

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

COMMISSION STAFF'S THIRD 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 14 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 persons' 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 paper containing personal information, Duke Kentucky shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the response to Commission Staff's Second Request for Information ("Staff's Second Request"), Item 6.b., and the response to Commission Staff's First Request for Information ("Staff's First Request"), Item 4.a.

a. Clarify that the response to Item 6.b. reflects that Duke Kentucky believes that the issue of recovery of any carrying costs will remain to be determined in a future rate proceeding.

b. Provide any authoritative support for Duke Kentucky's belief, as reflected in the last sentence of the response to Item 6.b., that the matter of whether rate recovery ought to be allowed for carrying costs included in a regulatory asset should be linked to the prudence of the costs in the underlying regulatory asset.

c. Explain whether the first two sentences of the response to Item 4.a. of Staff's First Request are intended to convey that the requirement in KRS 278.220 that the system of accounts approved by the Commission must conform "as nearly as

practicable” to the system of accounts of the Federal Energy Regulatory Commission (“FERC”) places on the Commission an obligation to adhere to FERC precedent.

2. Refer to Staff’s Second Request, the attachment to Item 7, and the response to Staff’s First Request, Item 4.d. The attachment shows the computation of rates for Allowance for Funds Used During Construction for the month of June 2015 based on Duke Kentucky’s capitalization ratios of long-term debt and common equity. The second sentence in the response to Staff’s First Request reads, “The CCR Compliance Regulatory Asset will represent only cash expended to satisfy the ARO liability related to closing the ash basin at East Bend and the carrying costs recorded.”

a. Identify the sources of, and the means by which Duke Kentucky expects to generate, the cash it expects to expend to satisfy the ARO liability.

b. Explain whether Duke Kentucky intends to issue long-term debt or common equity in order to generate the cash needed to satisfy the ARO liability.

c. Confirm that the specific amount of carrying costs for which Duke Kentucky requests regulatory asset treatment is not included in its application.

3. Refer to the response to Staff’s Second Request, Item. 8, which inquired about the schedule for the August deliverables. The response indicates that Duke Kentucky’s plans have been delayed and that “deliverables are currently expected in the fourth quarter of 2015.”

a. Clarify the specific deliverables to which the response refers and, if applicable, whether delivery of the final “Class 4” estimates, which had been scheduled for October 2015, has been pushed out beyond year-end of 2015.

b. When they become available, provide the deliverables that are currently expected in the fourth quarter of 2015.

4. Refer to the response to Staff's Second Request, Item 9.d. Assuming that delays in completing the project studies might affect the Commission's processing of this case, provide the latest possible date in 2016 that receipt of a final order would permit Duke Kentucky to make the accounting entries necessary for its 2015 year-end financial statements.

5. In a manner similar to that used in the response to Staff's First Request, Item 5, provide the current schedules for the two third-party reviews referenced in the response to Staff's Second Request, Item 9.



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Jeff Derouen  
Executive Director  
Public Service Commission  
P.O. Box 615  
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DATED SEP 14 2015

cc: Parties of Record

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