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**COAL-BURNING POWER PLANT PROPOSED BY
EAST KENTUCKY POWER COOPERATIVE NOT NEEDED**

*Co-op members and groups ask the Kentucky Public Service Commission
to protect ratepayers from unnecessary financial burden*

On Wednesday three individual rural electric co-op members and three public interest groups petitioned the Kentucky Public Service Commission, asking it to review and revoke the Certificate of Public Convenience and Necessity for the coal-burning Smith 1 power plant proposed by the East Kentucky Power Cooperative.

"I want to see EKPC make an investment that safeguards our health and our economy. Today, EKPC has other options," said Billy Edwards, a member of the Sierra Club, one of the groups in the case. "I've lived in Trapp for 32 years and my home is less than three miles from the proposed plant — so this is an important issue to me."

In 2006, the Kentucky Public Service Commission approved EKPC's plan to build the proposed coal-burning power plant near the Kentucky River in Clark County. EKPC said at the time the plant was needed to meet anticipated expansion in its customer base. That growth never happened. In 2007, when the PSC renewed its approval of the Smith plant, the commissioners included cautionary language noting that EKPC may not need the electricity from the plant.

The PSC is charged with overseeing the activities of electric utilities in Kentucky. To protect co-op ratepayers, the plaintiffs contend that the PSC should revoke the certificate for the Smith plant.

"Fortunately, revoking the certificate for the Smith plant would not prevent EKPC from providing electricity to its members," said Elizabeth Crowe, executive director of the Kentucky Environmental Foundation. "There are many new funding mechanisms for energy efficiency and renewable energy programs now that did not exist in 2006. EKPC could pursue these channels more aggressively and, with help from the PSC, help its members by shifting to clean, affordable energy solutions."

The plaintiffs submit that many factors have changed since the power plant was approved and that now it is no longer necessary to meet EKPC's demand, and would be detrimental to co-op ratepayers and other Kentuckians.

- EKPC's customer base did not expand as expected, and economic conditions have actually decreased demand for electricity.
- The utility's financial health has deteriorated significantly. As a result, EKPC could be saddled with a high interest rate on a loan for the plant.
- Stricter air and water quality protections, along with pending federal greenhouse gas emissions limitations, will add substantial costs to coal-burning plant operations.
- The cost of construction has increased 44% since EKPC received its certificate.
- Selling excess energy from the Smith plant to other utilities has become difficult, if not impossible, due to changes in regional energy policies and markets.
- EKPC can meet its load projections through a proven set of cost-effective energy efficiency and renewable energy strategies.

Combined, all these factors make the Smith plant an unnecessary and unreasonable risk to ratepayers.

"The purpose of an electric cooperative is to provide electricity for its members at the cheapest cost, not to make money for them by selling electricity to others," said Clark Energy member Father John Rausch, a Glenmary priest and plaintiff in the case. He spoke during a press conference today announcing the filing of the petition. "Conservation and renewable energy sources that can offer immense advantages over direct investment in old technology that will ultimately be taxed and rightfully regulated for the good of all."

"The substance of our complaint is that, as things presently stand, nobody can be fully assured that this project makes sense," said noted Kentucky author Wendell Berry, a Shelby Energy co-op member and a plaintiff. He joined this action because he is concerned about the negative economic and ecological consequences of the plant, particularly to the Kentucky River beside which his farm is located downstream from the proposed Smith plant.

Mr. Berry is not convinced that "the proposed Smith power plant makes economic sense on behalf of the taxpayers and the ratepayers. Like most people, I would rather not be party to a public complaint of this kind, but this one appears to me to be necessary."

John A. Patterson, a Clark Energy member and physician practicing in Estill County, and another plaintiff, said, "As a physician I am familiar with the health consequences of air and water pollution from coal fired power plants. Those risks alone lead me to the conclusion that EKPC should do whatever it can to avoid the Smith power plant and invest in clean energy. By revoking the Certificate for the Smith plant, the PSC would indeed provide a great service to the health of Kentuckians."

The other plaintiffs are the non-profit groups Kentucky Environmental Foundation, Kentuckians For The Commonwealth, and the Sierra Club.

The plaintiffs also argue that the Certificate for the Smith plant is no longer valid because it was granted with the understanding that the project was to be funded with a low-interest loan from the U.S. Department of Agriculture's Rural Utility Services. According to state law, projects such as the Smith plant funded through RUS are exempt from Commission review. However, since the

plant was given PSC approval, RUS stopped funding coal and nuclear power plants. EKPC will now have to finance the plant through private entities, invalidating the original certificate.

“Much has changed since the PSC gave their approval to the Smith plant, including the source and cost of financing available to EKPC and the overall cost of the plant,” said Steve Boyce, a member of Kentuckians For The Commonwealth. “If the project goes forward, these costs would be borne by its customers. Why go down this road when there are cleaner and less expensive solutions?”

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The plaintiff’s petition to the PSC is available electronically at www.kyenvironmentalfoundation.org and www.kftc.org.

A recorded version of the press conference is also available. Please contact Elizabeth Crowe at (859) 986-0868 or elizabeth@cwwg.org for access to the recording.