

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

COMMISSION STAFF'S DATA REQUEST ON  
JOINT APPLICANTS' REBUTTAL TESTIMONY

Pursuant to 807 KAR 5:001, Kentucky Utilities Company ("KU") and Louisville Gas and Electric Company ("LG&E") are to file jointly 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 January 26, 2010. 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 they obtain 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 page 2 of the Rebuttal Testimony of John J. Spanos (“Spanos Testimony”) and Appendix JJS-R3. On page 2 of his testimony, Mr. Spanos references the most recent four years’ experience of LG&E and KU regarding plant retirements and the cost of removal for Account 312, Boiler Plant Equipment. Mr. Spanos states that “This historical data is a much better indication of net salvage percents for Trimble County 2 than focusing on a smaller and older data sample, such as the AUS results through 2002.”

a. Given his preference for using more current data, explain why the four most recent years referred to by Mr. Spanos are 2003–2006, when the appendix includes data for 2007 and when data should be available for 2008.

b. In his testimony, Mr. Spanos emphasizes the averages for the most recent four years. The appendix includes a 16-year combined average for LG&E and KU, a 34-year average for LG&E, a 19-year average for KU, individual and combined

three-year moving averages and five-year averages for 2002–2006. Beyond reflecting his experience and judgment, describe how Mr. Spanos determines how to rank, or weigh, the various average results to determine which, if any, are the more relevant.

c. Other than for Account 316, Miscellaneous Plant Equipment, Mr. Kollen, the witness for Kentucky Industrial Utility Customers, Inc. (“KIUC”), derived substantially different net salvage percents for Trimble County 2 (“TC 2”) than the percents recommended by Mr. Spanos. Explain why the Spanos Testimony does not address any TC 2 plant accounts except for Account 312, Boiler Plant Equipment, and provide the data for Accounts 311, 314 and 315 in the same format as was provided for Account 312 in Appendix JJS-R3.

2. Refer to pages 3–4 of the Spanos Testimony where the issue of interim net salvage versus terminal net salvage is discussed.

a. Provide a thorough explanation of why the fact that the TC 2 depreciation rates are for interim net salvage, not terminal net salvage, means that “[M]r. Kollen’s discussion in his testimony about factoring down or segregating the amounts for final net salvage is not applicable.”

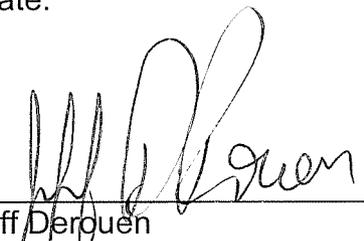
b. Identify and describe the parameters that typically govern whether to include a terminal net salvage component in a depreciation rate and identify which of those parameters are applicable to developing depreciation rates for TC 2.

3. Refer to pages 4–6 of the Spanos Testimony, specifically, page 4 at lines 14 through 21, and page 5, line 23 through page 6, line 2.

a. Confirm whether the following is an accurate characterization of the text on page 4:

“Because there is no terminal net salvage component in the TC 2 depreciation rates, the interim net salvage component should be established at a level great enough for the ultimate depreciation rates to cover the life of the plant and cover both interim and terminal net salvage accruals.”

b. If the characterization in part a. of this request item is accurate in whole or in part, explain how the statement on pages 5–6 concerning “[a] larger amount of depreciation expense being estimated for Florida Power and Light than is estimated in this scenario . . . .” can also be accurate.



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DATED JAN 12 2010

cc: Parties of Record

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