COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY UTILITIES COMPANY TO FILE DEPRECIATION STUDY	)))	CASE NO. 2007-00565

ATTORNEY GENERAL'S INITIAL REQUESTS FOR IFORMATION

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits this Initial Request for Information to Kentucky Utilities Company [hereinafter referred to as "KU"] to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following:

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.

(2) Please identify the witness who will be prepared to answer questions concerning each request.

(3) Please repeat the question to which each response is intended to refer. The Office of the Attorney General can provide counsel for KU with an electronic version of these questions, upon request.

(4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional

information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or 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.

(6) If any request appears confusing, please request clarification directly from the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(10) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to

whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(11) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(12) Please provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response.

Respectfully submitted,

JACK CONWAY
ATTORNEY GENERAL

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Certificate of Service and Filing

Counsel certifies that an original and ten photocopies of the foregoing were served and filed by hand delivery to the Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; counsel further states that true and accurate copies of the foregoing were mailed via First Class U.S. Mail, postage pre-paid, to:

Hon. W. Duncan Crosby III
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Lonnie E. Bellar
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Louisville, KY 40202

this 4th day of February, 2008

Assistant Attorney General

Attorney General's Initial Data Requests
Kentucky Utilities Co.
Case No. 2007-00565

General

1. Please provide copies of all workpapers underlying the Depreciation Study prepared by John Spanos of Gannett Fleming. Provide in hard copy and, when applicable, in electronic format (Excel) with all formulae intact.

2. Please provide all information obtained by Mr. Spanos and/or Gannett Fleming from Company operating personnel, and separately, financial management personnel relative to current operations and future expectations in the preparation of the Depreciation Study. All information should be provided in the same format it was provided to Mr. Spanos. Also, please provide all notes taken during any meetings with Company personnel regarding this study. Please identify by name and title, all Kentucky Utilities ("KU") personnel who provided the information, and explain the extent of their participation and the information they provided.

3. Please identify all plant tours taken during the preparation of the Depreciation Study.
   a. Identify those in attendance and their titles and job descriptions.
   b. Provide all conversation notes taken during the tour.
   c. Provide all photographs and images taken during the tour.

4. Provide all internal and external audit reports, management letters, consultants' reports etc. from 2005-2007, inclusive, which address in any way, the Company's property accounting and/or depreciation practices.

5. Please provide copies of all Board of Director's minutes and internal management meeting minutes from 2005-2007, inclusive, in which the subject of the Company's depreciation rates or retirement unit costs were discussed.

6. Please provide copies of all internal correspondence from 2005-2007, inclusive, which deals in any way with the Company's retirement unit costs, electric depreciation rates, and/or the Depreciation Study.

7. Please provide copies of all external correspondence from 2005-2007, inclusive, including correspondence with Mr. Spanos and/or Gannett Fleming., which deals in any way with the Company's retirement unit costs, electric depreciation rates, and/or the Depreciation Study.

8. Please provide copies of all industry statistics available to Mr. Spanos and/or KU relating to electric or common depreciation rates. Also, identify all industry statistics upon which Mr. Spanos or the Company relied in formulating the depreciation proposals.

9. On an account-by-account basis, which accounting method is reflected in the life studies; "location-life" or "cradle-to-grave"? Also, what is impact of the accounting method used on the lives calculated in the Depreciation Study?

10. Please provide explanatory examples of the debits and credits relating to customer advances and contributions-in-aid of construction.

11. Please provide explanatory examples of the debits and credits relating to the accounts for which depreciation is charged to clearing accounts.

12. Please provide a copy of the Company's current capitalization policy. If the policy has changed at all since 2000, please provide a copy of all prior policies in effect during any portion of that period.

13. Please identify and explain all changes since the last depreciation study which might affect depreciation rates.

14. Please provide the Company's most recent Asset Management Plan.

15. Please provide a copy of the Company's 2003 through 2007 annual reports to the KY Public Service Commission. Please reconcile the December 31, 2006 plant shown in the Depreciation Study with the December 31, 2006 plant shown in the 2006 PSC Report, and provide a complete explanation for each difference.

Data

16. Please provide all tabulations included in the Depreciation Study and all data necessary to recreate in their entirety, all analyses and calculations performed for the preparation of the Depreciation Study. Please provide this and all electronic data in Excel (or .txt format if appropriate), with all formulae intact. Please provide any record layouts necessary to interpret the data. Include in the response electronic spreadsheet copies of all of the schedules and/or tables included in the Depreciation Study, with all formulae intact. Identify and explain any and all unique spreadsheet formula's or assumptions required to recreate in their entirety all of Mr. Spanos's calculations given his inputs.

17. For ***each*** plant account, and for each year since the inception of the account up to and including 2006, please provide the following standard depreciation study data as identified at pages 30-33 of the August 1996 NARUC Public Utility Depreciation Practices Manual ("NARUC Manual"). At a minimum, the data provided should be the same data set used to conduct the life analyses included in the Depreciation Study. Please provide the data in electronic format (Excel or .txt). Provide aged vintage data if available. Use the codes identified for each type of data, unless the Company regularly uses other codes. In those circumstances, identify and explain the Company's coding system.

Code	Data Type
9	Addition
0	Ordinary Retirement
1	Reimbursement
2	Sale
3	Transfer – In
4	Transfer – Out
5	Acquisition
6	Adjustment
7	Final retirement of life span property (see NARUC Manual, Chapter X)
8	Balance at Study Date
	Initial Balance of Installation

18. If the depreciation study data provided in response to the preceding question is not the exact set of data used to run the life analyses for the Depreciation Study submitted in this case, please explain all differences and reconcile the amounts provided to those used in the Depreciation Study.

19. If not provided elsewhere, please provide all amortization workpapers and calculations in electronic format (Excel) with all formulae intact. Include all workpapers and support for the selection of the proposed amortization periods.

20. Please refer to page 7, lines 22-23 of Mr. Spanos's testimony. Did KU experience a change in account numbers since the last depreciation study was filed? If so, please reconcile the account numbers used in the current study with those used in the previous study. If not, please explain Mr. Spanos's statement on those lines.

21. If not provided elsewhere, please provide the cost of removal and gross salvage data used in the Depreciation Study net salvage analyses. If this data differs from that reflected on the Company's books, please explain the differences and provide a reconciliation. Please provide this data in electronic (Excel or .txt) format.

22. Please provide the following annual accumulated depreciation amounts for ***all*** plant accounts for the last 10 years (up to, and including, 2007). If the requested data is not available for the last 10 years, please provide the data for as many years as are available. Please provide data in both hard copy and electronic format (Excel or .txt).
    a. Beginning and ending reserve balances,
    b. Annual depreciation expense,
    c. Annual retirements,
    d. Annual cost of removal and gross salvage,
    e. Annual third party reimbursements.

23. Provide a summary of annual maintenance expense by USoA account (for all accounts) for the last 20 years. If the requested data is not available for the last 20 years, provide the data for as many years as are available. Please provide data in both hard copy and electronic format.

24. Please explain what consideration, if any, was given to annual maintenance expense data in Mr. Spanos's estimation of service lives, dispersion patterns and net salvage.

Depreciation Rate Calculations

25. If not provided elsewhere, please provide the calculation of the proposed depreciation rates in electronic format (Excel) with all formulae intact.

26. Does the Company maintain its book reserve by plant account? If not, please explain why not, and provide the calculation of the 2006 recorded reserve shown in the Depreciation Study.

27. Was reciprocal, harmonic, or ELG weighting used in any of the depreciation rate calculations? If yes, please provide all calculations using direct weighting. Also, provide this in hardcopy and in electronic format (Excel).

28. If applicable, please calculate all depreciation rates using the same weighting procedure used in the current depreciation rates, i.e., the same procedure used the last time depreciation rates were calculated.

29. Please provide the <u>proposed</u> depreciation rates, split into three separate components: capital recovery, gross salvage and cost of removal.

30. If not provided elsewhere, please provide all remaining life calculations resulting from the Depreciation Study both in hard copy and in electronic format with all formulae intact.

Net Salvage

31. If not provided elsewhere, electronic (Excel) versions of each net salvage study prepared for the Depreciation Study, with all formulae intact.

32. If not provided elsewhere, please provide on diskette or CD all workpapers supporting terminal net salvage (decommissioning) estimates for each account for which terminal net salvage is a factor. Please include all calculations in electronic format (Excel), with all formulae intact. Also, explain and provide an example of how the terminal net salvage estimates are incorporated into Mr. Spanos's total proposed net salvage estimate.

33. Refer to each net salvage study in the Depreciation Study. For each of the five years ending 2006 explain whether the Company perceives the gross salvage and cost of removal as normal or abnormal and why.

34. Please explain why there appears to be no retirements, cost of removal or gross salvage recorded in 2005 for most accounts.

35. If not provided elsewhere, please provide the net salvage estimates of other companies that Mr. Spanos considered, per page 12 of his testimony.

36. On page II-29 of the depreciation study, Mr. Spanos states that "The high removal more recently related to current practices in place." Please explain what is meant by that statement, and provide an explanation of the current practices in place that caused the high removal costs.

37. Please explain, and provide examples of, the Company's retirement unit cost procedures for each account. Identify all changes to retirement unit costs which have occurred over the years.

38. Were any retirements, classified as sales or reimbursements, excluded from the life studies? If yes, were the retirements and related gross salvage and cost of removal also excluded from the net salvage studies?

39. Please explain the Company's procedures for gross salvage and cost of removal for each plant account. Also, please explain how cost of removal relating to replacements is allocated between cost of removal and new additions. Provide copies of actual source documents showing this allocation.

40. Does KU agree that, in the case of a replacement, KU has control over how much of the cost of the replacement is assigned to the retirement as cost of removal, and how much is capitalized to plant-in-service? Please explain the answer fully.

41. Please provide all manuals, guidelines, memoranda or other documentation that deals with the Company's policies on the assignment of capital costs and net salvage with regard to the replacement of retired plant. Also, please provide a sample workorder for a replacement project, showing these cost assignments.

42. Please provide narrative explanations of the Company's aging and pricing procedures.

43. Please identify and explain the Company's expectations with respect to future removal requirements and markets for retired equipment and materials. Please provide the basis for these expectations.

44. Please provide the Company's construction and capital budgets for the years 2007-2011 inclusive. Please identify all retirements, replacements, new additions and cost of removal reflected in these budgets. Please provide by account where available and explain how the cost estimates are derived for these items.

45. Please explain how the Company accounts for third party reimbursements and how they are reflected in the Depreciation Study.

46. If third-party reimbursements were excluded from the net salvage studies, was the related retirement also excluded from the life studies?

47. For 2006 please identify the amount and proportion of each account that was capitalized as overhead to construction and the proportion and amount that was treated as an annual expense.

48. Do Mr. Spanos's net salvage estimates for mass property accounts incorporate inflation expected to be incurred in the future? If yes, provide the net present value of all of these ratios.

49. Is it correct that Mr. Spanos's mass property cost of removal estimates extrapolate past inflation into the future cost of removal estimate? If not, please explain why not.

50. Please provide a comparison of the annual cost of removal and gross salvage amounts shown on the Company's federal tax returns with the corresponding book amounts, for the last 5 years. Provide the annual deferred tax expense associated with each of the differences. Also, provide the beginning and ending accumulated deferred tax balances and state whether they are rate base additions or rate base deductions.

51. Provide all alternative calculations of the net present value of future net salvage estimates that Mr. Spanos has contemplated, written about, or addressed in presentations over his career. Explain the pros and cons of each alternative approach.

Service Lives

52. If not provided in the workpapers, please provide the retirement rate analysis ranking of best-fit life/curve combinations for each account.

53. For any accounts where Mr. Spanos did not base his service life/curve selection on the results of his retirement rate analysis, explain why he did not. Also, explain in detail how those service live/curve combinations were selected.

54. Please provide copies of any and all actuarial and semi-actuarial studies prepared by the Company since the last depreciation studies.

55. Identify and explain all Company programs which might affect plant lives.

56. Please provide all internal life extension studies prepared by the Company since January 1, 2000. Life extension refers to any program, maintenance or capital, designed to extend lives and/or increase capacity of existing plant. Identify the functions to which these studies relate.

57. Provide the following information for all final retirements for the last 15 years. If requested data is not available for the last 15 years, provide the data for as many years as are available.
    a. Date of retirement
    b. Amount of retirement
    c. Account
    d. Reason for retirement
    e. Whether or not retirement was excluded from historical interim retirement rate studies.

58. Please provide the ARO/ARC calculations for each of KU's property accounts assuming that KU has legal AROs for all of its plant.

59. Describe the relationship of the dollars in Mr. Spanos's life studies to the actual unpriced retirement units to which they relate.

60. Provide and explain all life studies (actuarial or semi-actuarial) Mr. Spanos conducted for KU using actual unpriced retirement units.

Life Span

61. Page II-27 of the depreciation study indicates that Tyrone Units 1 and 2 were slated for retirement in 2007.
    a. Were these units retired?
    b. If the units were retired, please provide all accounting entries related to those retirements. Include a schedule showing the dollar impact on each plant account.
    c. If they were not retired in 2007 please provide all retirement plans related to these units.
    d. Provide all decommissioning plans specifically related to the retirement of these units.

62. Page II-27 of the depreciation study indicates that Pineville Unit 3 and Haefling Units 1, 2 and 3 will be retired in 2010, 2 years hence. Please provide all specific plans related to these upcoming retirements, including decommissioning plans.

63. Was the life span methodology utilized in the prior depreciation studies? If so, please provide a comparison, by account and location, of the probable retirement year forecasted in the prior studies, with the probable retirement year forecasted in the Depreciation Study submitted in this case.

64. Do the life span analyses include interim additions? If so, please provide a detailed explanation of how and why interim additions are included.

65. Identify all circumstances unique to Kentucky that the Company believes influences or has an impact on the life span estimates.

66. Has KU ever retired any plants in their entirety as assumed by Mr. Spanos's use of the life-span method? If yes, please provide a full explanation, along with the accounting entries for the final retirement.

67. Provide all alternatives to the use of the life-span method that Mr. Spanos has contemplated, written about or addressed in presentations over his career. Explain the pros and cons of each alternative approach.

68. For all accounts and locations for which the life span method is proposed, provide the following information to support the final retirement dates. Please respond to each item.
    a. Economic studies. (NARUC Deprecation Manual, p. 146)
    b. Retirement plans. (NARUC, p. 146)
    c. Forecasts. (NARUC, p. 146)
    d. Studies of technological obsolescence. (NARUC, p. 146)
    e. Studies of adequacy of capacity. (NARUC, p. 146)
    f. Studies of competitive pressure. (NARUC, p. 146)
    g. Relationship of type of construction to remaining life span.
    h. Relationship of attained age to remaining life span.
    i. Relationship of observed features and conditions at the time of field visits to remaining life span.
    j. Relationship of specific plans of management to remaining life span.

69. If not provided in the preceding response, please provide all information relied upon in choosing the life spans, as discussed on page II-26 of the depreciation study.

70. Does the proposed retirement date for Dix Dam coincide with the end of the license for that facility? If not, please explain why not and provide the date the license expires.

71. The depreciation study and the New Energy Associates study show different in-service dates for Dix Dam. Which is correct?

72. Please reconcile the statement on page 3 of the New Energy Associates report that "current industry practice indicates that it is both reasonable and cost effective to retain properly operated and maintained units for a life of at least 60 years" with the shorter lives recommended by the study for Brown Unit 3 and Ghent Units 1 and 2, and Mr. Spanos's proposed shorter lives for Ghent Units 3 and 4.

Account Specific

73. Refer to the net salvage studies provided in the depreciation study. What caused the large increase in cost of removal for accounts 312, 314, 353, 354, 355, 356, 362, 364, 365, 368 and 390 for 2006?

74. Refer to page III-185 of the depreciation study. What caused the large retirements in 2003 and 2006 for account 312?

75. Refer to the net salvage studies provided in the depreciation study. What caused the large retirements in 2006 for accounts 355, 356, 362, 368 and 370?

Existing Rates

76. Provide a copy of the Order and any associated Settlement Agreement in Case No. 2001-00140 establishing the present deprecation rates, as well as a copy of the depreciation study underlying those rates.

77. Please provide a copy of the most recent prior depreciation study, i.e., the one submitted in Case No. 2003-00434.

78. Identify and explain all changes between the current study and the most recent prior study.

79. Please provide the current depreciation rates, split into three separate components: capital recovery, gross salvage and cost of removal.

80. Please explain any changes in procedures, methods or techniques used to calculate the existing depreciation rates and those used to calculate the rates proposed in the Depreciation Study.

81. Provide a table summarizing separately by account the depreciation expense changes caused by the change to ELG, life changes, net salvage changes, and other changes. Provide additional explanations of the "other changes."

FERC Form 1 Reports and Audits

82. Provide the Company's FERC Form 1 reports for the years 2003 - 2007.

83. Please reconcile the plant balances used to calculate the rates in the Depreciation Study with the plant balances shown in the Company's FERC Form 1 report for the same year.

84. Please reconcile the reserve balances used to calculate the rates in the Depreciation Study with the reserve balances shown in the Company's FERC Form 1 report for the same year.

85. Please provide all FERC audit reports and the Company's responses thereto during the last 10 years.

SFAS No. 143, FERC Order No. 631 and FIN 47

86. Please provide any and all internal studies and correspondence concerning the Company's implementation of FASB Statement No. 143, FIN 47 and FERC Order No. 631 in RM-02-7-000.

87. Please provide complete copies of all correspondence with the following parties regarding the Company's implementation of FASB Statement No. 143, FIN 47 and FERC Order 631 in RM02-7-000:
    a. External auditors and other public accounting firms.
    b. Consultants
    c. External counsel
    d. Federal and State regulatory agencies
    e. Internal Revenue Service

88. Regarding FASB Statement No. 143, FIN 47, and FERC Order No. 631 in Docket No. RM02-7-000, on a plant account-by-plant account basis, please identify any and all "legal obligations" associated with the retirement of the assets contained in the account that result from the acquisition, construction, development and (or) the normal operation of the assets in the account. For the purposes of this question, please use the definition of a "legal obligation" provided in FASB Statement No. 143: "an obligation that a party is required to settle as a result of an existing or enacted law, statute, ordinance, or written or oral contract under the doctrine of promissory estoppel."

89. For any asset retirement obligations identified above, please provide the "fair value" of the obligation. For the purposes of the question, fair value means "the amount at which that liability could be settled in a current [not future] transaction between willing parties, that is, other than in a forced or liquidation transaction." Please provide all assumptions and calculations underlying these amounts.

90. Please provide the "credit adjusted risk free rate" used for any and all ARO calculations under FASB Statement No. 143, FIN 47, and FERC Order No. 631 calculations to date.

91. Please provide complete copies of all Board of Director's minutes and internal management meeting minutes during the past five years in which any or all of the following subjects were discussed: the Company's electric plant depreciation rates; retirement unit costs; SFAS No. 143; FIN 47; and, FERC RM02-7-000.

92. Please provide the accounting entries (debits and credits) used to implement SFAS No. 143 and FIN 47, along with all workpapers supporting those entries. Please provide all these workpapers and calculations in electronic format (Excel) with all formulae intact.

93. Please provide the regulatory liability for removal costs that KU is required to report in its GAAP financial statements (per SFAS No. 143 and SEC direction) for December, 31, 2005, 2006 and when available, 2007.

94. Please provide the workpapers supporting the calculation of the regulatory liability for removal costs as reported in the preceding question. Please provide these workpapers in electronic format (Excel), with all formulae intact. Provide the calculations on a plant account-by-plant account basis.

95. What impact, if any, did the application of FIN 47 have upon the proposed depreciation rates and expense in this rate case? Provide all workpapers supporting the answer. If the application of FIN 47 had no impact please explain why not.

96. Provide an analysis of the regulatory liability for accrued asset removal costs since inception identifying and explaining each debit and credit entry and amount. Also, provide the copies of the pages from each of KU's SEC Form 10Ks, Form 10Qs and Annual Reports in which SFAS No. 143 was ever mentioned, whether or not KU had quantified an amount of the regulatory liability at the time. Specify the exact date each of these reports was issued and released to the public.

97. Provide KU's projection of the annual year-end balance in the regulatory liability for cost of removal obligations for KU, for the next 20 years. If not available for the next twenty years provide for as many years into the future that the projection is available. If this projection has not been made, please explain why not. Provide in electronic format (Excel) with all formulae intact.
    a. For this projection assume that all of KU's proposed depreciation rates are approved as requested.
    b. Explain all other assumptions used to make this projection.

98. For all accounts for which KU has collected non-legal AROs, but instead recorded a regulatory liability (regulatory liability for cost of removal), please provide the fair value of the related asset retirement cost as of December 31, 2003; December 31, 2004; December 31, 2005, December 31, 2006 and December 31, 2007. For the purposes of this question, assume that KU has legal AROs for these accounts, and use the life and dispersion assumptions reflected in Mr. Spanos's depreciation study.

99. Provide the calculation of the annual amount of future gross salvage, cost of removal and net salvage incorporated into KU's existing depreciation rates and in its proposed depreciation rates by account. If any of the amounts are reduced by the total amount of non-legal AROs included in year-end accumulated depreciation, show that calculation.

100. Are the amounts of cost of removal and gross salvage incorporated into the existing and proposed depreciation rates the same as they would have been in the absence of SFAS No. 143 and FIN 47? Please explain.

101. With respect to the Regulatory Liability relating to cost of removal obligations which KU reclassified out of accumulated depreciation:
    a. Do you agree that this constitutes a regulatory liability for regulatory purposes in Kentucky? If not, please explain why not.
    b. Do you agree that this amount is a refundable obligation to ratepayers until it is spent on its intended purpose (cost of removal)? If not, why not?
    c. Please explain the repayment provisions associated with this regulatory liability.
    d. Please explain when you expect to spend this money for cost of removal.
    e. Please explain what you have done with this money as you have collected it. If you say that you have spent it on plant additions, please prove it.
    f. Identify and explain all other similar examples of KU's advance collections of estimated future costs for which it does not have a legal obligation.
    g. Does KU agree that the KY PSC will never know whether or not KU will actually spend all of this money for cost of removal until and if KU goes out of business? If not, why not?
    h. Does KU believe that amounts recoded in accumulated depreciation represent capital recovery? If not, why not?
    i. Whose capital is reflected in accumulated depreciation – shareholders' or ratepayers'?

102. Does KU promise to remove each asset for which it is collecting cost of removal and does it promise to spend all of the money it is collecting for cost of removal, on cost of removal? If the answer is yes, explain why KU does not have legal AROs under the principal of promissory estoppel. Please explain.

103. Does KU consider that it is bound by SEC regulations to record accruals for future costs of removal as regulatory liabilities?
    a. If so, please provide a record of those accruals in as much account detail as is available along with the workpapers used to develop those accruals.
    b. If not, please explain why not.
    c. State whether the Company proposes to separate retirement cost accounting from depreciation accounting, with separate rates and reserves. If the Company does not propose such separation, please state fully the reasons for not doing so.

104. Please identify and describe the level of detail, e.g. by account, functional category, at which the Company computes the depreciation expense for purposes of financial reporting, Commission reporting, and ratemaking. Explain fully any differences among these three depreciation calculations.

105. State whether the Company has forecast any non-legal removal costs that it does not regard as regulatory liabilities. Please describe these costs in detail, state fully the reason(s) for your belief that such forecast costs are not regulatory liabilities, and identify the forecast amounts of such removal costs in as much detail as is available. Provide the supporting documentation for each forecast amount.

Environmental

106. Please provide a complete explanation of the environmental surcharge factor as mentioned on page 3 of Mr. Conroy's testimony. Explain how the depreciation rates factor into the surcharge and provide an example.

107. Please provide the estimated dollar impact the new rates will have on the Environmental Surcharge.

108. Please provide any forecasts of environmental remediation costs. Describe fully the nature of each project. Identify the site, the amount of the cost, the timing of the expenditure, and the reason(s) for the expenditure

109. Identify all directives from the Environmental Protection Agency or state environmental agencies that affect or might affect the Company's obligations to incur environmental remediation costs. Describe fully the likely effect on KU. Quantify any associated costs.