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PUBLIC SERVICE
COMMISSION

February 16, 2018

VIA HAND DELIVERY

Ms. Gwen Pinson
Executive Director
Kentucky Public Service Commission
P.O. Box 615
211 Sower Boulevard
Frankfort, KY 40602

Re: *In the Matter of Application of East Kentucky Power Cooperative, Inc. for Approval to Amend Its Environmental Compliance Plan and Recover Costs Pursuant to Its Environmental Surcharge, Settlement of Certain Asset Retirement Obligations and Issuance of a Certificate of Public Convenience and Necessity and Other Relief (PSC Case No. 2017-00376)*

Dear Ms. Pinson:

Please find enclosed for filing with the Commission in the above-referenced case an original and six copies of the supplemental response of East Kentucky Power Cooperative, Inc. ("EKPC"), to Commission Staff's Initial Request for Information dated January 5, 2018, Request No. 23.

Please return a file-stamped copy to me.

Very truly yours,

A handwritten signature in black ink that reads "David S. Samford (by Lynn R. Under)".

David S. Samford

Enclosures

cc: Parties of Record

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**PUBLIC SERVICE
COMMISSION**

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

APPLICATION OF EAST KENTUCKY POWER)	
COOPERATIVE, INC. FOR APPROVAL TO)	
AMEND ITS ENVIRONMENTAL COMPLIANCE)	CASE NO.
PLAN AND RECOVER COSTS PURSUANT TO)	2017-00376
ITS ENVIRONMENTAL SURCHARGE,)	
SETTLEMENT OF CERTAIN ASSET)	
RETIREMENT OBLIGATIONS AND ISSUANCE)	
OF A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY AND OTHER)	
RELIEF)	

**SUPPLEMENTAL RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR
INFORMATION TO EAST KENTUCKY POWER COOPERATIVE, INC.**

DATED JANUARY 5, 2018

[REQUEST NO. 23]

IN THE MATTER OF:

CASE NO.
2017-00376

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Craig A. Johnson

Subscribed and sworn before me on this 16th day of February 2018.

Guy M. Wilbey
Notary Public #590567



EAST KENTUCKY POWER COOPERATIVE, INC.
PSC CASE NO. 2017-00376
RESPONSE TO INFORMATION REQUEST

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION DATED 01/05/18
REQUEST 23

RESPONSIBLE PARTY: **Sam Yoder and Craig A. Johnson [Supplement]**

Request 23. Refer to the Direct Testimony of Sam Yoder, P.E., Exhibit SY-2, page 1-5, regarding project risks. State whether EKPC has developed any processes to mitigate the scheduling and cost risks. If so, explain fully the risk mitigation processes that EKPC will implement.

Response 23. Proper planning and project controls are key to the mitigation of risks related to cost and schedules. The Project Scoping Report and Project Plan are developed with recent market information regarding cost of equipment and services as well as expected lead times for critical equipment and relevant information to support planned durations for the work and conditions. Financial contingency is included in cost estimates and the project primary milestones and contract completion dates are designed to maintain within the schedule a small but reasonable amount of float that is owned by EKPC. Project controls for schedule include daily/weekly fieldwork verification and EKPC management of an integrated critical path schedule, which will be used to both assess current project status and also forecast and analyze predicted progress so that mitigating steps can be taken to avoid conflicts or schedule slip. A project change

management process will be employed to control all impacts to schedule and cost for issues that arise during the project.

Supplemental Response 23. By way of supplementing its January 19, 2018 Response, EKPC states that it continues to advance the Project through the detailed engineering and design phases. In order to assure the timely delivery of the long-lead time aspects of the Project without prematurely “commencing construction” under KRS 278.020, EKPC is using a two-step approach to major Project component contracts. For instance, EKPC will likely enter into three contracts next month for the design and supply of equipment and materials necessary for the Project, including the Fly Ash Handling Equipment, Bottom Ash Handling Equipment, and Physical-Chemical-Thermal Evaporation Wastewater Treatment Equipment. By combining the design and supply of each of these long-lead items into a single contract, EKPC should be able to reduce the number of change orders and post-delivery modifications to the equipment. This will help keep the Project on budget and on schedule. However, by only becoming contractually obligated for the design work (through the issuance of a Limited Notice to Proceed) in each of the three contracts until such time as a Certificate of Public Convenience and Necessity is issued by the Commission and a second Notice to Proceed is delivered to the equipment manufacturer(s), EKPC will avoid commencing construction prematurely.