

RECEIVED

SEP 30 2015

PUBLIC SERVICE
COMMISSION

September 30, 2015

Mr. Jeff Derouen
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

HAND DELIVERED

Re: Case No. 2010-00449

Dear Mr. Derouen:

Please find enclosed for filing with the Commission in the above-referenced case, an original and ten copies of the Smith Unit 1 Asset Cost Mitigation Report (seventeenth report) of East Kentucky Power Cooperative, Inc. ("EKPC"). This report is being filed pursuant to the Commission's Order of February 28, 2011.

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

Very truly yours,



Patrick C. Woods
Director, Regulatory and Compliance Services

Enclosures

4775 Lexington Rd. 40391
P.O. Box 707, Winchester,
Kentucky 40392-0707

Tel. (859) 744-4812
Fax: (859) 744-6008
www.ekpc.coop

East Kentucky Power Cooperative, Inc.

Smith Unit 1 Asset Cost Mitigation Report

September 30, 2015 (Seventeenth Mitigation Report)

In accordance with the Commission's Order dated February 28, 2011 in Case No. 2010-00449, and further to Mr. Jeff Derouen's letter in the same case, dated July 1, 2015, the following is a report summarizing the status of East Kentucky Power Cooperative Inc.'s ("EKPC") mitigation efforts to reduce the balance of the regulatory asset through the sale of the Smith Unit 1 physical assets as authorized by a Commission Order on March 5, 2013 in Case No. 2013-00005.

- As of September 30, 2015, the regulatory asset balance relating to Smith Unit 1 was \$149,120,510.72. This balance includes expenses associated with marketing the assets and preserving the assets for potential sale.
- As of September 28, 2015, three-hundred and fifty-seven (357) inquiries regarding the Smith assets have been received. Seventy-six (76) of the inquirers have executed confidentiality agreements with EKPC, enabling EKPC to share technical information regarding the assets. Twenty-one (21) prospects have conducted site visits.

In EKPC's 16th Smith Unit 1 Asset Cost Mitigation Report to the Commission, dated March 31, 2015, EKPC responded to a February 11, 2015 letter from Mr. Jeff Derouen requesting EKPC specifically address seven additional questions, one of which asked EKPC to identify any assets (or their value) that can be used by EKPC at any of the other generating stations. In response, EKPC provided a list of component spare parts that can be used at its other generating stations. At that time, EKPC had not yet been able to determine the individual value of each of these parts, and promised to supplement this report with those values, when available. Below is a list of each of those parts whose value has subsequently been determined:

HP Heaters - \$410,000
LP Heaters - \$452,523
Generator & Turbine and all Components - \$28,000,000
Fluidizing Air Nozzles - \$234,000
Vortex Finder Plates/Hardware - \$216,000
Seal Pot Nozzle Assys. - \$350,000
Silo - \$275,000
 Silo - SS Liner - Included In Silo
 Silo Cylinder - Included In Silo
 Silo Cone Sections - Included In Silo

Silo Pants - Included In Silo
Silo Skirts - Included In Silo
Silo Roof Sections - Included In Silo
Mill - Gears Boxes, Shafts, & Couplings - \$20,000
Mill - Sole Plates, Oil Journals, Hardware, & Grinding Roll - \$10,000
Mill - 8 pcs, 24" gate valves - \$17,312
2pcs - Sorbent Mill Maint. Hoist - \$35,000
1pc - Ash Screw Maint. Hoist - \$35,000
Ash Control Valve - Shafts, Hardware, Tracking - \$24,000
Fuel Feeder, Valves, and Oil Hardware - \$10,000
Furnace Nozzle Assys - \$234,000
Feeder Downspouts, Exp. Joints - \$30,000
Fluidizing Air Blowers - \$135,000
2pcs - 450HP Mill Motors - \$76,000
Evap. Panel - \$925,000
2 Crates Fluidizing Air Nozzles - \$151,000
Whizzer Separator Assys., Pipe, Hardware, & Supports - \$1,200
Sub Total: \$31,641,035

EKPC is still endeavoring to determine values associated with the following parts, and will supplement this report with those values when able to do so.

Two Tube Handcuffs
Sorbent Mill VS Drivers
Return Air Housings
Mill Base & Bearing Assy.
Headers, Loose Tubes Furnace Roof & BP Panels
FHBE SH Loose Tubes
FBHE RH Horizontal Tube Assys.
10pcs, FBHE SH Horizontal Assys.