



HEAVEN HILL BRANDS.

ENVIRONMENTAL SUSTAINABILITY

DAQ REG: PENALTIES FOR EMERGENCY GENERATORS

PROBLEM

Heaven Hill has been **penalized** between \$500,000 and \$600,000 per year by DAQ **for having emergency generators required by international fire code**. This fee is based on Angel's share emissions.

Standing alone, Angel's share from barrel warehouses is subject to \$0 in fees per year.

Standing alone, an emergency generator is subject to \$250 in fees per year. If it is electric, \$0.

But If you combine the two and add one emergency generator for fire prevention that runs less than 10 hours per year within the vicinity of barrel warehouses then you can be assessed \$500,000+ in fees.

This fee is more stringent than, and contrary to, federal law as **the EPA exempts emergency generators from permitting (making them not subject to fees)**. The DAQ proposed Reg is **more stringent than the EPA and penalizes compliance with human safety and fire prevention requirements** due to an arbitrary distinction between the same emergency generator equipment.

Kentucky law prohibits DAQ from promulgating regulations more stringent than federal law.

No other state in our region assesses this type of penalty for the use of emergency generators. Only Kentucky has this penalty. This is bad policy and disincentivizes efforts to ensure human safety and fire prevention.

SOLUTION

DAQ should update the proposed Reg to incentivize distillers for compliance and ensure they are **not penalized for emergency generators used for fire suppression AND those used for fire prevention and human safety**.

DAQ agrees we should not be penalized. 

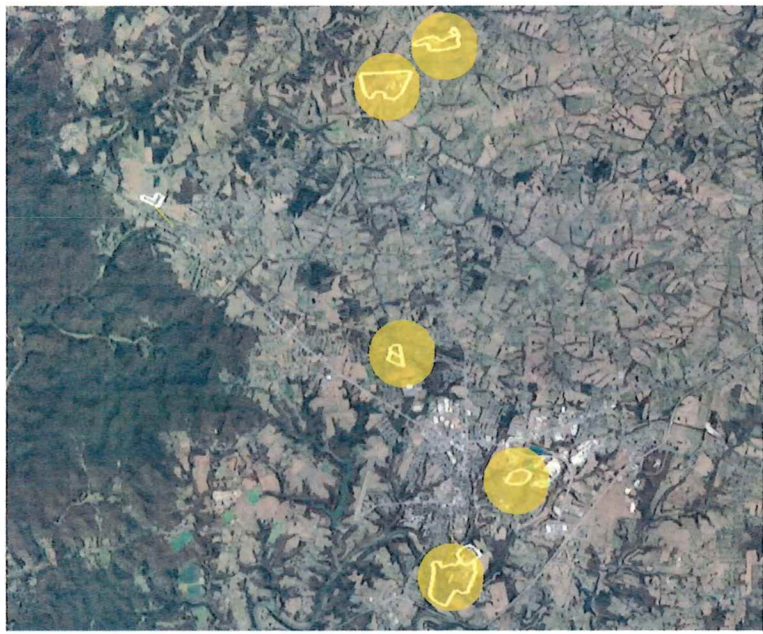


AT A GLANCE

- More stringent than EPA in violation of Kentucky law
- Arbitrary distinction between emergency generators used for fire prevention (subject to fees) and fire suppression (not subject to fees)
- \$500,000+ penalties per year for compliance with safety and fire codes
- \$500,000+ penalties per year for an emergency generator that runs ~10 hours per year
- Unique to Kentucky

"The Cabinet agrees that sources that are required to install an emergency engine for fire suppression purposes due to insurance and public protection requirements should not be penalized for the installation of such equipment."

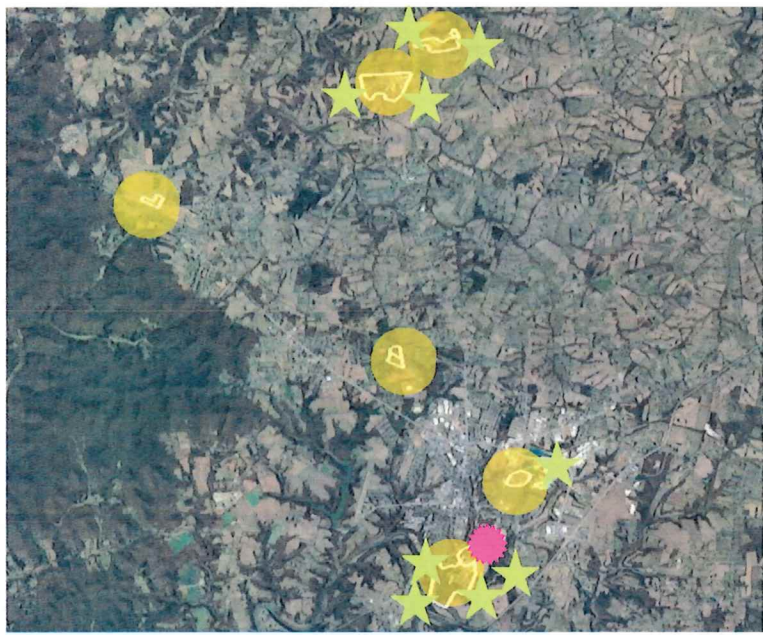
KEEC RESPONSE TO KDA COMMENT ON THE REG



★ = Fire Suppression E-Gen
 ● = Fire Prevention E-Gen

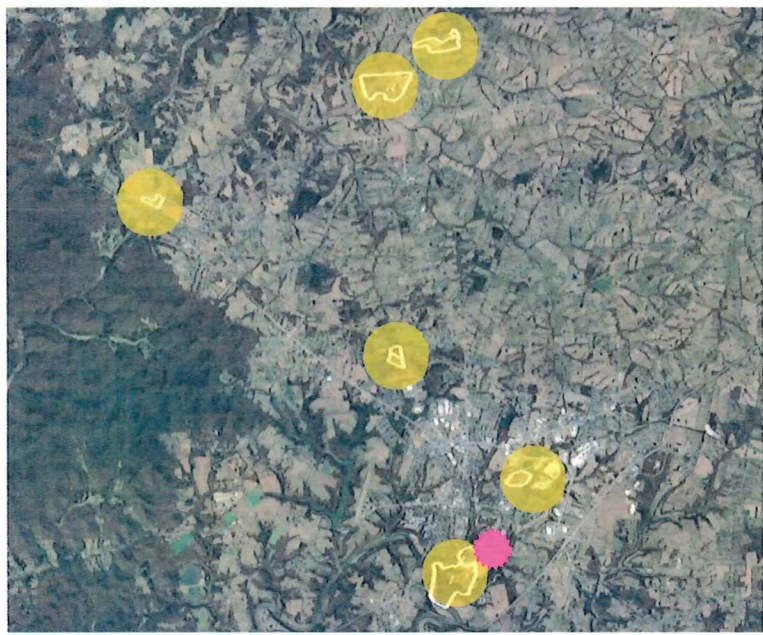
HEAVEN HILL SITES IN NELSON COUNTY WITHOUT FIRE SUPPRESSION AND FIRE PREVENTION E-GENS

\$0 IN FEES



BEFORE PROPOSED REG: HEAVEN HILL SITES IN NELSON COUNTY + 9 FIRE SUPPRESSION E-GENS + 1 FIRE PREVENTION E-GEN IN BOTTLING PLANT

\$569,000 IN FEES



AFTER PROPOSED REG: HEAVEN HILL SITES IN NELSON COUNTY + 1 FIRE PREVENTION E-GEN IN BOTTLING PLANT (9 FIRE SUPPRESSION E-GENS EXEMPT)

\$569,000 IN FEES