

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF DUKE ENERGY KENTUCKY, INC.)	
FOR AN ORDER APPROVING THE ESTABLISHMENT OF)	
A REGULATORY ASSET FOR THE LIABILITIES)	CASE NO.
ASSOCIATED WITH ASH POND RETIREMENT)	2015-00187
OBLIGATIONS)	

COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION
TO DUKE ENERGY KENTUCKY, INC.

Duke Energy Kentucky, Inc. ("Duke Kentucky"), pursuant to 807 KAR 5:001, is to file with the Commission the original and eight copies of the following information, with a copy to all parties of record. The information requested herein is due within ten days of the date of this request. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Duke Kentucky shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though

correct when made, is now incorrect in any material respect. For any request to which Duke Kentucky fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When filing a document containing personal information, Duke Kentucky shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the document so that personal information cannot be read.

1. Refer to paragraph 7 of the Application regarding the quantification of the asset retirement obligation liability of approximately \$116 million associated with the East Bend ash pond. Explain how Duke Kentucky arrived at this amount. Include any relevant work papers, spreadsheets, etc., showing the calculation of the \$116 million.

2. Refer to paragraph 9 of the Application, specifically, the first full sentence on page 6. Concerning the mismatch of revenues and expenses discussed in the paragraph, explain how “revenues and expenses will be inflated and thus overstate financial performance.” (Emphasis added)

3. Refer to paragraph 9 of the Application and footnote 8 regarding the \$35 million in accretion expense. Explain how this amount was derived. Include any relevant work papers, spreadsheets, etc., showing the calculation of the \$35 million.

4. Refer to paragraph 9 of the Application regarding carrying costs associated with the proposed regulatory assets.

a. Identify the authority for the carrying charges associated with the proposed regulatory assets.

b. State when Duke Kentucky expects to incur actual costs, other than the \$1.8 million mentioned in paragraph 10 of the application, with respect to the coal ash pond at East Bend. Provide a schedule showing the expected date and amount of the actual costs to be incurred.

c. Identify and describe what constitutes Duke Kentucky's carrying costs associated with the proposed regulatory asset.

d. Explain how Duke Kentucky determined, or intends to determine, the carrying costs associated with the proposed regulatory assets. Include any relevant work papers, spreadsheets, etc., showing the calculation of the carrying costs.

5. Refer to paragraph 10 of the Application concerning the engineering studies and analysis of the impact of the Coal Combustion Residuals rule on the East Bend ash pond. Describe in detail the type of studies that are being conducted and provide the timeline for completing those studies.

6. Refer to paragraph 16 of the Application.

a. Refer to 16.c. Provide a detailed explanation for the calculation of the \$0.9 million. Include any relevant work papers, spreadsheets, etc., showing the calculation of the \$0.9 million.

b. Refer to 16.e. Provide a detailed explanation for the calculation of the \$0.9 million. Include any relevant work papers, spreadsheets, etc., showing the calculation of the \$0.9 million.

c. Refer to 16.f. Provide a detailed explanation for the calculation of the \$0.9 million. Include any relevant work papers, spreadsheets, etc., showing the calculation of the \$0.9 million.

7. In response to Item 2 of Commission Staff's Initial Request for Information in Case No. 2015-00120,¹ Duke Kentucky stated, regarding the current East Bend depreciation rate, "It is anticipated that this rate would change once the next depreciation study is filed." Explain when Duke Kentucky expects to file the next depreciation study.

8. Identify and describe any factors that could impact the regulatory asset treatment proposed by Duke Kentucky.



Jeff Derouen
Executive Director
Public Service Commission
P.O. Box 615
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JUL 17 2015
DATED _____

cc: Parties of Record

¹ Case No. 2015-00120, *Application of Duke Energy Kentucky, Inc. for an Order Approving the Establishment of a Regulatory Asset for the Depreciation Expense of Its East Bend Unit 2 Generating Station* (filed Apr. 10, 2015).

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