Community Advisory Group
Meeting minutes
Monday, Feb. 9, 2009
J.K. Smith Station meeting room

1. Craig Johnson, East Kentucky Power Cooperative's (EKPC) vice president of production, opened the meeting. He introduced Gary Crawford, EKPC's vice president of construction.
2. Crawford discussed the status of projects to add new generating units at Smith Station.
    a. Construction is under way on two new combustion turbines (CTs), which will be powered by natural gas.
        i. Work is proceeding on driving pilings for the foundation of the two new CTs. The units will be located in an area that has been filled. Piles are being driven through the fill to the bedrock below. As the piles are driven, concrete is being poured. This will continue through April.
        ii. Placement and assembly of the generating units themselves is expected to begin in May and continue until about September or October.
        iii. The two units were manufactured in Houston and delivered by river barge to Carrollton, Ky. Because of the width and weight of each load, they will be transported from Carrollton to Smith Station by a professional heavy-hauling contractor.
            1. The contractor must obtain a permit from state government transportation officials. That permit will specify the route that must be taken and the hours when the haulers will be allowed to haul.
            2. The load will be so wide that it will block two lanes of traffic. As a result, two-lane roads, including Ky. 89, will be closed in segments as the load is transported.
            3. A date has not yet been set for the units to be transported. Dates and time windows for hauling will be specified in the permit issued by the state government. The permit also will address emergency vehicle access. The heavy-hauling contractor will work with local and state officials to ensure that authorities are notified and aware of when roads will be closed.
        iv. The generators for the units were manufactured in Europe. They are scheduled to be delivered to Smith Station by rail.
    b. Question: Are there natural gas wells at Smith Station?
        i. There are some old gas wells at the station, but they are not operational and they do not have the capacity to provide gas for EKPC's combustion turbines. That gas comes from a number of gas transmission lines that are located near the plant.

c. Question: What happens if there is a shortage of natural gas and the general public needs it?
    i. If gas is need for the public, such as for heating purposes, the gas pipeline companies are authorized to shut off service to power plants like Smith Station. That is up to the pipeline company. Because Smith Station has access to several gas pipelines owned by different companies, it is unlikely the plant would be without gas. But, if gas is unavailable, the seven existing CT units at Smith Station are capable of running on oil. And, if necessary, EKPC can import more power from elsewhere over its transmission line to replace the power produced at Smith Station.

d. Crawford discussed the status of the planned 278-megawatt generating unit that will be fueled by coal. This unit, known as Smith CFB #1, will incorporate technology known as circulating fluidized bed (CFB) to drastically reduce emissions. EKPC has incorporated this same technology in two new units at its plant in Maysville. Those units are virtually identical to Smith CFB #1.
    i. EKPC is awaiting permits (see details below) before proceeding with the project. EKPC expects these permits, if approved, will be challenged.
    ii. Once all the proper permits are in place, it will take approximately three years to construct the unit. Some parts and material for constructing the unit already have been delivered to EKPC. EKPC has invested approximately $138 million in engineering and materials for the project so far.
    iii. Question: What will EKPC do with the materials it has received if the permits are not approved?
        1. EKPC does not believe that will happen, but has preliminarily explored the possibility of selling some materials, should the need arise. In addition, because the unit is virtually identical to two units at EKPC's plant in Maysville, some of those parts could be used there.

3. Joe Settles, EKPC's supervisor of natural resources and environmental compliance, reported on the status of permits needed for Smith CFB #1.
    a. Air permit from the Kentucky Division of Air Quality
        i. Expected to be issued around May. EKPC has been working with the Department of Air Quality to make certain the application is complete.
    b. Section 404 permit from the U.S. Army Corps of Engineers
        i. The Corps is coordinating with RUS on NEPA issues.
        ii. Might have permit in late 2009 or early 2010.
    c. Supplemental Environmental Impact Statement (SEIS)
        i. The federal Rural Utilities Service (RUS), which is EKPC's lender, is the lead agency on this process.
        ii. A draft SEIS is expected to be issued for public comment soon. When it is issued, ads will appear in local newspapers, and the

draft will be available at local libraries for review. There will be a 45-day comment period, which will include a public meeting, probably at Trapp Elementary School.

iii. When the final SEIS is issued, there will be another comment period.

iv. In order for EKPC to be eligible for RUS funds to finance the project, RUS must issue a record of decision (ROD). There is no statutory deadline for RUS to issue the ROD after the SEIS becomes final.

v. Hope ROD will be issued by October.

vi. The Smith Station site has been the subject of two similar studies, one in 1979-80 and another in 2002.

4. In light of the recent ash spill at Tennessee Valley Authority's power plant in Tennessee, Johnson discussed EKPC's handling of coal ash.
    a. Smith Station does not have an ash pond. The existing CTs, and the two new ones under construction, do not produce ash because they are fueled by natural gas.
        i. When Smith CFB #1 begins operation, it will produce about 350,000 to 400,000 tons of ash per year. The ash it produces will be placed in a landfill at Smith Station. The landfill will be built with a clay liner that is 2 feet thick.
        ii. The ash that comes from CFB units contains limestone and is different from the ash of other types of coal units. The ash sets up like a low-grade concrete. It is a dry process that does not involve sluicing or an ash pond.
        iii. EKPC is required to monitor the groundwater around ash landfills and submit data to state environmental officials.
    b. There are two ash ponds at Dale Station in Clark County and one pond at Spurlock Station in Maysville. At both plants, ash is sluiced to the ponds, then dried, removed and transported to ash landfills or beneficial reuse sites.
        i. Ash from Dale Station has been used for beneficial reuse as fill for projects such as the Winchester Bypass, Yieser Industrial Park and ballfields in Clark County. EKPC always tests the ash for heavy metals and has not had any problems with it.
    c. Based on information that has appeared in the media, it appears TVA was storing a large amount of ash in the ash pond at its plant in Kingston, Tenn. Ash was stacked 50-60 feet above the dam walls. EKPC does not stack ash above the walls of its ash ponds.
5. EKPC's Nick Comer discussed EKPC's test burn of switchgrass at Spurlock Station in December.
    a. Switchgrass is a warm-season grass that is native to Kentucky.
    b. EKPC is participating in a four-year pilot project with the University of Kentucky College of Agriculture to study the use of switchgrass as fuel for power plants. UK is collecting information about how best to plant, cultivate, harvest, process, store and transport switchgrass. EKPC is

collecting information about how to handle switchgrass, and how it affects the boilers and emissions of its generating units.

c. EKPC conducted the test in its Gilbert #3 unit, which is a CFB unit like the proposed Smith CFB #1 unit. CFB units have the technology necessary to use a wide range of fuels, including switchgrass.
d. UK recruited 20 farmers in the Maysville area to grow five acres of switchgrass each. It is the second year of the study and it takes several years for switchgrass to get established. This year, the plots produced 70 tons. Next year, they are expected to produce 300-400 tons.
e. The switchgrass was delivered to the plant as round and square bales. It was then processed in a tub grinder to chop it into small pieces. Then it was mixed into the coal and conveyed into the boiler of the Gilbert Unit.

6. Comer passed out a column by EKPC CEO Bob Marshall that appeared in the Lexington Herald-Leader. The column responds to a study by several environmental groups claiming EKPC can implement a series of energy efficiency programs and save enough power to negate the need for Smith CFB #1.
    a. EKPC reviewed the study and met with representatives of the groups on several occasions. EKPC is offering most of the programs detailed in the report. The report's assumptions are seriously flawed and the potential power savings are much less than estimated.
    b. EKPC and its member cooperatives offer a number of efficiency programs, including:
        i. Free energy audits, where a professional energy advisor will visit members' homes, study their energy use and suggest ways they can improve efficiency.
        ii. The Button Up, Tune Up and Touchstone Energy programs, which provide incentives to maximize heating/cooling efficiency in home building and remodeling.
        iii. The SimpleSaver program, to place switches on the air conditioners and water heaters in the homes of voluntary participants, allowing the utility to cycle power use by those appliances.
        iv. Compact fluorescent bulb giveaways, including nearly 500,000 handed out since 2003.
        v. SimpleSavings informational bulletins, providing step-by-step instructions for quick, easy, affordable projects that can increase the energy efficiency of homes and businesses.
7. The next meeting of the Trapp Community Advisory Group will be Monday, May 18 at 6:30 p.m.