

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE UNION LIGHT, HEAT)
AND POWER COMPANY TO IMPLEMENT A)
PILOT PROGRAM TO EVALUATE THE USE)
OF A HEDGING PROGRAM TO MITIGATE) CASE NO. 2001-00128
PRICE VOLATILITY IN THE PROCUREMENT)
OF NATURAL GAS)

ORDER

The Union Light, Heat & Power Company's (ULH&P) tariff provides that on or before April 1 of each year ULH&P will file an annual plan to use hedging instruments to mitigate price volatility for its base load for November through March. The tariff further provides that the hedging plan will become effective 45 days after filing, unless otherwise ordered by the Commission. ULH&P filed its proposed hedging plan for the 2002-2003 winter season on March 28, 2002.

The Commission finds that, pursuant to KRS 278.190, further investigation is needed to determine the reasonableness of the proposed plan and that such investigation cannot be completed by the proposed effective date.

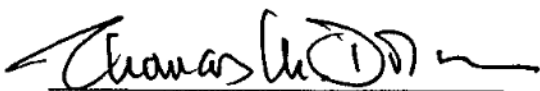
IT IS THEREFORE ORDERED that:

1. The proposed hedging plan and applicable tariff are suspended for 45 days from the date of this Order.
2. Nothing contained herein shall prevent the Commission from entering a final decision in this case prior to the termination of the suspension period.

Done at Frankfort, Kentucky, this 10th day of May, 2002.

By the Commission

ATTEST:

A handwritten signature in black ink, appearing to read "Thomas H. Dixon", written over a horizontal line.

Executive Director