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Rocco O D'Ascenzo@duke-energy.com Rocco O D'Ascenzo Associate General Counsel

## VIA OVERNIGHT DELIVERY

December 28, 2015

RECEIVED

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

Report ID: PPSFGL05

PeopleSoft Financials

#### **JOURNAL ENTRY DETAIL REPORT**

Page No. Run Date:

12/22/2015

Run Time:

04:55:48 PM

2,579,232.34 USD

-2,579,232.34 USD

Unit:

Date:

3

3

75081

Description:

Description:

75081

0182315

0403151

99899

Reg Asset- Coal Ash Pond ARO

99899

Depreciation Expense - ARO Ash

EB02

EB02

9928

9928

Journal ID:

Description:

75081

DEKACCRDEP

12/31/2015

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:

Reversal Date:

Source:

Reversal:

**ACTUALS** 

ONL

Ν

Foreign Currency:

Rate Type:

USD CRRNT

Effective Date:

12/31/2015

**Exchange Rate:** 

2,579,232.34 USD

-2,579,232.34 USD

1.00

Line #	Unit Process	, Account Product	Res Type Project	Operat Unit Analy	Resp Ctr sis Type	Location Activity	Alloc Pool Affiliate	Stat	Statistics Amt	Rate Type	Rate	Foreign Amount	Base Amount
<u>ACTU</u>	ALS				<u></u>								
1	75081	0182315	99810	EB02	9928					CRRNT	1.00000000	2,549,552.24 USD	2,549,552.24 USD
De	scription:	Reg Asse	t- Coal Ash Po	ond ARO		Reference	9:		Open Ite	m Key:			
2 2	75081	0411051	99810	EB02	9928					CRRNT	1.00000000	-2,549,552.24 USD	-2,549,552.24 USD
De	scription:	Accretion	Expense-ARC	Ash Pond		Reference	e:		Open Ite	ет Кеу:			

CRRNT

CRRNT

Open Item Key:

Open Item Key:

1,00000000

1.00000000

ł	Business Unit	Journal Status	<u>Total Lines</u>	Total Base Debits	Total Base Credits
	75081	P	4	5,128,784.58	5,128,784.58

Reference:

Reference:

Report ID: PPSFGL05 PeopleSoft Financials Page No. 2 **JOURNAL ENTRY DETAIL REPORT** Run Date: 12/22/2015 Run Time: 04:55:48 PM Unit: 75081 **ACTUALS** USD

DEKACCRDEP

Journal ID: Date: Description:

12/31/2015

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:

Source:

Reversal:

ONL

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Reversal Date:

Foreign Currency:

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						
										_		

PeopleSoft Financials Report ID: PPSFGL05 Page No. **JOURNAL ENTRY DETAIL REPORT** Run Date: 12/22/2015 Run Time: 04:56:03 PM

Unit:

Date:

Journal ID:

Description:

75081

DEKCORTTD

12/31/2015

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:

Reversal Date:

Source:

ACTUALS

ONL

Reversal:

Ν

Foreign Currency:

Rate Type:

USD CRRNT

Effective Date:

12/31/2015

Exchange Rate:

1.00

Line #	Unit Process	Account Product	Res Type Project	Operat Unit Analys	Resp Ctr is Type	Location Activity	Alloc Pool Affiliate	Stat	Statistics Amt	Rate Type	Rate	Foreign Amount	Base Amount
<u>ACTU</u>	ALS				<u>_</u>								
1 1	75081	0108301	99899	EB02	9928					CRRNT	1.00000000	856,412.00 USD	856,412.00 USD
De	scription;	Accum De	epreciation CC	PR		Reference	e:		Open ite	em Key:			
2 2	75081	0182471	99899	EB02	9928					CRRNT	1.00000000	-856,412.00 USD	-856,412.00 USD
De	scription:	Coal Ash	Pond - IN Reta	ail		Reference	e:		Open Ite	em Key:			

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

Report ID: PPSFGL05

PeopleSoft Financials

## **JOURNAL ENTRY DETAIL REPORT**

Page No. Run Date:

12/22/2015

Run Time:

USD

04:56:19 PM

Unit:

Date:

Journal ID:

Description:

75081

YTDSPEND

12/31/2015

Recognize incremental CCR Compliance Costs as incurred for YTD Nov 2015. Additional closure costs will be incurred in subsequent years.

Ledger Group:

Source:

Reversal:

**ACTUALS** 

ONL

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Foreign Currency: Rate Type:

Effective Date:

CRRNT 12/31/2015

1,00

Reversal Date:	Exchange Rate:
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Line #	Unit Process	Account Product	Res Type	Operat Unit	•	Location	Alloc Pool	Stat	Statistics Amt	Rate Type	Rate	Foreign Amount	Base Amount
Line#		rioduct	Project	Analys	is Type	Activity	Affiliate					<u> </u>	
<u>ACTU</u>	ALS					<u>-</u> .							
1 1	75081	0407355	99810	EB02	9928					CRRNT	1.00000000	2,924,884.03 USD	2,924,884.03 USD
De	scription:	Reg. Defe	rred Debit			Reference	<b>e</b> :		Open Ite	em Key:			
2 2	75081	0182315	99810	EB02	9928					CRRNT	1.00000000	-2,924,884.03 USD	-2,924,884.03 USD
De	scription:	Reg Asse	t- Coal Ash Po	ond ARO		Reference	<del>e</del> :		Open Ite	m Key:			
3 3	75081	0182471	99810	EB02	9928					CRRNT	1.00000000	856,412.00 USD	856,412.00 USD
Des	scription:	Coal Ash	Pond - Spend	RA		Reference	<b>)</b> :		Open Ite	m Key:			
4 4	75081	0407438	99810	EB02	9928					CRRNT	1,00000000	-856,412.00 USD	-856,412.00 USD
De	scription:	Reg. Defe	rred Credit			Reference	e:		Open Ite	m Key:			
5 5	75081	0182471	99810	EB02	9928					CRRNT	1.00000000	2,068,472.03 USD	2,068,472.03 USD
Des	scription:	Coal Ash I	Pond - Spend	RA		Reference	<b>)</b> :		Open Ite	m Key:			
6 6	75081	0407438	99810	EB02	9928					CRRNT	1.00000000	-2,068,472.03 USD	-2,068,472.03 USD
Des	scription:	Reg. Defe	rred Credit			Reference	<b>:</b> :		Open ite	m Key:			

PeopleSoft Financials Report ID: PPSFGL05 2 Page No. **JOURNAL ENTRY DETAIL REPORT** 12/22/2015 Run Date: Run Time: 04:56:19 PM

Unit:

75081

YTDSPEND

Date:

Description:

Journal ID:

12/31/2015

Recognize incremental CCR Compliance Costs as incurred for YTD Nov 2015. Additional closure costs will be incurred in subsequent years.

Ledger Group:

Reversal Date:

Source:

ACTUALS

ONL

Reversal:

Ν

Foreign Currency:

Rate Type:

USD 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>	Journal Status	Total Lines	Total Base Debits	Total Base Credits
75081	Р	6	5,849,768.06	5,849,768.06

Report ID: PPSFGL05

PeopleSoft Financials

### **JOURNAL ENTRY DETAIL REPORT**

Page No. Run Date:

12/22/2015

Run Time:

04:56:35 PM

Unit:

Date:

Journal ID:

Description:

Description:

Return on Equity - Coal Ash Sp

75081

CASPENDRET

12/31/2015

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:

Reversal Date:

ONL

Reversal:

Ν

Foreign Currency:

Rate Type:

USD CRRNT

Effective Date:

12/31/2015

Exchange Rate:

1.00

Line # Line #	Unit Process	Account Product	Res Type Project	-	Resp Ctr is Type	Location Activity	Alloc Pool Affiliate	Stat	Statistics Amt	Rate Type	Rate	Foreign Amount	Base Amount
<u>ACTUA</u>	LS_												
1 1	75081	0182471								CRRNT	1.00000000	14,003.63 USD	14,003.63 USD
Des	scription:	Coal Ash	Pond - IN Ret	ail		Reference	<b>)</b> :		Open Ite	em Key:			
2	75081	0431315								CRRNT	1.00000000	-4,384.75 USD	-4,384.75 USD

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

Open Item Key:

Reference:

PeopleSoft Financials Report ID: PPSFGL05 Page No. 2 JOURNAL ENTRY DETAIL REPORT Run Date: 12/22/2015 Run Time: 04:56:35 PM

Unit:

75081

CASPENDRET

Date: Description:

Journal ID:

12/31/2015

To recognize the Debt & Equity return on Spend related to Coal Ash Ponds for the YTD 2015 and defer the Equity Return

Ledger Group:

Reversal Date:

Source:

ONL Ν

**ACTUALS** 

Reversal:

Foreign Currency:

USD CRRNT

Rate Type: Effective Date:

12/31/2015

Exchange Rate:

1.00

Line # Line #	Unit Process	Account Product	Res Type Project	Operat Unit Res Analysis Typ	•	ocation ctivity	Alloc Pool Affiliate	Stat	Statistics Amt	Rate Type	Rate	Foreign Amount	Base Amount
Busin	ess Unit	7	ournal Status	<u>s</u>		<u>To</u>	tal Lines	Total	Base Debits	Total Base C	redits		
75081		P	1				5		23.622.51	23.6	22.51		

# **Duke Energy Kentucky**

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

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