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COMMISSION

Via Overnight Mail

December 23, 2009

Mr. Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Re: Case No. 2009-00329

Dear Mr. Derouen:

Please find enclosed the original and twelve (12) copies each of KIUC RESPONSE TO MOTION OF KENTUCKY UTILITIES COMPANY AND LOUISVILLE GAS AND ELECTRIC COMPANY FOR LEAVE TO FILE REBUTTAL TESTIMONY filed in the above-referenced matter. By copy of this letter, all parties listed on the Certificate of Service have been served.

Please place this document of file.

Very Truly Yours,

Handwritten signature of Michael L. Kurtz in black ink. The signature is cursive and includes a small "sr" superscript to the right.

Michael L. Kurtz, Esq.

Kurt J. Boehm, Esq.

BOEHM, KURTZ & LOWRY

MLKkew

Attachment

cc: Certificate of Service

CERTIFICATE OF SERVICE

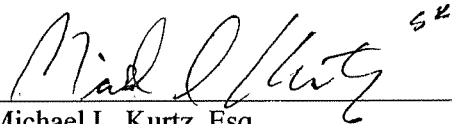
I hereby certify that a copy of the foregoing was served by mailing a true and correct copy, by electronic mail (when available) and overnight mail (unless otherwise noted) to all parties on the 23rd day of December, 2009.

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**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In The Matter Of: Joint Application of Kentucky Utilities Company and : **Docket No. 2009-00329**
Louisville Gas & Electric Company for Approval of Depreciation Rates :
for Trimble County Unit 2 :

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

On December 14, 2009, KU and LG&E filed a Motion Of Kentucky Utilities Company And Louisville Gas And Electric Company For Leave To File Rebuttal Testimony. KIUC does not oppose the Motion because the Companies' have the burden of proof and it is important for the Commission to have a complete record when deciding this case. Because of the importance of a complete record, and because there is no opportunity for additional intervener discovery or a hearing, KIUC feels compelled to make the following observations regarding the rebuttal testimony.

In his Rebuttal Testimony, Mr. Spanos acknowledges that Mr. Kollen is correct with respect to the central point addressed by Mr. Kollen in his Direct Testimony, although he does not agree that this constitutes an error and offers two explanations to justify this departure from his firm's normal approach and the approach employed by AUS in previous LG&E depreciation studies.

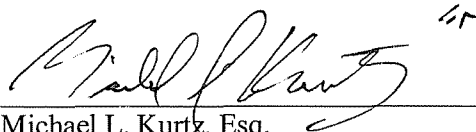
The error addressed by Mr. Kollen with respect to the Trimble County 2 depreciation rates is found in the development by Mr. Spanos of the Trimble County 1 depreciation rates, which formed the basis for his recommendations on the Trimble County 2 depreciation rates. Mr. Spanos acknowledges that in the development of the Trimble County 1 depreciation rates, he developed interim net salvage rates using historic interim retirements for Trimble County 1, but then applied the interim net salvage rates to the entirety of the gross plant balance rather than only the portion of the plant that is projected to retire on an interim basis.

Mr. Spanos argues that nevertheless his approach is appropriate because it is necessary to impute interim additions (cost of new plant to replace interim retirements when such future retirements occur), even though these

costs have not yet been incurred. He also argues that his approach is appropriate because it serves as a substitute for reflecting terminal net salvage, which Mr. Spanos previously stated unequivocally in response to KIUC discovery was not included in the depreciation rates for Trimble County 1 or proposed for Trimble County 2. In effect, Mr. Spanos now argues that the final retirements really are interim retirements even though these have distinct meanings, separate approaches and separate effects on the depreciation rates in normal depreciation studies due to the nature of the different types of retirements and the costs necessary to remove the plant assets on an interim or final retirement basis.

Dated: December 23, 2009

Respectfully submitted,



Michael L. Kurtz, Esq.

Kurt J. Boehm, Esq.

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