



A Touchstone Energy Cooperative 

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PUBLIC SERVICE
COMMISSION

March 31, 2021

FILED ELECTRONICALLY

Ms. Linda C. Bridwell, P.E.
Executive Director
Kentucky Public Service Commission
P.O. Box 615
211 Sower Boulevard
Frankfort, KY 40602

Re: Case No. 2010-00449 Post-Case Correspondence, 28th Smith Unit 1 Asset Cost Mitigation Status Report

Dear Ms. Bridwell:

Please find enclosed for filing with the Commission in the post-case correspondence file of the above-referenced case, the 28th Smith Unit 1 Asset Cost Mitigation Status Report of East Kentucky Power Cooperative, Inc. This Report is being filed pursuant to the Commission's Order of February 28, 2011.

The undersigned hereby certifies that the electronic filing is a true and accurate copy of the documents being filed in paper medium; the electronic filing was transmitted to the Commission on March 31, 2021; paper copies of this information will be hand-delivered to the Commission within thirty (30) days of the lifting of the present State of Emergency relating to the COVID-19 pandemic.

Should you require further clarification of any part of the report, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in blue ink, appearing to read 'Patrick C. Woods', is written over a light blue circular stamp.

Patrick C. Woods
Director, Regulatory and Compliance Services

Enclosures

4775 Lexington Road, POB 707
Winchester, KY 40392
859-744-4812

East Kentucky Power Cooperative, Inc.
Smith Unit 1 Asset Cost Mitigation Status Report
March 25, 2021 (Twenty-Eighth Mitigation Report)

In accordance with the Kentucky Public Service Commission's (Commission) Order, dated February 28, 2011, in Case No. 2010-00449, and consistent with the July 1, 2015 correspondence from the Commission's Executive Director, East Kentucky Power Cooperative, Inc. ("EKPC") tenders the following information to describe its mitigation efforts to reduce the balance of the regulatory asset through the sale of the J.K. Smith Power Station (Smith) Unit 1 physical assets ("assets"), as further authorized by a Commission Order dated March 5, 2013, in Case No. 2013-00005.

As explained in previous Mitigation Status Reports, because EKPC was unsuccessful in selling the assets in bulk, the following three-step approach was utilized to reduce the balance of the regulatory asset: 1) redeployed the compatible major components and parts internally for use in EKPC replacement and maintenance projects; 2) sold or returned the assets as useable material into the marketplace; or 3) scrapped the material that had no interest as useable.

As of March 25, 2021, the regulatory asset balance related to Smith Unit 1 was \$62,996,797, a decrease of \$17,807,996 in comparison to the last mitigation status report filed on September 30, 2020. This decrease is attributed to parts and major components valued at approximately \$11,982,486 designated as inventory and capital spares for future use at Spurlock Units 3 and 4, amortization of the regulatory asset of \$5,811,750, as authorized by the Commission in Case No. 2015-00358, and other credits totaling \$13,760.

As specified in the Stipulation and Recommendation (Smith Solution) associated with Case No. 2015-00358, EKPC began amortizing the regulatory asset balance at January 1, 2017, net of estimated expected mitigation and salvage efforts of \$28,637,996, over a ten-year period. In December 2020, actual mitigation and salvage efforts to date surpassed the estimated mitigation target by \$7,416,443, for a total of \$36,054,439. The amortizable balance was adjusted accordingly, which resulted in the monthly amortization changing from \$1,002,960 to \$899,954, effective January 1, 2021.

EKPC now considers all mitigation efforts substantially complete and will request recovery of the remaining balance of the regulatory asset in Case No. 2021-00103, *Electronic Application of East Kentucky Power Cooperative, Inc. for a General Adjustment of Rates, Approval of Depreciation Study, Amortization of Certain Regulatory Assets, and Other General Relief.*