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Rocco O. D'Ascenzo  
Associate General Counsel

**VIA OVERNIGHT DELIVERY**

December 28, 2015

Mr. Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602-0615

RECEIVED

DEC 29 2015

PUBLIC SERVICE  
COMMISSION

Re: **Case No. 2015-00187**

In the Matter of the Application of Duke Energy Kentucky, Inc., for an Order Approving the Establishment for the Liabilites Associated with Ash Pond Asset Retirement Obligations

Dear Mr. Derouen:

Enclosed please find the accounting entries made by Duke Energy Kentucky, Inc. to effectuate the creation of a regulatory asset, per order by the Commission in the above-referenced case.

Please file stamp the two copies of this letter enclosed herein and return in the enclosed return-addressed envelope.

Very truly yours,

Rocco O. D'Ascenzo  
Associate General Counsel

Enclosure

cc: Jennifer B. Hans

Unit: 75081  
 Journal ID: DEKACCRDEP  
 Date: 12/31/2015  
 Description: To defer the YTD Depreciation and Accretion through November 2015 for DEK Coal Ash Ponds as a result of receipt of the Kentucky Deferral Order.

Ledger Group: ACTUALS  
 Source: ONL  
 Reversal: N  
 Reversal Date:

Foreign Currency: USD  
 Rate Type: CRRNT  
 Effective Date: 12/31/2015  
 Exchange Rate: 1.00

Line #	Unit	Account	Res Type	Operat Unit	Resp Ctr	Location	Alloc Pool	Stat	Statistics Amt	Rate Type	Rate	Foreign Amount	Base Amount
Line #	Process	Product	Project	Analysis Type	Activity	Affiliate							

**ACTUALS**

1	75081	0182315	99810	EB02	9928					CRRNT	1.00000000	2,549,552.24 USD	2,549,552.24 USD
1													
	Description:	Reg Asset- Coal Ash Pond ARO				Reference:				Open Item Key:			
2	75081	0411051	99810	EB02	9928					CRRNT	1.00000000	-2,549,552.24 USD	-2,549,552.24 USD
2													
	Description:	Accretion Expense-ARO Ash Pond				Reference:				Open Item Key:			
3	75081	0182315	99899	EB02	9928					CRRNT	1.00000000	2,579,232.34 USD	2,579,232.34 USD
3													
	Description:	Reg Asset- Coal Ash Pond ARO				Reference:				Open Item Key:			
4	75081	0403151	99899	EB02	9928					CRRNT	1.00000000	-2,579,232.34 USD	-2,579,232.34 USD
4													
	Description:	Depreciation Expense - ARO Ash				Reference:				Open Item Key:			

Business Unit	Journal Status	Total Lines	Total Base Debits	Total Base Credits
75081	P	4	5,128,784.58	5,128,784.58

Unit: 75081  
Journal ID: DEKACCRDEP  
Date: 12/31/2015  
Description: To defer the YTD Depreciation and Accretion through November 2015 for DEK Coal Ash Ponds as a result of receipt of the Kentucky Deferral Order.

Ledger Group: ACTUALS  
Source: ONL  
Reversal: N  
Reversal Date:

Foreign Currency: USD  
Rate Type: CRRNT  
Effective Date: 12/31/2015  
Exchange Rate: 1.00

Line #	Unit	Account	Res Type	Operat Unit	Resp Ctr	Location	Alloc Pool	Stat	Statistics Amt	Rate Type	Rate	Foreign Amount	Base Amount
Line #	Process	Product	Project	Analysis Type	Activity	Affiliate							

End of Report

**Unit:** 75081  
**Journal ID:** DEKCORTTD  
**Date:** 12/31/2015  
**Description:** To reclass the estimated Cost of Removal (COR) reserve related to ash pond closure depr exp as of 12/31/15. This entry will be repeated in subsequent periods for incremental exp

**Ledger Group:** ACTUALS  
**Source:** ONL  
**Reversal:** N  
**Reversal Date:**

**Foreign Currency:** USD  
**Rate Type:** CRRNT  
**Effective Date:** 12/31/2015  
**Exchange Rate:** 1.00

Line #	Unit	Account	Res Type	Operat Unit	Resp Ctr	Location	Alloc Pool	Stat	Statistics Amt	Rate Type	Rate	Foreign Amount	Base Amount
Line #	Process	Product	Project	Analysis Type	Activity	Affiliate							

**ACTUALS**

1	75081	0108301	99899	EB02	9928					CRRNT	1.00000000	856,412.00 USD	856,412.00 USD
1													
	Description:	Accum Depreciation COR				Reference:				Open Item Key:			
2	75081	0182471	99899	EB02	9928					CRRNT	1.00000000	-856,412.00 USD	-856,412.00 USD
2													
	Description:	Coal Ash Pond - IN Retail				Reference:				Open Item Key:			

<u>Business Unit</u>	<u>Journal Status</u>	<u>Total Lines</u>	<u>Total Base Debits</u>	<u>Total Base Credits</u>
75081	P	2	856,412.00	856,412.00

End of Report

Unit: 75081  
 Journal ID: YTDSPEND  
 Date: 12/31/2015  
 Description: Recognize incremental CCR Compliance Costs as incurred for YTD Nov 2015. Additional closure costs will be incurred in subsequent years.

Ledger Group: ACTUALS  
 Source: ONL  
 Reversal: N  
 Reversal Date:

Foreign Currency: USD  
 Rate Type: CRRNT  
 Effective Date: 12/31/2015  
 Exchange Rate: 1.00

Line #	Unit	Account	Res Type	Operat Unit	Resp Ctr	Location	Alloc Pool	Stat	Statistics Amt	Rate Type	Rate	Foreign Amount	Base Amount
Line #	Process	Product	Project	Analysis Type	Activity	Affiliate							

**ACTUALS**

1	75081	0407355	99810	EB02	9928					CRRNT	1.00000000	2,924,884.03 USD	2,924,884.03 USD
1													
	Description:	Reg. Deferred Debit				Reference:				Open Item Key:			
2	75081	0182315	99810	EB02	9928					CRRNT	1.00000000	-2,924,884.03 USD	-2,924,884.03 USD
2													
	Description:	Reg Asset- Coal Ash Pond ARO				Reference:				Open Item Key:			
3	75081	0182471	99810	EB02	9928					CRRNT	1.00000000	856,412.00 USD	856,412.00 USD
3													
	Description:	Coal Ash Pond - Spend RA				Reference:				Open Item Key:			
4	75081	0407438	99810	EB02	9928					CRRNT	1.00000000	-856,412.00 USD	-856,412.00 USD
4													
	Description:	Reg. Deferred Credit				Reference:				Open Item Key:			
5	75081	0182471	99810	EB02	9928					CRRNT	1.00000000	2,068,472.03 USD	2,068,472.03 USD
5													
	Description:	Coal Ash Pond - Spend RA				Reference:				Open Item Key:			
6	75081	0407438	99810	EB02	9928					CRRNT	1.00000000	-2,068,472.03 USD	-2,068,472.03 USD
6													
	Description:	Reg. Deferred Credit				Reference:				Open Item Key:			

Unit: 75081  
Journal ID: YTDSPEND  
Date: 12/31/2015  
Description: Recognize incremental CCR Compliance Costs as incurred for YTD Nov 2015. Additional closure costs will be incurred in subsequent years.

Ledger Group: ACTUALS  
Source: ONL  
Reversal: N  
Reversal Date:

Foreign Currency: USD  
Rate Type: CRRNT  
Effective Date: 12/31/2015  
Exchange Rate: 1.00

Line #	Unit	Account	Res Type	Operat Unit	Resp Ctr	Location	Alloc Pool	Stat	Statistics Amt	Rate Type	Rate	Foreign Amount	Base Amount
Line #	Process	Product	Project	Analysis Type	Activity	Affiliate							

<u>Business Unit</u>	<u>Journal Status</u>	<u>Total Lines</u>	<u>Total Base Debits</u>	<u>Total Base Credits</u>
75081	P	6	5,849,768.06	5,849,768.06

End of Report

Unit: 75081  
 Journal ID: CASPENDRET  
 Date: 12/31/2015  
 Description: To recognize the Debt & Equity return on Spend related to Coal Ash Ponds for the YTD 2015 and defer the Equity Return

Ledger Group: ACTUALS  
 Source: ONL  
 Reversal: N  
 Reversal Date:

Foreign Currency: USD  
 Rate Type: CRRNT  
 Effective Date: 12/31/2015  
 Exchange Rate: 1.00

Line #	Unit	Account	Res Type	Operat Unit	Resp Ctr	Location	Alloc Pool	Stat	Statistics Amt	Rate Type	Rate	Foreign Amount	Base Amount
Line #	Process	Product	Project	Analysis Type	Activity	Activity	Affiliate						

**ACTUALS**

1	75081	0182471								CRRNT	1.00000000	14,003.63 USD	14,003.63 USD
1													
	Description:	Coal Ash Pond - IN Retail				Reference:				Open Item Key:			
2	75081	0431315								CRRNT	1.00000000	-4,384.75 USD	-4,384.75 USD
2													
	Description:	Coal Ash Spend - Debt Return				Reference:				Open Item Key:			
3	75081	0421315								CRRNT	1.00000000	-9,618.88 USD	-9,618.88 USD
3													
	Description:	Return on Equity - Coal Ash Sp				Reference:				Open Item Key:			
4	75081	0421315								CRRNT	1.00000000	9,618.88 USD	9,618.88 USD
4													
	Description:	Return on Equity - Coal Ash Sp				Reference:				Open Item Key:			
5	75081	0186251								CRRNT	1.00000000	-9,618.88 USD	-9,618.88 USD
5													
	Description:	Return on Equity - Coal Ash Sp				Reference:				Open Item Key:			

Unit: 75081  
Journal ID: CASPENDRET  
Date: 12/31/2015  
Description: To recognize the Debt & Equity return on Spend related to Coal Ash Ponds for the YTD 2015 and defer the Equity Return

Ledger Group: ACTUALS  
Source: ONL  
Reversal: N  
Reversal Date:

Foreign Currency: USD  
Rate Type: CRRNT  
Effective Date: 12/31/2015  
Exchange Rate: 1.00

Line #	Unit	Account	Res Type	Operat Unit	Resp Ctr	Location	Alloc Pool	Stat	Statistics Amt	Rate Type	Rate	Foreign Amount	Base Amount
Line #	Process	Product	Project	Analysis Type	Activity	Affiliate							
<u>Business Unit</u>		<u>Journal Status</u>				<u>Total Lines</u>		<u>Total Base Debits</u>		<u>Total Base Credits</u>			
75081			P				5	23,622.51			23,622.51		

End of Report



# Duke Energy Kentucky

## Summary of Coal Ash Journal Entries recognized per December 15, 2015 Order in Case No. 2015-00187

			<u>Journal ID</u>
(a)	<i>Defer depreciation expense of Asset Retirement Cost (ARC) in Account 101 through November 2015</i>		DEKACCRDEP
	Dr: 0182315	ARO Regulatory Asset 2,579,232.34	
	Cr: 0403151	ARC Depreciation Expense (2,579,232.34)	
(b)	<i>Defer accretion expense of Asset Retirement Obligation (ARO) liability until closure activities are complete through November 2015</i>		DEKACCRDEP
	Dr: 0182315	ARO Regulatory Asset 2,549,552.24	
	Cr: 0411051	Accretion Expense (2,549,552.24)	
(c)	<i>Reclass estimated Cost of Removal (COR) reserve related to ash pond closure depreciation expense through December 2015</i>		DEKCORTTD
	Dr: 0108301	Accumulated Depreciation - COR 856,412.00	
	Cr: 0182471	CCR Compliance Reg. Asset (856,412.00)	
(d)	<i>Recognize incremental CCR Compliance Costs incurred through November 2015</i>		YTDSPEND
	Dr: 0407355	Regulatory Debits 2,924,884.03	
	Cr: 0182315	ARO Regulatory Asset (2,924,884.03)	
(e)	<i>Use Cost of Removal (COR) reserve related to ash pond closure reclassified to Account 182.3 in entry (c) above</i>		YTDSPEND
	Dr: 0182471	CCR Compliance Reg. Asset 856,412.00	
	Cr: 0407438	Regulatory Credits (856,412.00)	
(f)	<i>Defer actual incremental CCR Compliance Costs incurred through November 2015 until recovered in rates</i>		YTDSPEND
	Dr: 0182471	CCR Compliance Reg. Asset 2,068,472.03	
	Cr: 0407438	Regulatory Credits (2,068,472.03)	
(g)	<i>Defer carrying costs on net CCR Compliance Costs incurred through November 2015; reserve against equity component per ASC 980.</i>		CASPEND
	Dr: 0182471	CCR Compliance Reg. Asset 14,003.63	
	Cr: 0431315	Return on Debt (4,384.75)	
	Cr: 0421315	Return on Equity (9,618.89)	
	Dr: 0421315	Return on Equity 9,618.89	
	Cr: 0186251	Contra Return on Equity (9,618.89)	