

# Goss ■ Samford PLLC

 Attorneys at Law

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COMMISSION

February 12, 2016

Mr. Jeffrey Derouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, KY 40602-0615

Re: PSC Case Nos. 2015-00267 and 2016-00071

Dear Mr. Derouen:

Pursuant to Order of the Commission dated December 1, 2015, in Case No. 2015-00267, requiring that within 30 days of the closing of the transaction, EKPC shall file the journal entries reflecting how the transaction was recorded, enclosed please find East Kentucky Power Cooperative, Inc.'s journal entries recording the transaction.

Please do not hesitate to contact me if you have any questions.

Very truly yours,



David S. Samford

Enclosures

cc: Parties of Record

Listed below are the journal entries for the December 29, 2015 purchase of Bluegrass Station assets and the subsequent recording of specific assets, liabilities, and expenses associated with the transaction, as ordered by the Commission in Case No. 2015-00267.

It should be noted that as part of the final negotiations, EKPC agreed to assume receivables associated with the LGE tolling agreement, certain accounts payable balances associated with the plant management company and a three day proration of certain 2015 plant expenses, which resulted in a purchase price adjustment of \$1,393,070. Accordingly, a journal entry to record the impact of the purchase price adjustment is included below, which was not contemplated in previous data requests. The purchase agreement stipulates that EKPC must submit to LS Power a final allocation on or before 60 days following the closing, which could result in additional journal entries associated with the purchase.

**To Record Asset Purchase:**

<u>Account</u>	<u>Account Title</u>	<u>Debit</u>	<u>Credit</u>
1020000	Electric Plant Purchased or Sold	130,143,070	
1310000	Cash		130,143,070

**To Clear Account 102—Purchase Price Adjustment:**

<u>Account</u>	<u>Account Title</u>	<u>Debit</u>	<u>Credit</u>
143001	General Accounts Receivable	1,550,858	
165200	Other Prepayments-Misc. Expense	39,240	
549001	Misc. Other Power Generation Expense	11,662	
232100	Accounts Payable-General		208,690
102000	Electric Plant Purchased or Sold		1,393,070

**To Capitalize Transaction Costs:**

<u>Account</u>	<u>Account Title</u>	<u>Debit</u>	<u>Credit</u>
102000	Electric Plant Purchased or Sold	693,518	
183000	Preliminary Survey & Investigation		693,518

**To Clear 102—Original Purchase Price & Transaction Costs:**

<u>Account</u>	<u>Account Title</u>	<u>Debit</u>	<u>Credit</u>
340000	Land and Land Rights	1,102,911	
341000	Structures & Improvements	10,030,763	
342000	Fuel Holders & Accessories	1,162,204	
343000	Prime Movers	134,764,582	
344000	Generators	22,373,072	
345000	Accessory Electrical Equipment	4,888,031	
353000	Station Equipment-Transmission	16,144,426	
355000	Poles & Fixtures-Transmission	3,389,833	
391000	Office Furniture & Equipment	74,558	
392000	Transportation Equipment	26,440	
396000	Power Operated Equipment	23,274	
397000	Communication Equipment	16,550	
154000	Plant Materials & Supplies	958,513	
303000	Intangible Asset	146,000	
114000	Acquisition Adjustment	4,271,235	
108450	Accumulated Depreciation-Common		4,380,967
108451	Accumulated Depreciation-Unit 1		20,948,691
108452	Accumulated Depreciation-Unit 2		20,948,691
108453	Accumulated Depreciation-Unit 3		18,874,092
108500	Accumulated Depreciation-Transmission		4,637,162
108700	Accumulated Depreciation-General		139,271
102000	Electric Plant Purchased or Sold		129,443,518