

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 DEPRECIATION)	CASE NO.
EXPENSE OF ITS EAST BEND UNIT 2 GENERATING)	2015-00120
STATION)	

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 Duke Kentucky's application, the last sentence of paragraph 6, and paragraphs 7 and 8.

a. Provide the depreciation rate currently applied to Duke Kentucky's original share of the East Bend Unit 2 Generating Station ("East Bend").

b. The last sentence in paragraph 6 refers to the expectation that the Federal Energy Regulatory Commission ("FERC") will require the depreciation rate referenced in Item 1.a. of this request to be applied to the \$214 million original plant cost of the recently acquired interest in East Bend, not to the \$12.4 million net purchase price. However, the discussion in paragraphs 7 and 8 appears to focus on the application of the referenced depreciation rate to the net purchase price. Clarify whether it is Duke Kentucky's expectation and/or concern that FERC's policy would require the depreciation rate in question to be applied to the \$214 million or to the \$12.4 million.

2. Refer to Duke Kentucky's application, paragraphs 7 and 8. Duke Kentucky states that it had intended to use \$222,000 as the annual depreciation expense to depreciate the investment cost of \$12.4 million over East Bend's expected remaining useful life of 27 years. Duke Kentucky states that the \$222,000 results from applying the depreciation rate to the net purchase price of the East Bend interest and corresponds to the expected period in which East Bend will be used and useful. Multiplying 27 years by \$222,000 calculates to \$5,994,000. Explain how an annual depreciation expense of \$222,000 would have depreciated the entire \$12.4 million over 27 years.

3. Provide the journal entries to be made each year by Duke Kentucky under the proposal in its application.



Jeff Derogen
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED **APR 30 2015**

cc: Parties of Record

*Rocco O D'Ascenzo
Duke Energy Kentucky, Inc.
139 East Fourth Street
P. O. Box 960
Cincinnati, OH 45201

*Duke Energy Kentucky, Inc.
139 East Fourth Street
Cincinnati, OH 45202