

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EAST KENTUCKY POWER)	
COOPERATIVE, INC. FOR AN ORDER APPROVING THE)	
ESTABLISHMENT OF A REGULATORY ASSET FOR)	CASE NO.
THE DEPRECIATION AND ACCRETION EXPENSES)	2018-00027
ASSOCIATED WITH THE SMITH STATION LANDFILL)	
ASSET RETIREMENT OBLIGATIONS)	

COMMISSION STAFF'S INITIAL 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 eight copies of the following information, with a copy to all parties of record. The information requested herein is due within seven 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.

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. Cite the regulatory requirements for coal ash impoundments that require EKPC to establish an asset retirement obligation (“ARO”) for the Smith Station Landfill in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 410-20.

2. Refer to the Application, paragraph 7, which states, “The Smith Station Landfill was first included in EKPC’s AROs for coal ash impoundments as of December 31, 2016, which is shortly after it began receiving ash from the Dale Station.”

a. Provide the amount of the ARO established for the Smith Station Landfill.

b. Provide a detailed explanation of the components that make up the Smith Station Landfill ARO liability.

c. Provide the journal entry to record the Smith Station Landfill ARO on EKPC’s books.

3. Refer to the Application, paragraph 10, which states, "The asset retirement cost is to be depreciated over the useful life of the related asset that gives rise to the obligation." Provide the useful life used to depreciate the Smith Station Landfill asset-retirement costs, and explain how the useful life was determined.

4. Refer to the Application, paragraph 10, which states, "The utility shall monitor measurement changes of the AROs on a timely basis." Explain EKPC's practice for the evaluation of changes in the Smith Station Landfill ARO.

5. Refer to the Application, paragraph 11.

a. Provide the calculation of the depreciation expense of \$28,071.

b. Provide the calculation of the accretion expense of \$55,007.

Explain any interest or discount rate used and why it is the appropriate rate to be used to determine accretion expense.

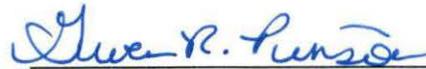
6. Refer to the Application, paragraph 12, which states, "EKPC believes that the actual ARO settlement costs will be recoverable in rates or through the Environmental Surcharge mechanism when the costs are finalized." Given that the Smith Station Landfill costs are currently recovered through the Environmental Surcharge mechanism, explain why EKPC would recover the ARO settlement costs through base rates.

7. Refer to the Application, paragraph 12, which states, "EKPC is also requesting that all subsequent ARO-related depreciation and accretion expenses associated with the Smith Station Landfill ARO be recorded as a regulatory asset." Provide a schedule by month and year showing all expected future amounts for ARO-related depreciation and accretion expenses related to the Smith Station Landfill.

8. Refer to the Application, paragraph 13, where EKPC states that it is requesting the regulatory asset treatment for accounting purposes only. Explain whether EKPC is also seeking approval to establish the offsetting regulatory liability as part of this proceeding.

9. Identify and describe any factors that could impact the regulatory asset treatment proposed by EKPC in this case.

10. State whether EKPC proposes any periodic reporting for the Smith Station Landfill ARO regulatory asset.



Gwen R. Pinson
Executive Director
Public Service Commission
P.O. Box 615
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DATED JAN 31 2018

cc: Parties of Record

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