

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)	

ORDER

On August 7, 2009, Kentucky Utilities Company ("KU") and Louisville Gas and Electric Company ("LG&E") (collectively, "Joint Applicants") filed an application seeking approval of depreciation rates for a new coal-fired baseload electric generating unit that Joint Applicants are building at the Trimble County Generating Station, Trimble County Unit 2 ("TC 2"). Joint Applicants own 75 percent of the unit, with KU's share of ownership being 81 percent and LG&E's ownership share being 19 percent. The remaining 25 percent of TC 2 is owned by the Indiana Municipal Power Agency and the Illinois Municipal Electric Agency.

The Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and the Kentucky Industrial Utility Customers, Inc. ("KIUC") were granted intervention in this matter. On December 23, 2009, the Commission issued an Interim Order authorizing Joint Applicants to use their proposed depreciation rates to record depreciation for TC 2.

Joint Applicants explained in their rebuttal testimony that their proposed depreciation rates are appropriate for collecting the full-service value of the TC 2

facility in a systematic and rational manner, as well as a manner consistent with that applied to their existing generation facilities. Joint Applicants pointed out that the net salvage percentages used in the depreciation rates for TC 2 are for interim net salvage, not terminal net salvage.

Commission Staff issued one data request to Joint Applicants based on their rebuttal testimony. Joint Applicants filed their response to Staff's data request on January 26, 2010.

In a letter filed February 8, 2010, KIUC advised that it had no issues to be raised and, therefore, was not requesting a hearing. By letter filed February 24, 2010, Joint Applicants stated that they were not requesting a hearing and asked that this case be submitted for decision based upon the record.

FINDINGS AND ORDERS


Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that the decision in its Interim Order to authorize that Joint Applicants record depreciation for TC 2 based on their proposed depreciation rates should now become its final decision.

IT IS HEREBY ORDERED that Joint Applicants are authorized, on a permanent basis, to record depreciation for TC 2 using the depreciation rates contained in their August 7, 2009 application.

By the Commission

ENTERED
MAR 19 2010 *AL*
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2009-00329

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