COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF KENTUCKY)	
UTILITIES COMPANY AND LOUISVILLE GAS)	CASE NO.
AND ELECTRIC COMPANY FOR APPROVAL)	2009-00329
OF DEPRECIATION RATES FOR TRIMBLE)	
COUNTY UNIT 2	ý	

SECOND DATA REQUEST OF COMMISSION STAFF

Kentucky Utilities Company ("KU") and Louisville Gas and Electric Company ("LG&E"), pursuant to 807 KAR 5:001, are to file with the Commission the original and seven copies of the following information, with a copy to all parties of record. The information requested herein is due on or before October 19, 2009. 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 and LG&E 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 and LG&E fail or refuse to furnish all or part of the requested information, KU and LG&E shall provide a written explanation of the specific grounds for their 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.

- 1. Refer to paragraph 7 of LG&E's and KU's joint application and the responses to Items 1 and 4 of the Commission Staff's September 18, 2009 data request ("Staff's First Request").
- a. Paragraph 7 refers to the companies using the rates sought to be approved in this proceeding until the Commission approves new depreciation rates, while the response to Item 1 indicates that Trimble County 2 ("TC2") is expected to go into commercial service in June 2010. Explain whether it is LG&E's and KU's intent to file rate applications in 2010 to reflect the impact of TC2 on their operations.
- b. Explain whether the companies intend that the depreciation rates sought to be approved in this case be used on an interim basis until new depreciation rates are approved in conjunction with the potential rate applications related to TC2.
- c. Explain whether the use of interim survivor curves for TC2 should, in any way, be considered indicative of the proposed depreciation rates for the unit being interim rates.

- 2. Refer to the responses to Items 1 and 3 of Staff's First Request.
- a. Explain whether the companies' depreciation accruals during the period from December 2009 until TC2 is planned to be placed in service in June 2010 will be expensed or capitalized.
- b. Provide the basis, from a regulatory accounting perspective, for the treatment (expense versus capitalized) of the depreciation accruals contained in the response to part a. of this request.
- 3. Refer to LG&E's and KU's joint application and the response to Item 5 of Staff's First Request.
- a. Explain why the Ghent units and Trimble County 1 ("TC1") have, for some accounts, different depreciation rates for their flue gas desulfurization ("FGD") systems than for the units' remaining components, while a single set of rates is intended to apply to the entire TC2 unit, including the FGD system.
- b. It is obvious that the life spans of TC1 and TC2 differ; however, the survivor curves and net salvage percentages are identical for the two units except for the survivor curves for Account 312, Boiler Plant Equipment. Explain (1) why this one item for TC2 differs from the same item for TC1 and (2) how this difference impacts the depreciation rate for TC2's Account 312 assets.
- 4. Refer to LG&E's and KU's joint application and the response to Item 6 of Staff's First Request. Although TC2 is larger than TC1, the response appears to infer that such a difference in their sizes does not impact their depreciation rates.
- a. Explain why, except for Account 311 for the FGD systems, the rates proposed for TC2 are consistently greater than the comparable TC1 rates.

b. Explain whether any consideration was given to proposing to use TC1's current depreciation rates for TC2. As they were not proposed, explain why it would not be appropriate to use the TC1 rates for TC2.

Jeff R Derouen

Executive Director

Public Service Commission

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DATED: **OCT - 8 2009**

cc: Parties of Record

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