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## **Delay of coal-burning plant bodes well for rates and public health**

*EKPC's withdrawal of debt request will allow co-op to focus on cleaner, affordable energy*

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WINCHESTER, Ky. – East Kentucky Power Cooperative's delay of plans to build a coal-burning power plant in Clark County opens the door for the power provider to find cleaner sources of electricity and in the process create significant savings for its ratepayers.

“Coal is dirty, harmful, and full of hidden expenses, and East Kentucky Power Cooperative's decision clearly shows that coal is a huge financial risk,” said Wallace McMullen of the Kentucky Sierra Club.

“We agree with EKPC that its decision to back away from building the Clark County coal plant is financially prudent. The door is now open for EKPC to begin transitioning to cleaner, less expensive and less risky alternatives. If EKPC keeps going in the right direction, there will be benefits both economically and environmentally for all Kentucky citizens.”

EKPC filed a request with the Kentucky Public Service Commission on Thursday formally asking to withdraw an application to allow it to borrow up to \$921 million in private credit financing to build the Smith plant. The PSC, which regulates Kentucky utilities, is currently undertaking a management audit of EKPC's finances.

The postponement of the Smith plant by EKPC also comes just a little more than a week after the Kentucky Division for Air Quality granted a pollution permit to the cooperative to build the 278-megawatt coal-burning facility.

“While it's encouraging that EKPC has wisely withdrawn its construction plans for financial reasons, it's critical that any future consideration of the plant address the entire cost of coal on our health, and the benefits of cleaner energy solutions,” said Dr. John Belanger, a physician who runs a clinic serving low-income patients in Paint Lick, Ky. “The best protection Kentuckians can get for their health would be for this delay to become a cancellation.”

An analysis of EKPC's financial condition conducted last year pointed out numerous deficiencies, bringing into question the soundness of the cooperative's plans to borrow nearly a

billion dollars in additional debt to finance the plant, especially with projections showing that demand for electricity was not increasing.

EKPC members filed a petition with the PSC in October asking the commissioners to overturn a decision granting the cooperative approval to continue with its plans for the project, which has seen its costs soar more than a quarter-billion dollars since it was first proposed in 2006, to a current estimated price tag of \$820 million. Another group of ratepayers also filed a formal petition with the federal Rural Utilities Service in February asking for a review of a decision by that agency that allowed EKPC to seek private credit financing for the plant.

“Sometimes a pause comes as a blessing to reassess what originally appeared as the best plan,” said Father John Rausch, a customer of EKPC member co-op Clark Energy and one of the plaintiffs in the request to the Kentucky PSC. “This delay is a ray of sunshine for the cooperative to make a more prudent financial decision. I hope this gift allows EKPC to see the bigger picture, which includes clean drinking water for our children and fewer breathing problems.”

The timing of EKPC’s financing withdrawal coincides with broader efforts aimed at making energy efficiency measures more available to rural electric cooperatives. One measure introduced in Congress, for example, would let co-ops borrow money with zero-interest federal loans to invest in energy efficiency programs, which cost far less than massive capital investments needed to build a new plant.

“As a co-op member, I've been concerned about EKPC's financial situation and I think it is wise to rethink the Smith plant," said Mike Hannon, a Blue Grass Energy member and one of 50 co-op members who signed the petition asking for a federal review of financing decisions on coal-burning power plants, the Smith plant in particular. “It doesn’t make sense to sink money into outdated coal-burning projects when there are so many other affordable and far cleaner and healthier solutions to our energy needs.”

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