East Kentucky Power Cooperative
Meeting with EPA Administrator Pruitt

April 25, 2017

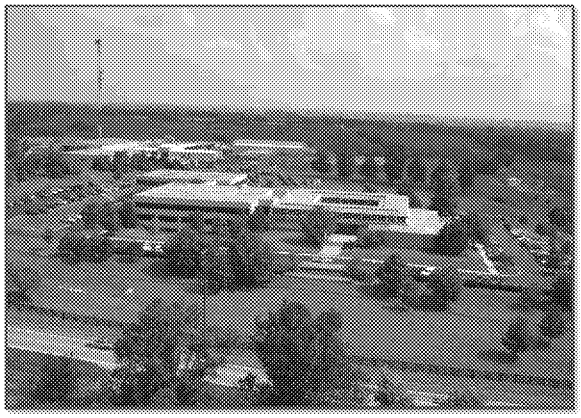
Anthony "Tony" Campbell
President & CEO

EKPC and our Owner-Members thank you for your dedication and the immediate action taken as EPA Administrator.

EKPC welcomes your continued review of regulations that pose challenges and additional burden on Kentucky families, as well as to EKPC's commitment to provide safe, reliable and affordable energy.

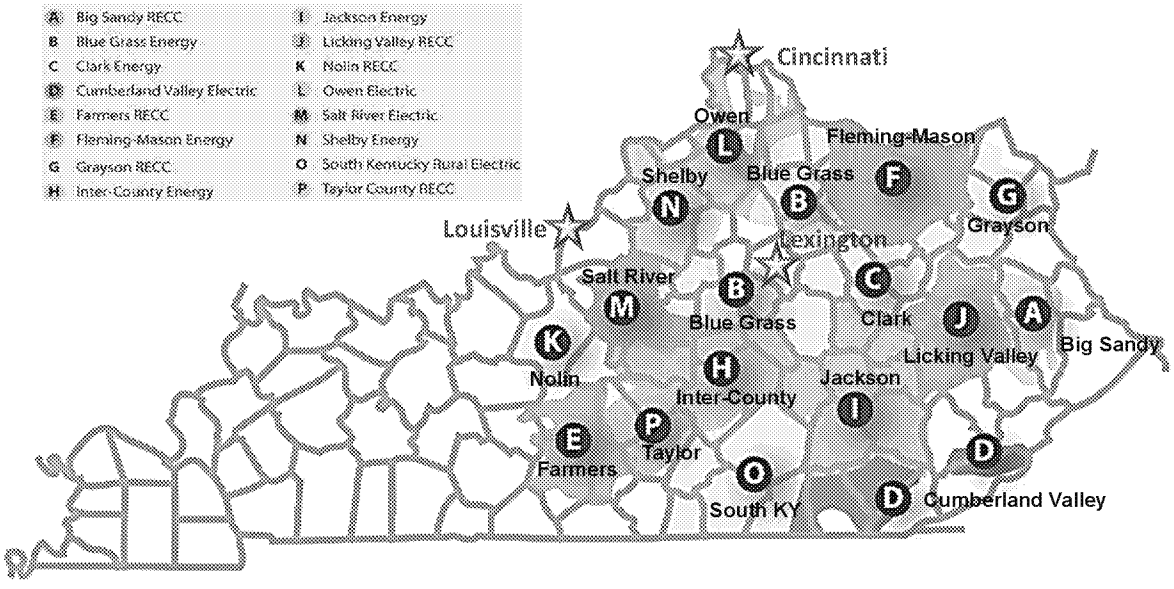
Company Overview

- Not-for-profit, member-owned generation & transmission cooperative based in Winchester, Kentucky
- Provides wholesale power to 16 Owner-Members
- Owner-Members serve about 28% of state's households and 25% of population



- Over $885 million in operating revenue and 3.7% billion in assets
- 712 employees
- Over 3,500 MW of winter generating capacity
- Over 12.5 million GWh delivered to Owner-Members in 2016

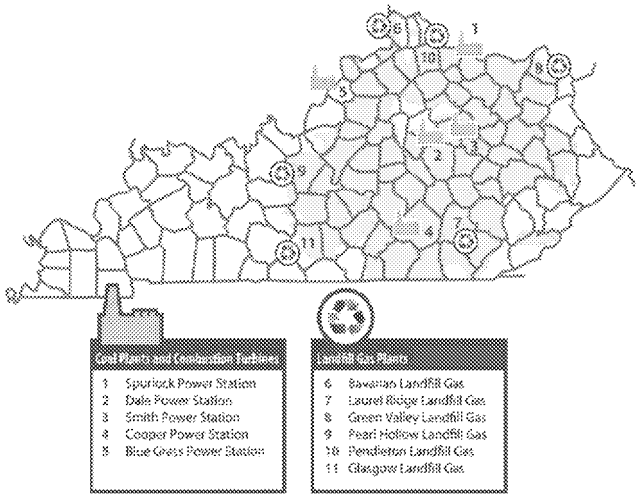
EKPC's Member Distribution Cooperatives Serve Customers in 87 Kentucky Counties



EAST KENTUCKY POWER COOPERATIVE

Power Plants Support State's Economy

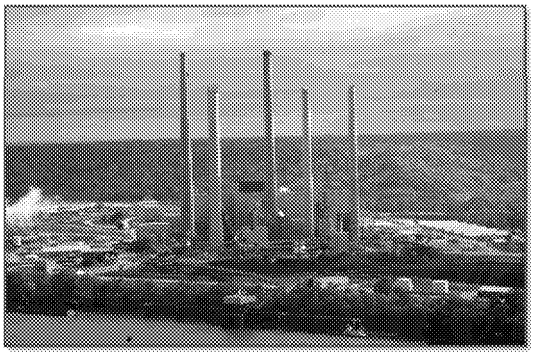
- Coal-fired plants in two counties (1,687 MW of baseload power, excluding Dale Power Station)
- Natural gas units in Oldham & Clark Counties (1,556 MW of peaking power)
- Landfill gas plants in six counties
- Hydro power through SEPA



- Community Solar farm under construction (8.3 MW)
- 2,838 miles of transmission lines, over 370 distribution substations, and 71 transmission stations

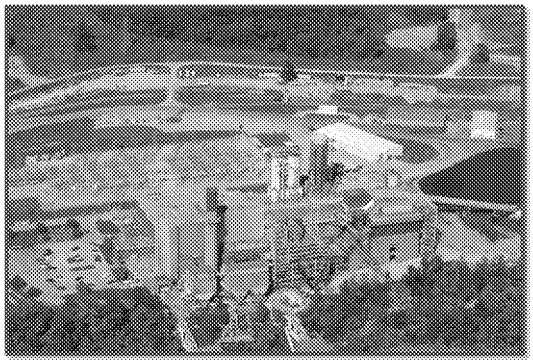
EAST KENTUCKY POWER COOPERATIVE

Coal Generation Fleet



H.L. Spurlock Station
Maysville, KY
(Mason County)

- 1,346 net MW
- 4 Units
- Units 1 & 2 (800 MWs) have full CCR & ELG exposure



John Sherman Cooper Station
Burnside, KY
(Pulaski County)

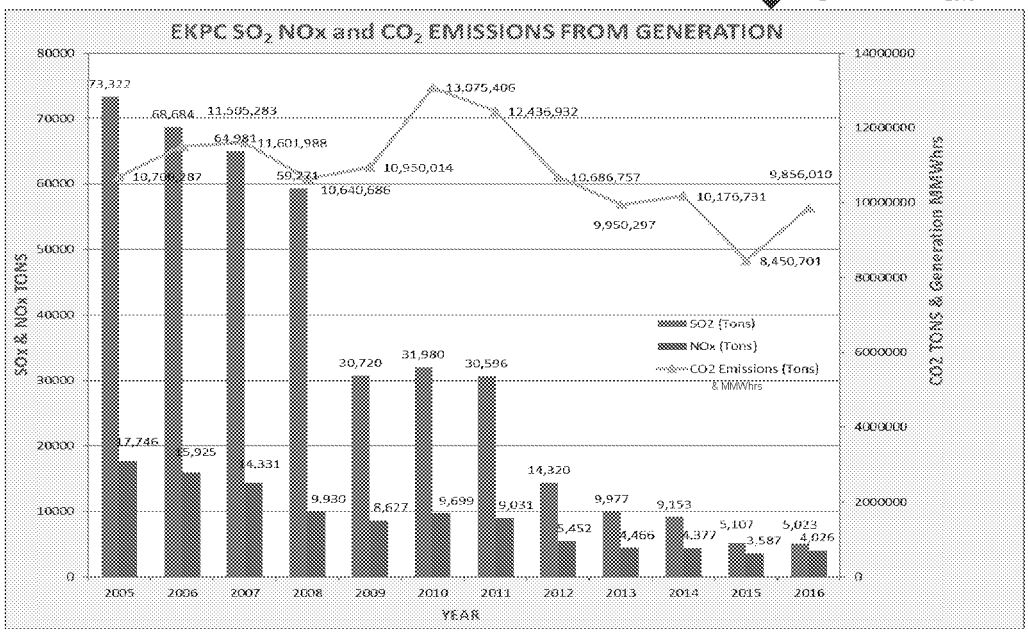
- 341 net MW
- 2 Units

** Not shown: Dale Station (retired due to MATS)*

EAST KENTUCKY POWER COOPERATIVE

EKPC Fleet Emission Reductions To Date

SO_2 68,299 tons 2005 93%
NO_x 13,720 tons 2005 77%
CO_2 3.2 M tons 2010 25%



EKPC's Coal Generation Fleet at Risk

- Regulatory burdens imposed by MATS, Clean Power Plan, CCR and ELG
- MATS is behind us, $$ are spent and Dale Plant closed as a result
- CPP potentially limits achieving financial lives of Spurlock and Cooper Stations and invokes NSR
- EKPC is well along in planning mitigation strategies for CCR and ELG – both rules must be viewed as one
- Reducing regulatory burden is vital to survival of remaining U.S. coal power plants
- End regulatory creep to allow plants to continue to operate to the end of their financial lives

Clean Power Plan and New Source Review

- Principles for CPP Revision
  - EPA should allow states to propose emission reductions based on regional factors
  - Focus only on emission reductions that can be achieved by the generator unit or unit operations "inside-the-fence"
  - Take into account costs, energy impacts & remaining useful life
- New Source Review should promote efficiency improvements
  - Provide utilities with flexibility to comply through upgrades to plants or through changes in fuel mix without penalty or litigation
  - Generators must be able to pursue projects that increase plant efficiency without being subject to NSR or BACT

CCR and ELG Problems

- These two rules are expensive
  - As currently written will cost EKPC $262 million to comply at Spurlock Station Units 1 & 2 (wet ash systems and wet scrubbers)
- Two rules are intertwined
  - Fly and bottom ash are transported by water to ponds
  - CCR requires the closure of ash ponds
  - Ash ponds are storage and treatment for fly and bottom ash and wet scrubber blowdown
  - CCR & ELG water and ash, scrubber blowdown must be separated without use of ash ponds – this separation process remains even if ELG is eliminated
- Difficult as promulgated to separate CCR and ELG
  - Changes to ELG and CCR should be coordinated to meet policy goals in a cost effective manner and to facilitate compliance.

CCR Solution

- Relief for ash pond closures
  - Modify groundwater monitoring well statistical requirements
  - Return to Maximum Contamination Levels (MCLs) as basis for well analytics from "statistical significant exceedances"
  - Return to filtered groundwater samples

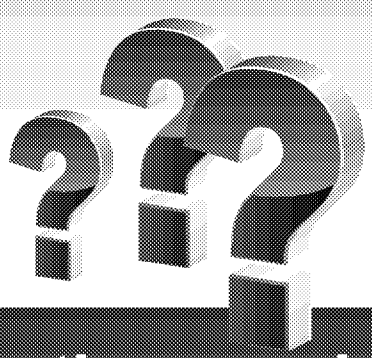
- Recently enacted statutory authority for CCR to be managed through EPA-approved state permitting programs was a positive development and will restore appropriate federal-state cooperation for this program
  - EPA should issue guidance to states for the development of their permitting programs
  - Guidance should also allow more time for compliance to enable optimal solutions to be deployed

ELG Solution

- Delegate water quality based effluent limitation determinations to the states
- Delegate technology based solution determinations to the states
  - Technological solutions should be reasonably and economically based
- Clearly define states as the delegated authority for enforcement
- Remove current ELG language that precludes the ability to co-mingle streams
- Clearly define new effluent limitations at the outfall/receiving stream
  - Remove language that prescribes limitations internal to plant processes, i.e. wet scrubbers, and prior to final treatment & release
- Allow more time to comply to optimize solution for all stakeholders

Summary

- EKPC continues to evaluate the air, water & waste regulatory requirements to identify best available technologies, contain capital costs & ensure compliance deadlines are met
- Complex and costly regulatory requirements necessitate realistic compliance timelines
- Facilities require case-by-case legal, environmental, engineering & operations studies to measure full impacts
- EKPC is examining all our options but under the increased regulatory burden early plant closures are possible



Questions and Discussion

EAST KENTUCKY POWER COOPERATIVE

A Touchstone Energy Cooperative