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September 22, 2016

Mark R. Overstreet  
Stites & Harbison PLLC  
421 West Main Street  
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RE: 2014-00396 Post Case Correspondence Filing

Dear Mr. Overstreet:

On September 14, 2016, Kentucky Power Company filed responses to questions posed by Commission Staff during a September 1, 2016 meeting tracking meeting related to the Big Sandy Retirement Rider annual filing. Items 1 and 5 of those responses reference an Asset Retirement Obligation ("ARO") related to a Fly Ash Pond Closure and an ARO related to a Bottom Ash Pond Closure. It is unclear to Commission Staff whether there are two ponds being closed or just one pond that contains both fly ash and bottom ash. In Case No. 2015-00152, Kentucky Power received a Certificate of Public Convenience and Necessity ("CPCN") for the closure of the Big Sandy Ash Pond. The CPCN granted in that case appears to be for the closure of the Big Sandy Fly Ash Pond. In addition, line 9 to the Excel spreadsheet attached to the response to Item 1 shows Cost Component 290 which is described as "Cell phone and Cell Pager Expense" with a total of \$2,824,379.34.

Within ten days of the date of this letter, Commission Staff requests that Kentucky Power provide an explanation clarifying whether it is closing one pond or two. If Kentucky Power is closing a Bottom Ash Pond in addition to the Big Sandy Fly Ash Pond, provide the estimated cost of the closure as well as a timeline for construction. Commission Staff also requests Kentucky Power to provide an explanation of the "Cell phone and Cell Pager Expense" listed in the Excel attachment to the response to Item 1 and why the cost for that component comprises approximately 85 percent of the current total cost for the ARO-related activity of removing asbestos at Big Sandy Unit 2.

If you have any questions regarding this letter, please contact Quang Nguyen,  
Staff Attorney, at (502) 782-2586.

Sincerely,

*Aaron D. Brunard*

Talina R. Mathews  
Executive Director

*for*

QN/ph

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