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MAR 30 2018

PUBLIC SERVICE
COMMISSION

March 30, 2018

HAND DELIVERED

Ms. Gwen Pinson
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Re: Case No. 2010-00449 Post-Case Correspondence, 22nd Smith Unit 1
Asset Cost Mitigation Status Report

Dear Ms. Pinson:

Please find enclosed for filing with the Commission in the post-case correspondence file of the above-referenced case, an original and ten copies of the 22nd Smith Unit 1 Asset Cost Mitigation Status 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

East Kentucky Power Cooperative, Inc.

Smith Unit 1 Asset Cost Mitigation Status Report

March 30, 2018 (Twenty-Second Mitigation Report)

In accordance with the Commission's 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 Smith Unit 1 physical assets, as further authorized by a Commission Order on March 5, 2013 in Case No. 2013-00005.

- As of March 30, 2018, the regulatory asset balance relating to Smith Unit 1 was \$133,611,555, a decrease of \$6,268,690 compared to the last mitigation report filed on September 29, 2017. This change is comprised of additional costs of \$64,032 (labor, benefits and material) associated with the inspection and cribbing of the assets located at the Smith Site less mitigation of \$319,949, and amortization of the regulatory asset of \$6,012,773, which began in January 2017, as authorized by the Commission in Case No. 2015-00358.

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. The current monthly amortization amount of \$1,002,429 will be adjusted periodically to reflect additions to the regulatory asset balance associated with costs incurred to maintain the assets.

- As of March 30, 2018, three-hundred and ninety-six (396) inquiries regarding the Smith assets have been received. Ninety-three (93) of the inquirers have executed confidentiality agreements with EKPC, enabling EKPC to share technical information regarding the assets. Thirty (30) prospects have conducted site visits.