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Coalition of ratepayers and public interest groups reach accord with EKPC

Electric cooperative agrees to cancel Smith coal-burning plant, save ratepayer dollars, invest in cleaner options for the co-op

WINCHESTER – An accord between East Kentucky Power Cooperative and a number of individual ratepayers and public interest groups will have far-reaching benefits for rural electric cooperative customers in eastern and central Kentucky and for the state’s energy future.

Under the agreement, EKPC will halt its plans to build two coal-burning power plants in Clark County by abandoning the permits it needed to proceed with construction. The cooperative also committed \$125,000 toward a collaborative effort in which plaintiff groups, EKPC and its member co-ops, and other parties will work together to evaluate and recommend new energy efficiency programs and renewable energy options.

The parties to the agreement include EKPC, the Sierra Club, Kentucky Environmental Foundation and Kentuckians For The Commonwealth, along with individual co-op members Wendell Berry, Father John Rausch and Dr. John A. Patterson, M.D., MSPH. The Kentucky attorney general and Gallatin Steel, EKPC’s largest industrial customer, also signed the accord. The agreement is effective immediately.

EKPC generates electricity for 16 member co-ops serving more than 500,000 customers in 87 Kentucky counties.

Doug Doerrfeld, a member of Grayson Rural Electric and past chairperson of Kentuckians For The Commonwealth, said the agreement marked a significant turning point for Kentucky. “This is very good news for all of Kentucky’s distribution co-ops and their members. EKPC can now avoid the huge cost of building the plant and turn its attention to aggressively pursuing energy efficiency and renewable energy options. I believe those strategies hold the greatest promise for keeping rates as low as possible in the long run for Grayson Rural Electric members, especially our many low-income ratepayers.”

"This agreement demonstrates what can happen when people work together," said Billy Edwards, a Clark Energy customer and Sierra Club member. "It creates an opportunity for our cooperative to become a leader in developing affordable, accessible clean energy and energy efficiency programs that can create jobs across the region while meeting the needs of their customers."

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"I'm awfully glad to be party to a settlement that is amicable and made in good faith," said Wendell Berry, a farmer, renowned author, and Shelby Energy co-op member. "I do, on the basis of long experience, value the idea of a cooperative – which is to say an established cooperation between suppliers and users of energy or of any other vital supply. I'm also glad that the settlement agreement establishes a way forward through the establishment of a collaborative which will allow for informal conversations without the rigidity and anxiety of legal process."

"This settlement is a win-win for EKPC co-op members and thousands of Kentuckians," said Elizabeth Crowe, Executive Director of the Kentucky Environmental Foundation. "We can all breathe a little easier and steer our time and attention towards energy solutions that better address our common concerns for the health, economic and environmental benefit of co-op members and others in EKPC's service area."

EKPC's plans called for building the 278-megawatt coal-burning Smith no. 1 power plant first and a second similarly sized plant at a later date. A number of factors contributed to the decision to not to move forward with the proposed plants, including lower than expected demand for electricity, a moratorium imposed by the Bush Administration on low-cost federal loans for coal-burning power plants, and sharply rising costs associated with building and operating new coal plants. In June the Public Service Commission opened an investigation to determine if proceeding with the \$819 million project was cost-effective and necessary.

Studies commissioned by the public interest groups participating in this agreement concluded that a combination of clean energy technologies would be a cost-effective way to meet EKPC's demand, while also reducing financial risk to customers, generating jobs throughout the region, and benefiting health and the environment.

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