

March 14, 2017

ELECTRONICALLY FILED

Dr. Talina R. Mathews
Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

Kenneth J. Gish, Jr.
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RE: **Case No. 2015-00152 (Post-Case Correspondence File)**

Dear Dr. Mathews:

Kentucky Power Company provides the following responses to Commission Staff's February 28, 2017 request for additional information regarding the Company's 4th Quarter 2016 Big Sandy Ash Pond Closure status report. The Commission's requests are included in italics for reference.

1. *Page 2 of the status report shows that the "Geotextiles" category has a "Project-To-Date" balance of \$993,706.24. The amount budgeted for this category is \$89,968.52. Explain the reason for the cost increase.*

Kentucky Power Response:

The expenses were reclassified from Item No. 26, "Geomembrane" to Item No. 13 "Geotextiles;" the total budgeted amount for the two line items remains unchanged.

The original and revised estimates for Line Item 13 "Geotextiles" as reported on Exhibit JGD-3 to the testimony of Joseph G. Deruntz included only the use of a geotextile layer under permanent roads and new spill ways for the main and saddle dams. The Company's engineers, as part of the revised estimate, recommended the use of a geotextile material separation layer over top of the geomembrane liner.

The cost of this additional separation layer originally was included in Line Item 26 "Geomembrane" as reported on Exhibit JGD-3. The addition of the geotextile separation layer to Line Item 26 "Geomembrane" is shown in the Notes and Assumptions column for Line Item 26 on Exhibit JGD-3 and noted with the statement, "Added liner, geocomposite & separation layer over entire impoundment."

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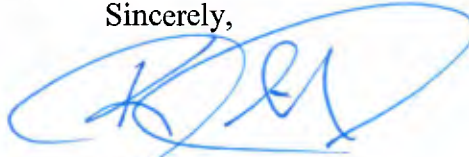
The costs associated with the geotextile separation layer, along with the costs to furnish and install the geotextile layer under permanent roads and new spill ways for the main and saddle dams, now are aggregated to Line Item 13 "Geotextiles" instead of Line Item 26 "Geomembrane" where they originally were listed. There has been no material change to the aggregate cost of the Geotextile and Geombrane Line Items. Additionally, these changes better align with the more detailed work breakdown structure of the unit price contract awarded to the closure construction contractor, Entact, LLC.

2. *Kentucky Power's First Quarter 2016 Status Report filed on March 13, 2016, included a column showing the "Revised Estimate" for each category of the Big Sandy Ash Pond Closure project ("Ash Pond Closure Project"). Subsequent status reports have not included this column. Future status report filings should include the "Revised Estimate" column showing the original estimated cost, as revised, for each category of the Ash Pond Closure Project.*

Kentucky Power Response:

The Revised Estimate column will be added to the first quarter 2017 status report.

Sincerely,



Kenneth J. Gish, Jr.

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