

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EAST KENTUCKY POWER)	
COOPERATIVE, INC. FOR APPROVAL TO)	CASE NO.
AMEND ITS ENVIRONMENTAL COMPLIANCE)	2017-00376
PLAN AND RECOVER COSTS PURSUANT TO)	
ITS ENVIRONMENTAL SURCHARGE,)	
SETTLEMENT OF CERTAIN ASSET)	
RETIREMENT OBLIGATIONS AND ISSUANCE)	
OF A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY AND OTHER)	
RELIEF)	

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO EAST KENTUCKY POWER COOPERATIVE, INC.

East Kentucky Power Cooperative, Inc. ("EKPC"), pursuant to 807 KAR 5:001, is to file with the Commission the original and six copies of the following information, with a copy to all parties of record. The information requested herein is due no later than February 16, 2018. Responses to requests for information in paper medium 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.

EKPC 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 EKPC 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, EKPC 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 Direct Testimony of Isaac S. Scott ("Scott Testimony"), page 8.
 - a. Confirm that EKPC's books reflect an Asset Retirement Obligation ("ARO") for the Spurlock ash pond of \$41.8 million.
 - b. Provide a detailed analysis of the cost items included in the \$41.8 million ARO for the Spurlock ash pond.
 - c. Provide sample journal entries of the transactions to record ash pond closure activities.

d. Provide the current balance of the regulatory asset established in Case No. 2014-00432¹ for the Spurlock ash pond ARO depreciation and accretion expense.

e. Provide the estimated balance of the regulatory asset at the time closure activities will have been completed, and a breakdown of the components making up the balance.

f. Provide the amortization rate EKPC proposes to use when it begins to amortize the regulatory asset for accretion and depreciation expense associated with the Spurlock ARO. Explain how this rate was determined.

e. Explain how EKPC proposes to recover the amortization of the regulatory asset.

2. Refer to the Scott Testimony, Exhibit ISS-3.

a. Explain why these environmental control assets are recovered through EKPC's base rates instead of the Environmental Surcharge Mechanism.

b. Explain why the retirement of plant assets recovered through base rates would impact EKPC's Environmental Surcharge Mechanism.

3. Refer to the Direct Testimony of Craig A. Johnson, pages 7–10, regarding the alternatives evaluated by EKPC. Provide the estimated net book value of stranded assets for each alternative.

4. Refer to the Direct Testimony of Robin Hayes and confidential Exhibit RH-1. On page 1 of Exhibit RH-1, an amount was shown on line 68 for year 2025. Confirm

¹Case No. 2014-00432, *Application of East Kentucky Power Cooperative, Inc. for an Order Approving the Establishment of Regulatory Assets for the Depreciation and Accretion Expenses Associated with Asset Retirement Obligations* (Ky. PSC July 21, 2015).

that EKPC intended to include this amount as shown and provide the reason.

a. If not confirmed, provide a corrected CCR-ELG Coal Compliance Alternative present value analysis.

b. If confirmed, explain why this same methodology was not applied to the CCR-ELG Gas Conversion Alternative analysis on page 2 of Exhibit RH-1, line 87 for year 2024.



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Executive Director
Public Service Commission
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DATED FEB 02 2018

cc: Parties of Record

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