COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY UTILITIES)
COMPANY FOR APPROVAL OF AN) CASE NO.
ALTERNATIVE METHOD OF REGULATION OF) 98-474
ITS RATES AND SERVICE)

O R D E R

On August 14, 1998, Louisville Gas and Electric Company ("LG&E") and Kentucky Utilities Company ("KU") filed a letter giving notice that a joint application would be filed on or after September 14, 1998 for the approval of an alternative method of regulation. The Commission finds that this filing is being made in response to the September 12, 1997 Order in Case No. 97-300,[1] which approved the merger of LG&E and KU subject to the condition that each utility file detailed plans to address future rate regulation. That Order further provided, at page 35, that the filings will be docketed separately and investigated to the full extent necessary. Therefore, the Commission will open this case to receive KU's application.

KU also requested that an informal conference be held prior to the filing of its application. The Commission finds that an informal conference should be scheduled after the filing so that customers may have sufficient time to determine whether to intervene and the conference participants will have had an opportunity to review the application.

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[1] Case No. 97-300, Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company For Approval of a Merger.

IT IS THEREFORE ORDERED that:

1.   This case is opened to receive and investigate KU's application for approval of an alternative method of regulation.

2.   An informal conference shall be held on Thursday, October 1, 1998, at 11:00 a.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky to allow KU to present a summary of its application and to provide an opportunity for the participants to ask questions.

Done at Frankfort, Kentucky, this 28th day of August, 1998.

PUBLIC SERVICE COMMISSION

Chairman

Vice Chairman

Commissioner

ATTEST:

Executive Director