



# City Commission Meeting Highlights

Tuesday, September 23, 2014 at City Hall

---

## **Presentation About Prairie State Generating Company Operations**

With residential and commercial customers feeling the financial pinch of the Power Cost Adjustment (PCA) implemented by Paducah Power System (PPS), Mayor Gayle Kaler invited representatives of PPS and the Prairie State Generating Company (PSGC) to provide an update on the current situation regarding the plant operations. Mayor Kaler says, "We have no question that Paducah Power is providing citizens abundant and reliable power. However, the rates are this community's concern."

PPS in partnership with Princeton is an equity owner in the plant located in Illinois that has a coal mine with a 30 year supply. Construction on the plant began in 2007. However, since the Prairie State plant came online in 2012 and over the past nearly two years, the plant has not been able to operate at a stable and reliable level that Paducah Power needs. As a result, PPS has had to purchase power on the open market which has led to the PCA showing up on bills.

At this meeting Paducah Power System General Manager Dave Clark introduced three Prairie State Generating Company (PSGC) representatives: Interim CEO and PSGC Management Committee Chairman Marc Gerken, Chief Operating Officer Randy Short, and Senior Vice President of Mining Paul Krivokuca. PPS engineering consultant Rick Soderholm also made a presentation regarding residential rate trends. Soderholm says, "Yes, your rates are higher than they should be. This has taken longer than expected based on my experience in the industry." However, he added, "I'm very certain that you are at the top of the crest." He also says the goal of removing the PCA is achievable.

Regarding the plant, Gerken says this summer the plant has been operating at a capacity factor of nearly 74 which is a significant improvement over the July 2013 capacity factor of 43. The capacity factor is a measure of the plant's productivity. Gerken says, "This is nothing that we are proud of, but it's a measurement of where it [the plant] is today. The goal is to bring the plant to a capacity factor of 85 or higher which according to Paducah Power System General Manager Dave Clark would lead to the reducing of the PCA showing up on bills to zero or close to it. Gerken adds, "I wouldn't be here today if we didn't think we could meet those goals." Krivokuca says, "We believe we have built the best [plant] in the county, and we are going to hold to that."

Regarding the plant's performance, the representatives provided explanations about the quality of the coal and how it has affected the plant's mechanical systems leading to an extended "shakedown phase" period. The coal is a high-silica, high-ash content variety that has led to mechanical issues requiring the plant to go off line in order to make system modifications. If a system trips off, then there is a period of troubleshooting and correcting which limits the capacity of the plant. The representatives expect the number of mechanical issues to drop since several modifications have been made.

After asking several of their own questions, the Mayor and Commissioners heard nine public comments at the end of the presentations. Also at this meeting, the Paducah Board of Commissioners approved a resolution demanding the Electric Plant Board, the governing body of Paducah Power System, to do the following:

- Hire an independent expert to investigate the information on which the decision to invest in the Prairie State campus was made;
- Hire an expert in utility matters to investigate current financial obligations;
- Promptly proceed with the process currently underway to hire a search firm to assist in the recruitment and selection of a successor to the retiring Paducah Power System general manager;
- Enhance and communicate to the public attainable programs to help customers with current bills created from the recent Power Cost Adjustment (PCA); and
- Consider and provide opportunities for the community to become a full and open partner in determining the fate of our community and Paducah Power System.

At yesterday's Electric Plant Board meeting, the board approved steps to investigate current fiscal obligations, look at cost cutting measures, and conduct a process to select a new General Manager.



Pam Spencer, Public Information Officer  
City of Paducah • P.O. Box 2267 • Paducah, Kentucky 42002  
270/444-8669 • Office 270/443-5058 • Fax  
Website: <http://paducahky.gov> Email: [pspencer@paducahky.gov](mailto:pspencer@paducahky.gov)

## Quick Highlights

- Mayor Gayle Kaler presented a proclamation to Sarah Wilson-Kraft proclaiming September as Hydrocephalus Awareness Month. Hydrocephalus occurs when excess fluid builds up on the brain.
- Mayor Kaler presented a proclamation to Samantha Williams, WKCTC Director of Adult Learning Centers, proclaiming this week as Adult Education Week.
- William Baxter reappointed to the Board of Adjustment.
- Municipal order approved to apply for the Paula Nye Memorial Education Grant for Bicyclist and Pedestrian Safety. The grant request is for \$5000 which if awarded would be used to create an after school program through the Parks Department to educate children on bike safety and the importance of physical activity. No local match is required.
- Ordinance approved to renew the local jurisdiction HVAC program agreement between the City of Paducah and the State Department of Housing, Buildings and Construction. This is a contract that is up for renewal every three years.
- Ordinance approved for change order #4 with Bluegrass Uniforms for the Paducah Fire Department. This change order adds items that were not previously incorporated into the contract or have been changed due to product discontinuations.
- Ordinance approved for a contract between the City of Paducah and the Paducah Junior College, Inc. with the City providing \$125,000 for this fiscal year for the Community Scholarship Program. The program guarantees any Paducah or McCracken County student a scholarship for up to 60 hours of college credit at West Kentucky Community & Technical College provided that they enroll in the program in 8<sup>th</sup> grade and meet a set of behavior and academic standards.
- Ordinance approved for a contract between the City of Paducah and Barkley Regional Airport with the City providing \$136,430 for this fiscal year to assist with general aviation and air carrier services.
- Ordinance tabled that would amend Section 2-442 of the Paducah Code of Ordinances governing the Paducah-McCracken County Riverport Authority stating that all members shall reside within McCracken County.

###



Pam Spencer, Public Information Officer  
City of Paducah • P.O. Box 2267 • Paducah, Kentucky 42002  
270/444-8669 • Office 270/443-5058 • Fax  
Website: <http://paducahky.gov> Email: [pspencer@paducahky.gov](mailto:pspencer@paducahky.gov)