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December 14, 2009

RECEIVED

DEC 14 2009

**PUBLIC SERVICE
COMMISSION**

HAND DELIVERED

Jeff DeRouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

RE: Joint Application of Kentucky Utilities Company and Louisville Gas and Electric Company for Approval of Depreciation Rates for Trimble County Unit 2
Case No. 2009-00329

Dear Mr. DeRouen:

Enclosed please find and accept for filing the original and ten copies of Kentucky Utilities Company's and Louisville Gas and Electric Company's Motion for Leave to File Rebuttal Testimony and the Rebuttal Testimony of John J. Spanos in the above-referenced matter. Please confirm your receipt of this filing by placing the stamp of your Office with the date received on the enclosed additional copies and return them to me in the enclosed self-addressed stamped envelope.

Should you have any questions please contact me at your convenience.

Sincerely,

W. Duncan Crosby III

WDC:ec

Enclosures

cc: Lawrence W. Cook, Assistant Attorney General (w/ encl)
Michael L. Kurtz (w/ encl)

400001.134411/606515.1

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

**MOTION OF KENTUCKY UTILITIES COMPANY AND
LOUISVILLE GAS AND ELECTRIC COMPANY
FOR LEAVE TO FILE REBUTTAL TESTIMONY**

Kentucky Utilities Company (“KU”) and Louisville Gas and Electric Company (“LG&E”) (collectively, “Companies”) hereby move the Public Service Commission (“Commission”) to grant the Companies leave to file in this proceeding the attached Rebuttal Testimony of John J. Spanos. (The testimony is Attachment 1 hereto.) As the applicants in this proceeding, the Companies bear the burden of proof, and therefore respectfully request the opportunity to rebut several of the claims made in the testimony submitted by the witness for the Kentucky Industrial Utilities Customers, Inc., by submitting into the record the attached Rebuttal Testimony. The Companies do not believe that allowing such testimony will prejudice any parties to this proceeding, particularly because there are no remaining items on the procedural schedule set out in the Commission’s September 9, 2009 Order herein.

WHEREFORE, the Companies respectfully move the Commission for leave to file in the record of this proceeding the attached Rebuttal Testimony of John J. Spanos.

Dated: December 14, 2009

Respectfully submitted,



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Counsel for Kentucky Utilities Company and
Louisville Gas and Electric Company

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing Motion to for Leave to File Rebuttal Testimony was served via U.S. mail, first-class, postage prepaid, this 14th day of December 2009, upon the following persons:

Michael L. Kurtz
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, Ohio 45202

Lawrence W. Cook
Assistant Attorney General
Office of the Attorney General
1024 Capital Center Drive
Suite 200
Frankfort, KY 40601-8204



Counsel for Kentucky Utilities Company and
Louisville Gas and Electric Company

ATTACHMENT 1

REBUTTAL TESTIMONY OF JOHN J. SPANOS

BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION

In Joint Application of)
Kentucky Utilities Company)
And Louisville Gas and Electric)
Company for Approval of Depreciation)
Rates for Trimble County Unit 2)

Case No. 2009-00329

REBUTTAL TESTIMONY

OF

JOHN J. SPANOS

ON BEHALF OF THE

KENTUCKY UTILITIES COMPANY
AND
LOUISVILLE GAS AND ELECTRIC COMPANY

DECEMBER 2009

1 Q. Please state your name and business address.

2 A. My name is John J. Spanos. My business address is 207 Senate Avenue, Camp
3 Hill, Pennsylvania.

4

5 Q. Please state the firm you are associated and your position.

6 A. I am a Vice President in the Valuation and Rate Division of Gannett Fleming, Inc.
7 A statement of my qualifications and experience is attached hereto as Appendix
8 JJS-R2.

9

10 Q. Please state the purpose of your rebuttal testimony.

11 A. The purpose of this testimony is to rebut the depreciation issues presented by
12 Kentucky Industrial Utility Customers, Inc. witness, Mr. Lane Kollen, related to
13 depreciation rates for the Trimble County Unit 2 facility.

14

15 Q. Can you summarize your testimony?

16 A. My rebuttal testimony will address the issues and concerns presented by
17 Kentucky Industrial Utility Customers, Inc. witness, Lane Kollen, with regard to
18 proposed depreciation rates for the Trimble County Unit 2 facility when it is put
19 into plant in service. I will explain how the depreciation rates recommended by
20 me are appropriate for collecting full service value of the facility in a systematic
21 and rational manner as well as in a consistent manner with all other existing
22 facilities.

23

1 Q. Mr. Kollen spends quite some time in his testimony comparing the net salvage
2 percent recommended for Account 312 in case 2003-00433 to those
3 recommended by you in the case 2007-00564. Is this appropriate?

4 A. First, I must emphasize that Mr. Kollen ignores the most recent four years of
5 activities (2003-2006), when he declares the negative 20 percent net salvage set
6 forth in case 2003-00433 as being more indicative than the negative 30 percent I
7 recommended in case 2007-00564. This is a major flaw because in the most
8 recent four years Louisville Gas and Electric (LG&E) has experienced almost \$46
9 million in retirements and over \$15 million in cost of removal for Account 312,
10 which approximates 33%. If you also include the Kentucky Utilities (KU)
11 experience during the past four years for Account 312 of \$29 million in
12 retirements and \$9 million in cost of removal (which are all interim retirements),
13 then the 30% net salvage for this account is quite appropriate. Appendix JJS-R3
14 sets forth the historical data for LG&E and KU for Account 312.00 that should be
15 utilized when establishing a net salvage percent. This historical data is a much
16 better indication of net salvage percents for Trimble County Unit 2 than focusing
17 on a smaller and older data sample, such as the AUS results through 2002. The
18 Appendix includes the combined analyses (LG&E and KU) of Account 312.00,
19 Boiler Plant Equipment, for the years 1992-2007 which is the most recent 16
20 years.

21

22 Q. Can you address Mr. Kollen's concerns related to the application of the net
23 salvage percent to gross plant?

1 A. First, it must be restated that the net salvage percents utilized in the
2 recommendation of depreciation rates for Trimble County Unit 2 when it comes
3 on-line are for interim net salvage, not terminal net salvage. Therefore, analyses
4 are only based on interim net salvage. Consequently, Mr. Kollen's discussion in
5 his testimony about factoring down or segregating the amounts for final net
6 salvage is not applicable. Second, all interim retirements will have a
7 corresponding replacement asset which has an equal or a higher original cost
8 than the initial asset. This is a critical concept because it must be understood
9 that all existing components are necessary for the function of the facility.
10 Otherwise, the interim retirement would be a final retirement and excluded from
11 the determination of the interim survivor curve. The historical estimates for
12 LG&E and KU in this case support this practice. Third, without a terminal net
13 salvage component for recovery purposes within the calculation, a greater
14 percentage of the initial and replacement assets will be part of the interim net
15 salvage percent instead of the blended net salvage percent which includes both
16 interim and terminal net salvage.

17
18 Q. How does the absence of a terminal net salvage component percentage affect
19 the calculation of interim net salvage?

20 A. When developing a depreciation rate to be applied to new assets such as we
21 have in this proceeding for Trimble County Unit 2, we must understand all the
22 parameters in place, or not in place (such as no terminal net salvage), and then
23 establish a rate for the entire life cycle. Given this understanding of the proper
24 development of the rate at initial installation, the recommendation set forth by me

1 in this proceeding properly recovers the full service value over the full life cycle of
2 the asset. In turn my estimates relate to the full service value of assets that will
3 be affected by interim retirements.

4
5 Q. Can you give some more detail to this scenario in order to understand your
6 depreciation rates?

7 A. Yes, I can. I will use Account 312, Boiler Plant Equipment to explain the
8 methodology for utilizing the parameters I have in place for determining my
9 recommended depreciation rates. The interim survivor curve selected for this
10 account is a 60-R1.5. With a 60-R1.5 survivor curve and 60-year life span, then
11 approximately 60 percent of the initial investment will be subject to interim
12 retirements and approximately 30 percent of the replacement assets will be
13 exposed to interim retirements again. The 30 percent of replacement assets will
14 cost more than the initial investment. Since there is no terminal net salvage
15 component in the parameters and the plant has not been in service to date, it is
16 necessary to add this replacement component to the overall recovery of service
17 value in determining the interim net salvage component. Thus, the 30 percent
18 net salvage percent for establishing a depreciation rate in this proceeding
19 includes the entire life cycle of Account 312.00, which will experience interim
20 retirements. In a sense, the interim overall net salvage component for this
21 account is comparable to applying the interim net salvage to the gross plant.

22
23 Q. Should your recommended depreciation rates be applied to Trimble County Unit
24 2 assets for the entire life span of the facility?

1 A. No. All depreciation rates should be reviewed on a regular basis in order to
2 consider functionality of the asset, condition, management plans and practices,
3 new technology, etc. These assets are no different. A reasonable review period
4 for all assets should be 3 to 5 years.

5

6 Q. Will the proposed depreciation rates achieve full recovery?

7 A. Yes they will, assuming the interim retirements, net salvage percent and life span
8 estimates are exactly the same as the actual occurrences. This is the true test of
9 the judgment applied today from historical patterns to future expectations.
10 Reality would lead the analysts to apply the remaining life basis of depreciation to
11 smooth the differences between estimates and actual occurrences.

12

13 Q. Mr. Kollen states on page 14 of his testimony that he has evidence that Gannett
14 Fleming has an error in its calculation based on the Florida Power and Light
15 Case. Is this accurate?

16 A. No, it is not. Mr. Kollen attempts to correlate the Florida Power and Light case
17 (Docket Nos. 080677-EI and 090130-EI) with this one. He is not correct. In the
18 Florida Power and Light case, there is a terminal net salvage component factored
19 into the overall depreciation expense. Thus, the adjustment made was to include
20 interim net salvage within the presentation of the depreciation study and the
21 terminal net salvage was assigned to a separate decommissioning fund.
22 Consequently, Mr. Kollen is not comparing two similar situations when using the
23 Florida Power and Light case with this case. Overall there is a larger amount of

1 depreciation expense being estimated for Florida Power and Light than is
2 estimated in this scenario when looking at the entire recovery practice.

3
4 Q. Mr. Kollen discusses the net salvage estimates for East Kentucky Power
5 Cooperative. Has he properly presented the results?

6 A. No, he has not. Mr. Kollen, on page 15 of his testimony, attempts to compare the
7 settled net salvage estimates for East Kentucky Power Cooperative without truly
8 understanding the case. This is the exact reason why you must understand
9 every depreciation study before making uninformed judgments and comparisons.
10 In the East Kentucky Power Case, Gannett Fleming recommended, and the
11 Commission approved, net salvage percents for many accounts. The bases for
12 these estimates were judgment and historical data for the period 1992 through
13 2004 at the functional level and applied to the account level. For Generation
14 accounts, the company originally established negative net salvage percents
15 which incorporated both interim and terminal net salvage. However, the
16 Company did not have a dismantling study performed to estimate terminal net
17 salvage and the historical interim net salvage was limited and not by account.
18 Therefore, Gannett Fleming and East Kentucky mutually agreed that the most
19 appropriate net salvage to recommend in the case for Generation assets would
20 be zero until more substantial data was available and Company practices on
21 recording net salvage was established. Consequently, attempting to compare
22 the East Kentucky situation to the statistical study for Louisville Gas & Electric is
23 not appropriate. All regulated utilities have a negative net salvage component for

1 Generation assets unless there are some extenuating circumstances such as
2 East Kentucky Power Cooperative.

3

4 Q. Is it difficult to compare estimates from one utility to another?

5 A. Yes, it is difficult to compare estimates from one utility to another if you do not
6 understand how the estimates were derived for each and every utility. This
7 understanding is only obtained when you conduct depreciation studies, which I
8 have been doing exclusively for over 20 years. In addition, the training and
9 industry knowledge gathered by attending Society of Depreciation Professionals
10 sessions broadens the understanding of how utilities derive their estimates.
11 Without this type of background, errors can be made in comparing parameters
12 from Company to Company.

13

14 Q. Are the estimates for net salvage by each account for Trimble County Unit 2
15 comparable to other utilities?

16 A. Yes, they are. Although many of the utility estimates do not set forth a
17 segregation between interim and terminal net salvage, it is quite clear that the
18 parameters for Trimble County Unit 2 are within the range. The industry statistics
19 are set forth in the workpapers provided in cases 2007-00564 and 2007-00565.

20

21 Q. Does this conclude your rebuttal testimony?

22 A. Yes it does.

VERIFICATION

COMMONWEALTH OF PENNSYLVANIA)
) SS:
COUNTY OF CUMBERLAND)

The undersigned, **John J. Spanos**, being duly sworn, deposes and says that he is the Vice President, Valuation and Rate Division for Gannett Fleming, Inc., that he has personal knowledge of the matters set forth in the foregoing testimony, and that the answers contained therein are true and correct to the best of his information, knowledge and belief.

John J. Spanos

JOHN J. SPANOS

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 17th day of December, 2009.

[Signature] (SEAL)

Notary Public

My Commission Expires:
February 20, 2011

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Cheryl Ann Putler, Notary Public
East Pennsboro Twp., Cumberland County
My Commission Expires Feb. 20, 2011
Member, Pennsylvania Association of Notaries

APPENDIX JJS-R2

JOHN SPANOS

DEPRECIATION EXPERIENCE AND QUALIFICATIONS

Mr. John J. Spanos has a Bachelor of Science degree in Industrial Management and Mathematics from Carnegie-Mellon University and a Master of Business Administration from York College. He is a member of the Society of Depreciation Professionals and the American Gas Association/Edison Electric Institute Industry Accounting Committee.

In June, 1986, Mr. Spanos was employed by Gannett Fleming Valuation and Rate Consultants, Inc. as a Depreciation Analyst. During the period from June 1986 through December 1995, he assisted in the preparation of numerous depreciation and original cost studies for utility companies in various industries. He helped perform depreciation studies for the following telephone companies: United Telephone of Pennsylvania, United Telephone of New Jersey and Anchorage Telephone Utility. He helped perform depreciation studies for the following companies in the railroad industry: Union Pacific Railroad, Burlington Northern Railroad and Wisconsin Central Transportation Corporation.

Mr. Spanos assisted in the preparation of depreciation studies for the following organizations in the electric industry: Chugach Electric Association, The Cincinnati Gas & Electric Company (CG&E), The Union Light, Heat and Power Company (ULH&P), Northwest Territories Power Corporation and the City of Calgary - Electric System.

He assisted in the preparation of depreciation studies for the following pipeline companies: TransCanada Pipelines Limited, Trans Mountain Pipe Line Company Ltd.,

Interprovincial Pipe Line Inc., Nova Gas Transmission Limited and Lakehead Pipeline Company.

Mr. Spanos assisted in the preparation of depreciation studies for the following gas companies: Columbia Gas of Pennsylvania, Columbia Gas of Maryland, The Peoples Natural Gas Company, T. W. Phillips Gas & Oil Company, CG&E, ULH&P, Lawrenceburg Gas Company and Penn Fuel Gas, Inc.

He assisted in the preparation of depreciation studies for the following water companies: Indiana-American Water Company, Consumers Pennsylvania Water Company and The York Water Company; and depreciation and original cost studies for Philadelphia Suburban Water Company and Pennsylvania-American Water Company.

In each of the above studies, Mr. Spanos assembled and analyzed historical and simulated data, performed field reviews, developed preliminary estimates of service life and net salvage, calculated annual depreciation, and prepared reports for submission to state Public Utility Commissions or federal regulatory agencies. He performed these studies under the general direction of William M. Stout, P.E.

In January, 1996, Mr. Spanos was assigned to the position of Supervisor of Depreciation Studies. In July, 1999, he was promoted to the position of Manager, Depreciation and Valuation Studies. In December, 2000, he was promoted to his present position as Vice President of Gannett Fleming Valuation and Rate Consultants, Inc., now the Valuation and Rate Division of Gannett Fleming, Inc. Mr. Spanos is responsible for conducting depreciation, valuation and original cost studies, including the preparation of final exhibits and responses to data requests for submission to the appropriate regulatory bodies.

Since January 1996, Mr. Spanos has conducted depreciation studies similar to those previously listed including assignments for Pennsylvania American Water Company; Aqua Pennsylvania; Kentucky American Water Company; Virginia American Water Company; Indiana American Water Company; Hampton Water Works Company; Omaha Public Power District; Enbridge Pipe Line Company; Inc.; Columbia Gas of Virginia, Inc.; Virginia Natural Gas Company National Fuel Gas Distribution Corporation - New York and Pennsylvania Divisions; The City of Bethlehem - Bureau of Water; The City of Coatesville Authority; The City of Lancaster - Bureau of Water; Peoples Energy Corporation; The York Water Company; Public Service Company of Colorado; Enbridge Pipelines; Enbridge Gas Distribution, Inc.; Reliant Energy-HLP; Massachusetts-American Water Company; St. Louis County Water Company; Missouri-American Water Company; Chugach Electric Association; Alliant Energy; Oklahoma Gas & Electric Company; Nevada Power Company; Dominion Virginia Power; NUI-Virginia Gas Companies; Pacific Gas & Electric Company; PSI Energy; NUI - Elizabethtown Gas Company; Cinergy Corporation – CG&E; Cinergy Corporation – ULH&P; Columbia Gas of Kentucky; SCANA, Inc.; Idaho Power Company; El Paso Electric Company; Central Hudson Gas & Electric; Centennial Pipeline Company; CenterPoint Energy-Arkansas; CenterPoint Energy – Oklahoma; CenterPoint Energy – Entex; CenterPoint Energy - Louisiana; NSTAR – Boston Edison Company; Westar Energy, Inc.; PPL Electric Utilities; PPL Gas Utilities; Wisconsin Power & Light Company; TransAlaska Pipeline; Avista Corporation; Northwest Natural Gas; Allegheny Energy Supply, Inc.; Public Service Company of North Carolina; Artesian Water Company, Potomac Electric Power Company, South Jersey Gas Company; Duquesne Light Company; MidAmerican Energy Company; Laclede Gas; Duke Energy Company; E.ON U.S. Services Inc.;

Elkton Gas Services; Anchorage Water and Wastewater Utility; Duke Energy Carolinas; Duke Energy Ohio Gas; Duke Energy Kentucky; Duke Energy Indiana; Northern Indiana Public Service Company; Tennessee American Water Company; Columbia Gas of Maryland; Bonneville Power Administration; NSTAR Electric and Gas Company; EPCOR Distribution, Inc. and B. C. Gas Utility, Ltd. His additional duties include determining final life and salvage estimates, conducting field reviews, presenting recommended depreciation rates to management for its consideration and supporting such rates before regulatory bodies.

Mr. Spanos holds the title of Certified Depreciation Professional from the Society of Depreciation Professionals, who has established national standards for depreciation professionals. The Society administers an examination to become certified in this field. Mr. Spanos passed the certification exam in September 1997 and was recertified in August 2003 and February 2008. Mr. Spanos has completed the following courses conducted by Depreciation Programs, Inc.: "Techniques of Life Analysis," "Techniques of Salvage and Depreciation Analysis," "Forecasting Life and Salvage," "Modeling and Life Analysis Using Simulation" and "Managing a Depreciation Study," in addition to the "Introduction to Public Utility Accounting" program conducted by the American Gas Association.

Mr. Spanos has submitted testimony to the Pennsylvania Public Utility Commission; the Commonwealth of Kentucky Public Service Commission; the Public Utilities Commission of Ohio; the Nevada Public Utility Commission; the Public Utilities Board of New Jersey; the Missouri Public Service Commission; the Massachusetts Department of Telecommunications and Energy; the Alberta Energy & Utility Board; the Idaho Public Utility Commission; the Louisiana Public Service Commission; the State

Corporation Commission of Kansas; the Oklahoma Corporate Commission; the Public Service Commission of South Carolina; Railroad Commission of Texas – Gas Services Division; the New York Public Service Commission; Illinois Commerce Commission; the Indiana Utility Regulatory Commission; the California Public Utilities Commission; the Federal Energy Regulatory Commission (“FERC”); the Arkansas Public Service Commission; the Public Utility Commission of Texas; Maryland Public Service Commission; Washington Utilities and Transportation Commission; The Tennessee Regulatory Commission; the Regulatory Commission of Alaska; and the North Carolina Utilities Commission.

APPENDIX JJS-R3

LOUISVILLE GAS AND ELECTRIC COMPANY
 KENTUCKY UTILITIES COMPANY

ACCOUNT 312 BOILER PLANT EQUIPMENT

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1992	4,038,670	88,671	2	2,358	0	86,313-	2-
1993	800,908	455,506	57	194,298-	24-	649,804-	81-
1994	3,624,118	1,337,784	37	9,746	0	1,328,038-	37-
1995	11,222,443	1,574,368	14	129,788	1	1,444,580-	13-
1996	4,492,045	1,982,669	44	1,341,326	30	641,343-	14-
1997	5,061,037	925,199	18	197,963	4	727,236-	14-
1998	3,358,658	2,099,544	63	14,906-	0	2,114,450-	63-
1999	7,263,342	2,898,215	40	46,202	1	2,852,013-	39-
2000	6,013,733	549,421	9	339,863	6	209,558-	3-
2001	10,830,318	1,303,849	12	350	0	1,303,499-	12-
2002	12,174,918	543,549	4	842,803	7	299,254	2
2003	10,171,776	2,928,627	29		0	2,928,627-	29-
2004	22,117,291	3,214,961	15		0	3,214,961-	15-
2005	6,921,002	2,534,943	37	3,066	0	2,531,877-	37-
2006	36,179,023	15,524,126	43	594,945	2	14,929,181-	41-
2007	11,757,966	2,633,263	22	270,184	2	2,363,079-	20-
TOTAL	156,027,248	40,594,695	26	3,569,390	2	37,025,305-	24-

THREE-YEAR MOVING AVERAGES

92-94	2,821,232	627,320	22	60,731-	2-	688,051-	24-
93-95	5,215,823	1,122,553	22	18,255-	0	1,140,808-	22-
94-96	6,446,202	1,631,607	25	493,620	8	1,137,987-	18-
95-97	6,925,175	1,494,079	22	556,359	8	937,720-	14-
96-98	4,303,913	1,669,137	39	508,128	12	1,161,009-	27-
97-99	5,227,679	1,974,319	38	76,420	1	1,897,899-	36-
98-00	5,545,244	1,849,060	33	123,720	2	1,725,340-	31-
99-01	8,035,798	1,583,828	20	128,805	2	1,455,023-	18-
00-02	9,672,990	798,940	8	394,339	4	404,601-	4-
01-03	11,059,004	1,592,008	14	281,051	3	1,310,957-	12-
02-04	14,821,329	2,229,046	15	280,934	2	1,948,112-	13-
03-05	13,070,023	2,892,844	22	1,022	0	2,891,822-	22-
04-06	21,739,105	7,091,343	33	199,337	1	6,892,006-	32-
05-07	18,285,997	6,897,444	38	289,398	2	6,608,046-	36-

FIVE-YEAR AVERAGE

03-07	17,429,412	5,367,184	31	173,639	1	5,193,545-	30-
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LOUISVILLE GAS AND ELECTRIC
ELECTRIC PLANT

ACCOUNT 312 BOILER PLANT EQUIPMENT

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1973	62,803	4,171	7	648	1	3,523-	6-
1974	7,673	6,835	89	12	0	6,823-	89-
1975	3,085	402	13	383	12	19-	1-
1976	3,221		0		0		0
1977	326,169	62,640	19	5,757	2	56,883-	17-
1978	194,645	243	0	2,078	1	1,835	1
1979	2,069,174	10,000	0		0	10,000-	0
1980	553,764	39,529	7	5,000	1	34,529-	6-
1981	5,642,246	130,545	2		0	130,545-	2-
1982	1,289,749	35,582	3		0	35,582-	3-
1983	2,872,642	34,486	1	10,535	0	23,951-	1-
1984	19,009,765-	1,405,123	7-	25,077	0	1,380,046-	7
1985	11,336,125-	1,868,829	16-	24,791	0	1,844,038-	16
1986	4,583,696	2,041,987	45	23,452	1	2,018,535-	44-
1987	5,711,646	882,146	15	7,564	0	874,582-	15-
1988	981,609	220,046	22	84-	0	220,130-	22-
1989	1,150,890	29,619	3		0	29,619-	3-
1990	274,896	45,528	17		0	45,528-	17-
1991	514,723	1,963	0		0	1,963-	0
1992	657,502	37,558-	6-		0	37,558	6
1993	727,737	130,969-	18-	8,692	1	139,661	19
1994	518,558	102,303	20	4,250	1	98,053-	19-
1995	8,391,354	687,013	8	41,471	0	645,542-	8-
1996	2,043,488	610,602	30	95,593	5	515,009-	25-
1997	1,563,889	188,562	12	191,250	12	2,688	0
1998	2,744,038	1,273,372	46		0	1,273,372-	46-
1999	6,407,359	2,121,390	33	41,005	1	2,080,385-	32-
2000	1,939,284	549,421	28	319,613	16	229,808-	12-
2001	8,057,111	330,086	4		0	330,086-	4-
2002	5,505,871	495,797	9		0	495,797-	9-
2003	7,090,285	1,911,771	27		0	1,911,771-	27-
2004	6,901,489	1,994,239	29		0	1,994,239-	29-
2005	4,197,701	1,079,108	26		0	1,079,108-	26-
2006	27,711,972	10,223,501	37	577,580	2	9,645,921-	35-
TOTAL	80,354,379	28,218,312	35	1,384,667	2	26,833,645-	33-

LOUISVILLE GAS AND ELECTRIC
ELECTRIC PLANT

ACCOUNT 312 BOILER PLANT EQUIPMENT

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
THREE-YEAR MOVING AVERAGES							
73-75	24,520	3,803	16	348	1	3,455-	14-
74-76	4,660	2,412	52	132	3	2,280-	49-
75-77	110,825	21,014	19	2,047	2	18,967-	17-
76-78	174,678	20,961	12	2,612	1	18,349-	11-
77-79	863,329	24,294	3	2,612	0	21,682-	3-
78-80	939,194	16,591	2	2,359	0	14,232-	2-
79-81	2,755,061	60,025	2	1,667	0	58,358-	2-
80-82	2,495,253	68,552	3	1,667	0	66,885-	3-
81-83	3,268,212	66,871	2	3,512	0	63,359-	2-
82-84	4,949,125-	491,730	10-	11,871	0	479,859-	10
83-85	9,157,749-	1,102,813	12-	20,134	0	1,082,679-	12
84-86	8,587,398-	1,771,980	21-	24,440	0	1,747,540-	20
85-87	346,928-	1,597,654	461-	18,602	5-	1,579,052-	455
86-88	3,758,984	1,048,060	28	10,311	0	1,037,749-	28-
87-89	2,614,715	377,270	14	2,493	0	374,777-	14-
88-90	802,465	98,398	12	28-	0	98,426-	12-
89-91	646,836	25,703	4		0	25,703-	4-
90-92	482,374	3,311	1		0	3,311-	1-
91-93	633,321	55,521-	9-	2,897	0	58,418	9
92-94	634,599	22,075-	3-	4,314	1	26,389	4
93-95	3,212,550	219,449	7	18,138	1	201,311-	6-
94-96	3,651,133	466,639	13	47,105	1	419,534-	11-
95-97	3,999,577	495,392	12	109,438	3	385,954-	10-
96-98	2,117,138	690,845	33	95,614	5	595,231-	28-
97-99	3,571,762	1,194,441	33	77,418	2	1,117,023-	31-
98-00	3,696,894	1,314,728	36	120,206	3	1,194,522-	32-
99-01	5,467,918	1,000,299	18	120,206	2	880,093-	16-
00-02	5,167,422	458,435	9	106,538	2	351,897-	7-
01-03	6,884,422	912,551	13		0	912,551-	13-
02-04	6,499,215	1,467,269	23		0	1,467,269-	23-
03-05	6,063,158	1,661,706	27		0	1,661,706-	27-
04-06	12,937,054	4,432,282	34	192,527	1	4,239,755-	33-

FIVE-YEAR AVERAGE

02-06 10,281,464 3,140,883 31 115,516 1 3,025,367- 29-

KENTUCKY UTILITIES

ACCOUNT 312 BOILER PLANT EQUIPMENT

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1988	5,472,744	33,162-	1-	85,506	2	118,668	2
1989	140,477		0		0		0
1990	139,953		0		0		0
1991							
1992	3,381,168	126,229	4	2,358	0	123,871-	4-
1993	73,171	586,475	802	202,990-	277-	789,465-	
1994	3,105,560	1,235,481	40	5,496	0	1,229,985-	40-
1995	2,831,089	887,355	31	88,317	3	799,038-	28-
1996	2,448,557	1,372,067	56	1,245,733	51	126,334-	5-
1997	3,497,148	736,637	21	6,713	0	729,924-	21-
1998	614,620	826,172	134	14,906-	2-	841,078-	137-
1999	855,983	776,825	91	5,197	1	771,628-	90-
2000	4,074,449		0	20,250	0	20,250	0
2001	2,773,207	973,763	35	350	0	973,413-	35-
2002	6,669,047	47,752	1	842,803	13	795,051	12
2003	3,081,492	1,016,856	33		0	1,016,856-	33-
2004	15,215,802	1,220,722	8		0	1,220,722-	8-
2005	2,723,301	1,455,836	53	3,066	0	1,452,770-	53-
2006	8,467,051	5,300,625	63	17,365	0	5,283,260-	62-
TOTAL	65,564,819	16,529,633	25	2,105,258	3	14,424,375-	22-

THREE-YEAR MOVING AVERAGES

88-90	1,917,725	11,054-	1-	28,502	1	39,556	2
89-91	93,477		0		0		0
90-92	1,173,707	42,076	4	786	0	41,290-	4-
91-93	1,151,446	237,568	21	66,877-	6-	304,445-	26-
92-94	2,186,633	649,395	30	65,045-	3-	714,440-	33-
93-95	2,003,273	903,104	45	36,392-	2-	939,496-	47-
94-96	2,795,069	1,164,968	42	446,515	16	718,453-	26-
95-97	2,925,598	998,687	34	446,921	15	551,766-	19-
96-98	2,186,775	978,292	45	412,513	19	565,779-	26-
97-99	1,655,917	779,878	47	999-	0	780,877-	47-
98-00	1,848,351	534,332	29	3,514	0	530,818-	29-
99-01	2,567,880	583,529	23	8,599	0	574,930-	22-
00-02	4,505,568	340,505	8	287,801	6	52,704-	1-
01-03	4,174,582	679,457	16	281,051	7	398,406-	10-
02-04	8,322,114	761,777	9	280,934	3	480,843-	6-
03-05	7,006,865	1,231,138	18	1,022	0	1,230,116-	18-
04-06	8,802,051	2,659,061	30	6,811	0	2,652,250-	30-

FIVE-YEAR AVERAGE

02-06	7,231,338	1,808,358	25	172,647	2	1,635,711-	23-
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