

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION OF UTILITY RATE CUTTERS)
FOR RATE REDUCTION ADJUSTMENT) CASE NO. 9777
IN COMPLIANCE WITH NEW TAX LAWS)

O R D E R

On October 22, 1986, the Utility Rate Cutters of Kentucky, Inc., ("Utility Rate Cutters") filed a petition with the Commission requesting that the Commission reduce the rates of the 10 largest investor-owned utilities in the state pursuant to the change in the tax rate under the Tax Reform Act signed into law October 22, 1986.

The Commission shares the concerns of the Utility Rate Cutters and is of the opinion that all of the tax effects pursuant to the Tax Reform Act should be investigated for all investor-owned utilities. The Commission believes, however, that this is best accomplished through separate cases for each utility rather than in a generic proceeding as indicated by the Utility Rate Cutters.

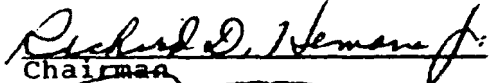
Therefore, the Commission is denying the petition of the Utility Rate Cutters herein but is concurrently establishing a full Commission investigation on the effects of the Tax Reform Act in separate cases for all investor-owned utilities with gross

annual revenues in excess of \$1,000,000. The Commission is also individually reviewing the tax status of all investor-owned utilities with gross annual revenues of less than \$1,000,000 and may establish dockets for utilities affected by the Tax Reform Act in this revenue classification at a subsequent date. The Commission encourages the Utility Rate Cutters to intervene and participate in these proceedings.

IT IS THEREFORE ORDERED that the petition filed on October 22, 1986, by the Utility Rate Cutters be and it hereby is denied.

Done at Frankfort, Kentucky, this 11th day of December, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director