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PUBLIC SERVICE
COMMISSION

March 31, 2020

Mr. Kent Chandler
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Re: Case No. 2010-00449 Post-Case Correspondence, 26th Smith Unit 1 Asset Cost Mitigation Status Report

Dear Mr. Chandler:

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 26th 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.

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

East Kentucky Power Cooperative, Inc.

Smith Unit 1 Asset Cost Mitigation Status Report

March 31, 2020 (Twenty-Sixth 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 EKPC's last Mitigation Status Report, because EKPC has not been successful in selling the assets in bulk, it is utilizing a three-step approach to reduce the balance of the regulatory asset: 1) redeploy the compatible major components and parts internally for use in EKPC replacement and maintenance projects; 2) sell or return the assets as useable material into the marketplace; or 3) scrap the material that has no interest as useable.

As of March 30, 2020, the regulatory asset balance related to Smith Unit 1 was \$86,841,476, a decrease of \$6,142,604 in comparison to the last mitigation status report filed on September 25, 2019. This decrease is attributed to the sale of scrapped materials and other credits totaling \$124,842, and amortization of the regulatory asset of \$6,017,762, 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 monthly amortization amount, currently at \$1,002,960, was adjusted periodically to reflect additions to the regulatory asset balance associated with costs incurred to maintain the assets. Actual mitigation and salvage efforts to date total \$24,092,723.