

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE)	
COMMISSION OF THE ENVIRONMENTAL)	
SURCHARGE MECHANISM OF KENTUCKY)	CASE NO.
UTILITIES COMPANY FOR THE TWO-YEAR)	2015-00221
BILLING PERIOD ENDING APRIL 30, 2015)	

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION TO
KENTUCKY UTILITIES COMPANY

Kentucky Utilities Company ("KU"), pursuant to 807 KAR 5:001, is to file with the Commission an original in paper medium and an electronic version of the following information. The information requested herein is due on or before September 21, 2015. 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 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.

KU 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 KU 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 should 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 applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a document containing personal information, KU shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the document so that personal information cannot be read.

1. In its response to Commission Staff's First Request for Information ("Staff's First Request"), Item 1, KU indicates that it will elect to take bonus tax depreciation for 2015, as the bonus tax depreciation will provide the greatest revenue-requirement benefit to customers over the life of the assets. In addition, page 7 of KU's presentation at the August 27, 2015 informal conference indicated that electing bonus tax depreciation would provide customers the greatest net benefit. However the direct Testimony of Christopher M. Garrett in Case No 2015-00020,¹ pages 3 and 4, states that KU will opt out of bonus tax depreciation for 2015.

a. Explain fully KU's decision to now elect bonus tax depreciation for 2015, and the impact this decision will have on customers.

¹ Case No. 2015-00020, *An Examination by the Public Service Commission of the Environmental Surcharge Mechanism of Kentucky Utilities Company for the Six-Month Billing Periods Ending April 30, 2014 and October 31, 2014* (Ky. PSC June 12, 2015).

b. Has KU updated the Net Present Value Revenue Requirement provided in response to Commission Staff's Third Request for Information, Item 1, in Case No. 2015-00020? If so, provide the updated analysis; otherwise, explain why the previously submitted analysis is valid.

2. Refer to the response to Staff's First Request, Item 6. For comparison purposes, provide the rate-of-return calculation if the Section 199 deduction is included in the tax gross-up revenue factor calculation.



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DATED SEP 10 2015

cc: Parties of Record

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