

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY UTILITIES	)	CASE NO.
COMPANY TO FILE DEPRECIATION	)	2007-00565
STUDY	)	

COMMISSION STAFF'S SECOND DATA REQUEST  
TO KENTUCKY UTILITIES COMPANY

Kentucky Utilities Company ("KU"), pursuant to 807 KAR 5:001, is to file with the Commission the original and 6 copies of the following information, with a copy to all parties of record. The information requested herein is due on or before April 28, 2008. 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 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 responses if it obtains information which indicates the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any requests to which KU fails or refuses

to furnish all or part of the requested information, KU 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 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.

1. Refer to the response to the Commission Staff's First Data Request dated February 18, 2008 ("Staff First Request"), Item 2. KU was requested to compare and contrast the approach used in its last depreciation study with the approach followed in the current depreciation study. KU's response only identified the difference between the approaches, instead of comparing and contrasting the two approaches. Provide the originally requested information.

2. Refer to the Application, page 5, and the response to the Staff First Request, Item 4. Paragraph 12 of the Application states,

In order to match the proposed changes in its depreciation rates with the possible changes in its base rates, KU respectfully requests the Commission to issue an order in this proceeding to approve KU's proposed depreciation rates for accounting and ratemaking purposes concurrent with KU's next change in base rates pursuant to a Commission Order issued in a base rate proceeding filed by KU. KU anticipates filing a new base rate application during the 2008 calendar year, so there should not be undue delay associated with implementing new depreciation rates during KU's next base rate case, and the study will be sufficiently current.

However, in the response to Item 4, Mr. Conroy states,

The Company is requesting the Commission to defer the review of the proposed depreciation rates in order to match the change in depreciation rates with a change in base rates and to obtain administrative efficiencies with a single proceeding addressing all impacts of a change in depreciation rates. . . . KU proposes to review the depreciation rates recommended in the study during the Company's next general rate case proceeding, which the Company has indicated it anticipates filing during 2008.

The response to Item 4 does not appear to be consistent with KU's Application.

a. Does KU seek approval of the proposed depreciation rates in this proceeding or wish to defer a ruling on the proposed depreciation rates until its next general rate case proceeding? Explain the response.

b. If KU's intent was to defer the review of the proposed depreciation rates to be considered as part of a future rate case, explain why KU filed the current application stating that it was seeking approval now.

3. Refer to the response to the Staff First Request, Item 5.

a. Provide the status of KU's depreciation filing before the Virginia State Corporation Commission ("Virginia SCC").

b. If the Virginia SCC has approved the proposed depreciation rates, provide copies of the documentation received by KU approving the rates.

c. If the Virginia SCC has not approved the proposed depreciation rates, indicate when KU anticipates a decision will be rendered.

4. Refer to the response to the Staff First Request, Item 7. Concerning the comparable amortization periods of other utilities utilized in developing the KU amortization periods, identify the utilities included in this analysis and when the applicable amortization periods were last updated.

5. Refer to the response to the Staff First Request, Item 8, Attachment page 2 of 7. Explain why the “Percentage Difference” shown for Account No. 316 – Ghent Unit 3 does not match the “Net Salvage Percent” for this account as shown in the Direct Testimony of John J. Spanos, Exhibit JJS-KU, page III-5

6. Refer to the response to the Staff First Request, Item 10. Would KU agree that from a regulator’s perspective it would be appropriate to use the same depreciation rates for utility plant jointly owned by two regulated utilities? Explain the response.

7. Refer to the response to the Staff First Request, Item 13, and the response to the Attorney General’s Initial Requests for Information dated February 4, 2008 (“AG’s Initial Request”), Item 8.

a. In the response to Items 13(a) through 13(d) and 13(m), reference is made to “estimates of others.” For each subpart of Item 13 referencing “estimates of others” specifically identify the individual or utility providing the estimate.

b. The response to Item 13(e) states that “It has been determined that the most recent five-year period is more indicative of future expectations of net salvage, therefore, emphasis was placed on that data.” Explain in detail how this determination was made and identify the individuals involved in making the determination.

c. The response to Items 13(f), 13(g), 13(k), and 13(l) states that results from the reviewed data sets were not anticipated to continue in the future. Explain in detail how this determination was made and identify the individuals involved in making the determination.

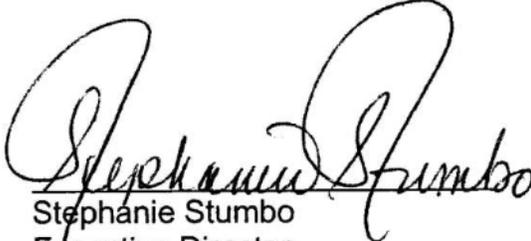
d. The response to Items 13(h) through 13(j) states that the most recent 5-year period was “the strongest indicator of the net salvage percent that should be expected in the future for each account.” Explain in detail how it was determined that the 5-year period was the strongest indicator of the net salvage percentage and identify the individuals involved in making this determination.

e. Concerning the various depreciation studies referenced for the utilities included in the response to the AG’s Initial Request, Item 8, indicate whether the listed studies are the most current depreciation studies for the referenced utility.

8. Refer to the response to the AG’s Initial Request, Items 73 and 75. The responses include references to increases in reported retirements being due to either a delay in recording retirements for the account or the result of a catch up to prior years due to new accounting systems.

a. Explain in detail why new accounting systems resulted in a need to catch up to prior years for the accounts included in Items 73.

b. Explain in detail why there have been delays in recording retirements for the accounts included in Items 75.



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DATED: April 14, 2008

cc: Parties of Record