

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE EFFECTS OF THE FEDERAL TAX REFORM)
ACT OF 1986 ON THE RATES OF KENTUCKY) CASE NO. 9780
UTILITIES COMPANY)

I N T E R I M O R D E R

On December 11, 1986, the Commission issued an Order placing Kentucky Utilities Company ("KU") on notice that its rates were subject to change to reflect the effects of the Federal Tax Reform Act of 1986 ("Tax Reform Act") and ordered KU to file testimony and other documentation in response to that Order.

KU filed testimony and other exhibits on January 26, 1987. In its response, KU submitted notice proposing to implement new rates ("Phase One"), effective for billings from March 1, 1987, through December 31, 1987, which recognize and incorporate the reductions associated with the Tax Reform Act for the 12-month period ending December 31, 1987.

The Commission is of the opinion and finds that the proposed Phase One rates should be placed into effect on an interim basis subject to change based upon the final determination in this case.

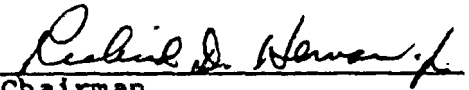
IT IS THEREFORE ORDERED that:

1. The proposed Phase One rates shall be placed into effect, for all billings from March 1, 1987, on an interim basis subject to change pending the final determination in this case.

2. Within 30 days from the date of this Order, KU shall file with this Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this February 24, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director