

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY)	
UTILITIES COMPANY FOR AN ADJUSTMENT OF ITS)	CASE NO.
ELECTRIC RATES AND FOR CERTIFICATES)	2016-00370
OF PUBLIC CONVENIENCE AND NECESSITY)	

COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION
TO KENTUCKY LEAGUE OF CITIES

Kentucky League of Cities ("KLC"), pursuant to 807 KAR 5:001, is to file with the Commission the original and six copies in paper medium and an electronic version of the following information. The information requested herein is due on or before March 31, 2017. 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 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.

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

1. Refer to the Direct Testimony of Jeffry Pollock (“Pollock Testimony”), page 9, lines 12 and 13, which state “[f]urther, if properly implemented, it would not violate generally accepted accounting principles.” Explain what the proper implementation of the amortization of the surplus depreciation entails.

2. Refer to the Pollock Testimony, Exhibit JP-1. Explain the basis of the theoretical reserve listed in the exhibit and provide its source.

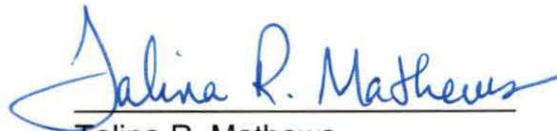
3. Refer to the Direct Testimony of Kentucky Industrial Utility Customers, Inc.’s (“KIUC”) witness Lane Kollen (“Kollen Testimony”), beginning at page 27, regarding depreciation expense related to projected net terminal salvage value for generation assets.

- a. What position does KLC have with respect to the Kollen Testimony which requires the projected terminal net salvage value be removed from generation asset depreciation rates and expense?

b. State whether KLC is of the opinion that, should the Commission deny Mr. Kollen's proposal to remove the terminal net salvage value from generation asset depreciation rates and expense, it would create an intergenerational inequity with respect to the recovery of depreciation expense on generation assets.

c. Explain how KLC would reconcile its position on surplus depreciation with Mr. Kollen's proposal to remove projected terminal net salvage value from generation asset depreciation rates and expense if both proposals were approved by the Commission.

4. Refer to the Pollock Testimony, pages 47–48. Beginning at the bottom of page 47, it states that the proposed increase should be measured by removing adjustment clauses and embedded fuel charges. Confirm that excluding these charges when measuring the rate impact overstates the impact on the customer bill. If this cannot be confirmed, explain.



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DATED MAR 17 2017
cc: All parties

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