an Amendment to Its Environmental Compliance Plan and Environmental Surcharge*, Order, Case No. 2010-00083, (Ky. P.S.C., Sep. 24, 2010).

7 *See In the Matter of Application of East Kentucky Power Cooperative, Inc. for a Certificate of Public*

approved by the Commission in Case No. 2014-00252.[8] Project 16 was approved by the Commission in Case No. 2017-00376.[9] Project 12 was amended and Projects 17 through 26 were approved by the Commission in Case No. 2018-00270.[10] Projects 1, 3, 4, 9, 11, 12, 15, 16 were amended and Projects 27 through 41 were approved by the Commission in Case No. 2023-00177.[11] Lastly, Project 40 was amended and approved by the Commission in Case No. 2024-00109.[12]

Q. PLEASE DESCRIBE THE ESTIMATED COST OF THE 2025 ENVIRONMENTAL COMPLIANCE PLAN PROJECTS.

A. EKPC estimates the total cost of the projects is $22.5 million. EKPC is not seeking a Certificate of Public Convenience and Necessity ("CPCN") for these projects as none of the projects meet the requirements for a CPCN.

IV. SURCHARGE MECHANISM AND THE 2025 PLAN PROJECTS

Convenience and Necessity for Alteration of Certain Equipment at the Cooper Station and Approval of a Compliance Plan Amendment for Environmental Surcharge Cost Recovery, Order, Case No. 2013-00259, (Ky. P.S.C., Feb. 20, 2014).

8 *See In the Matter of Application of East Kentucky Power Cooperative, Inc. for a Certificate of Public Convenience and Necessity for Construction of an Ash Landfill at J.K. Smith Station, the Removal of Impounded Ash from William C. Dale Station for Transport to J.K. Smith and Approval of a Compliance Plan Amendment for Environmental Surcharge Recovery*, Order, Case No. 2014-00252, (Ky. P.S.C., Mar. 6, 2015).

9 *See In the Matter of Application of East Kentucky Power Cooperative, Inc. for Approval to Amend Its Environmental Compliance Plan and Recover Costs Pursuant to Its Environmental Surcharge, Settlement of Certain Asset Retirement Obligations and Issuance of a Certificate of Public Convenience and Necessity and Other Relief*, Order, Case No. 2017-00376, (Ky. P.S.C., May 18, 2018).

10 *See In the Matter of Application of East Kentucky Power Cooperative, Inc. for Approval to Amend Its Environmental Compliance Plan and Recover Costs Pursuant to Its Environmental Surcharge, and for the Issuance of a Certificate of Public Convenience and Necessity*, Order, Case No. 2018-00270, (Ky. P.S.C., Apr. 1, 2019).

11 *See In the Matter of Application of East Kentucky Power Cooperative, Inc. for Approval to Amend Its Environmental Compliance Plan and Recover Costs Pursuant to Its Environmental Surcharge, and for the Issuance of Certificates of Public Convenience and Necessity and Other Relief*, Order, Case No. 2023-00177, (Ky. P.S.C., Jan. 11, 2024).

12 *See In the Matter of Application of East Kentucky Power Cooperative, Inc. for Approval to Amend Its Environmental Compliance Plan and Recover Costs Pursuant to Its Environmental Surcharge, and for the Issuance of Certificates of Public Convenience and Necessity and Other Relief*, Order, Case No. 2024-00109, (Ky. P.S.C. Nov. 22, 2024).

Q. DO THE 2025 PLAN PROJECTS MEET THE REQUIREMENTS OF KRS 278.183 AND THUS QUALIFY FOR ENVIRONMENTAL SURCHARGE RECOVERY?

A. Yes. I am not an attorney and cannot make any statements that would be construed to be legal conclusions, but based upon the facts as I know them and my own readings of KRS 278.183, the proposed project satisfies the statutory requirements and therefore qualifies for environmental surcharge recovery.

Q. PLEASE DISCUSS HOW THE 2025 PLAN PROJECTS WILL BE REFLECTED IN EKPC'S ENVIRONMENTAL SURCHARGE MECHANISM?

A. The expenditures under the 2025 plan projects are categorized as construction of additional facilities at Spurlock Station and Cooper Station. EKPC is proposing that it be permitted to earn a return on the monthly Construction Work in Progress ("CWIP") balance for the construction of the additional facilities. This request is consistent with the treatment approved in Case No. 2008-00115.[13] Upon Completion, EKPC is proposing that it be permitted to begin recovery of depreciation, return, insurance expense, taxes, and operation and maintenance expenses associated with the 2025 plan projects.

V. BESF AND RATE ES-TARIFF REVISION

Q. WILL INCLUSION OF THE 2025 PLAN PROJECTS IN EKPC'S APPROVED ENVIRONMENTAL SURCHARGE COMPLIANCE PLAN REQUIRE ANY REVISIONS TO EKPC'S RATE ES-ENVIRONMENTAL SURCHARGE?

13 2008 Environmental Compliance Plan

A. No. EKPC determined that an updated BESF will not need to be reflected in the Rate ES-Environmental Surcharge tariff.

Q. WILL THE 2025 PLAN PROJECTS RESULT IN THE EARLY RETIREMENT OR ABANDONMENT OF ANY EXISTING UTILITY PLANT ASSETS PRIOR TO THE EXPECTED RETIREMENT DATE OF THE ASSETS?

A. EKPC does not believe the 2025 plan projects will result in an early retirement or abandonment of existing utility plant assets prior to the expected retirement date of the assets.

Q. WILL THE 2025 PLAN PROJECTS RESULT IN AN AMOUNT TO BE RECOGNIZED IN THE BESF COMPONENT OF THE SURCHARGE MECHANISM?

A. No.

VI. CUSTOMER BILL IMPACT

Q. PLEASE DESCRIBE HOW THE INCLUSION OF THE 2025 PLAN PROJECTS IN EKPC'S ENVIRONMENTAL SURCHARGE WILL IMPACT THE BILLS OF EKPC'S WHOLESALE OWNER-MEMBERS AND THE OWNER-MEMBER'S RETAIL CUSTOMERS.

A. The impact on the average residential customers bill is estimated to be $0.14 in 2025, $0.15 in 2026, and $0.12 in 2027 & 2028. Please refer to Attachment JRW-3 which shows a more detailed calculation for how the bill impacts were estimated.

Q. WHEN DOES EKPC REQUEST THIS NEW RATE TO GO INTO EFFECT?

A. If this request is approved, EKPC will seek to implement this change on the first day

of the expense month following an Order.

VII. MONTHLY REPORTING FORMATS

Q. WILL ANY REVISIONS TO THE MONTHLY ENVIRONMENTAL SURCHARGE REPORTING FORMS BE NECESSARY?

A. Yes. The proposed revision to the monthly reporting formats is shown in Attachment JRW-2. EKPC believes that some revisions to the monthly environmental surcharge reporting formats will be needed. EKPC is proposing the following revision:

- Including Projects 42-57 on ES Form 2.1
- Including Projects 58 and 59 on ES Form 2.12

Q. DID EKPC PROVIDE ADVANCED NOTICE OF ITS INTENT TO FILE AN APPLICATION TO AMEND ITS ENVIRONMENTAL COMPLIANCE PLAN AND ENVIRONMENTAL SURCHARGE?

A. Yes. Pursuant to KRS 278.183(2), EKPC gave at least thirty (30) days' advanced notice of its intent to file its Application to amend its Environmental Compliance Plan and Environmental Surcharge. On March 4, 2025, EKPC provided such notice to the Commission. On May 2, 2025, EKPC provided a renewed notice. A copy of the Notice of Intent as well as the Renewed Notice of Intent are attached as Exhibit 2 to the Application submitted by EKPC in this matter. EKPC also provided notice to its owner-members on or about July 2, 2025, which notice is attached as Exhibit 7 to the Application submitted by EKPC in this matter.

Q. PLEASE SUMMARIZE YOUR TESTIMONY.

A. Based on its understanding of KRS 278.183, EKPC believes the cost of the 2025 plan

projects are eligible for, and should be recovered through, the environmental surcharge. EKPC is requesting that during construction it be allowed to earn a return on the appropriate balance of CWIP. EKPC further requests that the rate of return established for its other environmental compliance plan projects be utilized to determine the rate of return in this case. EKPC determined an update to the BESF is not needed for the project in the 2025 plan. EKPC has described the impact the 2025 plan projects would have on retail residential customers' bills. I recommend that the Commission approve EKPC's request to amend its Environmental Compliance Plan to include the 2025 plan projects and include the 2025 plan projects for recovery through the surcharge mechanism.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

ATTACHMENT JRW-1

SCHEDULE OF CURRENT ENVIRONMENTAL COMPLIANCE PLAN AND PROJECT AMENDMENT/ADDITION

ATTACHMENT JRW-1 IS AN EXCEL SPREADSHEET IS UPLOADED SEPARATELY INTO THE ELECTRONIC FILING SYSTEM

ATTACHMENT JRW-2

SAMPLE COPY OF THE MONTHLY ENVIRONMENTAL SURCHARGE REPORTING FORMATS WHICH REFLECT INCLUSION OF THE AMENDED/ADDITIONAL PROJECT

ATTACHMENT JRW-2 IS AN EXCEL SPREADSHEET IS UPLOADED SEPARATELY INTO THE ELECTRONIC FILING SYSTEM

ATTACHMENT JRW-3

ESTIMATE OF REVENUE INCREASE AND ESTIMATED BILL IMPACT

ATTACHMENT JRW-3 IS AN EXCEL SPREADSHEET IS UPLOADED SEPARATELY INTO THE ELECTRONIC FILING SYSTEM

ATTACHMENT JRW-4

EKPC BOARD RESOLUTION APPROVAL TO AMEND ENVIRONMENTAL COMPLIANCE PLAN AND SEEK TO RECOVER COSTS ASSOCIATED WITH SPECIFICALLY IDENTIFIED PROJECT

FROM THE MINUTE BOOK OF PROCEEDINGS
OF THE BOARD OF DIRECTORS OF
EAST KENTUCKY POWER COOPERATIVE, INC.

At a regular meeting of the Board of Directors of East Kentucky Power Cooperative, Inc. held at the Headquarters Building, 4775 Lexington Road, located in Winchester, Kentucky, on Tuesday, February 11, 2025 at 9:30 a.m., EST, the following business transacted:

Approval to Amend the Environmental Surcharge Compliance Plan and Seek to Recover Costs Associated with Specifically-Identified Projects

After review of the applicable information, Boris Haynes made a motion to approve the amendment of the Environmental Surcharge Compliance Plan and seek to recover cost associated with specifically-identified projects, as presented, seconded by Jody Hughes and passed by the full Board to approve the following:

Whereas, in support of East Kentucky Power Cooperative, Inc.'s ("EKPC") coal-fired generation units, the following projects ("the Identified Projects") have been completed, are in progress, or have been approved for implementation to meet the requirements of the Clean Air Act:

- JK Smith Landfill – Final Cap – ($4,000,000)
- Spurlock Landfill – South Side Cap #1 – ($3,750,000)
- Spurlock Landfill – Haul Road Paving Phase 2 – ($3,414,357)
- Cooper Unit 2 - Air Heater Basket/Seat – ($2,287,031)
- Cooper Unit 2 – Replace Middle Layer SCR Catalyst - ($1,527,472)
- Environmental – Legacy CCR Monitoring – ($1,338,947 annually)
- Cooper – Replace Top Layer SCR Catalyst ($1,296,144)
- Spurlock Waste Water Treatment – Ash Reliability Improvements – ($1,264,820)
- Spurlock Landfill – Westside Pump Station – ($810,000)
- Spurlock Unit 3 & 4 – Cooling Tower Concentrated Acid Tank Addition – ($796,929)
- Spurlock – Vac Truck Air Compressor – ($740,000)
- Cooper Landfill – 480 Volt Electric Leachate System – ($693,875)
- Spurlock Waste Water Treatment – Distillate System Upgrades – ($610,841)
- Environmental – CCR Groundwater Monitoring – ($403,348 annually)
- Spurlock Water Mass Balance Pond – Install Heat Trace on Supply/Return Lines to Pond – ($340,000)
- Spurlock Landfill – A, B, C Run-on and Run-off Upgrade – ($310,000)
- Spurlock – CCR ELG Operations Control Facility – ($300,000)
- Spurlock Unit 3 & 4 – Dust Suppression for BC3, BC4, PC3, and PC4 Conveyors – ($290,180)
- Spurlock – Ash Cooling Actuators – ($31,816);

Whereas, the Environmental Surcharge mechanism, effective on January 1, 1993, has been a means to allow recovery of costs incurred by electric utilities in Kentucky to meet the Clean Air Act's requirements at coal-fired generation power plants and EKPC received approval to implement an Environmental Surcharge by Order of the Kentucky Public Service Commission ("PSC") on March 17, 2005; and

Whereas, the investments associated with the Identified Projects, totaling $24,205,760, are subject to recovery under the Environmental Surcharge mechanism; now, therefore, be it

Resolved, the EKPC Board of Directors authorizes the submittal of an application to the PSC for an amendment to the Environmental Surcharge Compliance Plan to include the Identified Projects and to seek recovery of associated costs per the Environmental Surcharge mechanism.

The foregoing is a true and exact copy of a resolution passed at a meeting called pursuant to proper notice at which a quorum was present and which now appears in the Minute Book of Proceedings of the Board of Directors of the Cooperative, and said resolution has not been rescinded or modified.

Witness my hand and seal this 11th day of February 2025.

Corporate Seal

Randy Sexton, Secretary of the Board

EXHIBIT 7
NOTICE TO OWNER-MEMBERS

MEMORANDUM

TO: Member System CEO's

FROM: Jacob Watson JW

DATE: July 2, 2025

SUBJECT: Notice of Amendment to EKPC Environmental Compliance Plan and Environmental Surcharge Mechanism

Following a recommendation from its Strategic Issues Committee, the Board of East Kentucky Power Cooperative, Inc. ("EKPC"), during its regularly scheduled Board Meeting on Tuesday, February 11, 2025, authorized the submittal of an application to the Kentucky Public Service Commission ("Commission") for approval to amend its Environmental Compliance Plan and Environmental Surcharge Mechanism. On March 4, 2025, EKPC gave notice to the Commission of its intent to file an Application for Approval of an Amendment to its Environmental Compliance Plan and Environmental Surcharge Mechanism. On May 2, 2025, EKPC renewed the Notice with the Commission.

EKPC's largest coal-fired electric generation facility is the Spurlock Station. The four electric generation units began commercial operation between 1977 and 2009. EKPC has already heavily invested in environmental control equipment at the Spurlock Station. The four units at the Spurlock Station are among the least-expensive electric generation units in the EKPC fleet and have a high availability factor.

EKPC's other coal-fired electric generation facility is the Cooper Station. The two electric generation units began commercial operation in 1965 and 1969. Like the Spurlock Station, EKPC has made significant investments in environmental control equipment at the Cooper Station. While the two units at the Cooper Station have higher operating costs, these units have maintained very favorable availability factors and serve as a physical hedge against price volatility in the energy market during peak demand periods.

With the proposed environmental compliance plan amendment, EKPC is seeking to add nineteen projects to the plan. The compliance options reflected by these projects will preserve the long-term usefulness of the Spurlock and Cooper Stations. The total estimated cost of the nineteen projects is $22.5 million.

Pursuant to KRS 278.183(2), the Commission must issue its decision on the proposed compliance plan amendment and revisions to the surcharge mechanism within six months of the filing of the application. If EKPC files its application by July 2, 2025 and it is accepted as filed, a decision on the application could be expected by January 2, 2026. If the application is approved, cost recovery for the amendment could begin with the first monthly surcharge filing submitted after January 2, 2026.

EKPC's surcharge mechanism, as well as the Member Systems' surcharge pass-through mechanism, reflect formula-based calculations that are prepared each month to provide for the recovery of actual environmental compliance costs incurred during the period. EKPC's surcharge factor and the Member Systems' surcharge pass-through factors are billed to customers using the percentage of revenues approach. Thus there are no present or proposed rates associated with this application. In addition, EKPC's rate schedules do not directly correspond to retail customer classifications. Consequently, a determination of the change in the surcharge amounts billed, the percentage change, and the effect on the average bills for all customer classifications is not possible.

If approved, the estimated annual revenue requirement and expected increase in the environmental surcharge at the wholesale level and retail level for the years 2026 through 2028 are shown in the table below. For illustrative purposes, EKPC has also approximated the impact on an average monthly residential bill reflecting a monthly usage of 1,125 kWh. However, this approximation reflects EKPC's best estimate of the impact and is not based on an analysis of residential billing information.

Calendar Year Ending	Estimated Annual Revenue Requirement	Percentage Increase Wholesale	Percentage Increase Retail	Estimated Increase in Average Residential Monthly Bill
2026	$2,380,369	0.22%	0.16%	$0.15
2027	$1,960,050	0.18%	0.13%	$0.12
2028	$1,957,795	0.18%	0.13%	$0.12

Once it is filed, a person may examine this Application at the offices of EKPC located at 4775 Lexington Road, Winchester, Kentucky. This Application may also be examined at the offices of the Commission located at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the Commission's Web site at http://psc.ky.gov . Any comments regarding this Application may be submitted to the Commission through its Web site or by mail to Public Service Commission, P. O. Box 615, Frankfort, Kentucky 40602.

The estimated impacts contained in this notice are based on the environmental compliance plan amendment as proposed by EKPC but the Commission may order an environmental compliance plan that differs from the proposed environmental compliance plan and resulting estimated impacts contained in this notice.

A person may submit a timely written request for intervention to the Public Service Commission, P. O. Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request including the status and interest of the party. If the Commission does not receive a written request for intervention within thirty (30) days of the initial publication or mailing of the notice, the Commission may take final action on the Application.