

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION PURSUANT TO KRS 278.260)	
OF THE EARNINGS SHARING MECHANISM)	CASE NO.
TARIFF OF KENTUCKY UTILITIES COMPANY)	2003-00334

AND

AN ADJUSTMENT OF THE ELECTRIC RATES,)	
TERMS, AND CONDITIONS OF KENTUCKY)	CASE NO.
UTILITIES COMPANY)	2003-00434

O R D E R

On December 18, 2003, Kentucky Utilities Company (“KU”), the Attorney General by and through his Office of Rate Intervention, the Lexington-Fayette Urban County Government, and the Kentucky Industrial Utility Customers, Inc. (collectively “the Parties”) filed a joint motion requesting that the Commission consolidate KU’s Earnings Sharing Mechanism (“ESM”) tariff, Case No. 2003-00334, with its rate case, Case No. 2003-00434.

The motion states that there will be common issues of fact raised in both proceedings, including the allowed rate of return, and that the record in Case No. 2003-00334 would be complete on January 12, 2004. The motion notes that adjustments determined in KU’s rate case may also be at issue in the renewal of KU’s ESM tariff. The motion claims that consolidating the two proceedings is reasonable, since it will eliminate unnecessary duplication of effort and prevent the unnecessary expenditure of resources by the Commission and the Parties.

On January 16, 2004, the Parties filed a letter requesting that their motion to consolidate be held in abeyance. They filed another letter on March 12, 2004, requesting the Commission to rule on their motion.

Based on the motion and being otherwise sufficiently advised, the Commission finds that there are common issues in both proceedings and the decisions in one case could impact the decisions in the other case. In the interest of administrative economy, to avoid unnecessary duplication of effort, and to prevent the unnecessary expenditure of resources by the Parties as well as the Commission, we find it reasonable and appropriate to consolidate the ESM tariff case with KU's rate case.

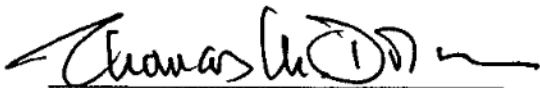
IT IS THEREFORE ORDERED that:

1. Case No. 2003-00334 is consolidated with and into Case No. 2003-00434.
2. The record in Case No. 2003-00334, including the ESM Management Audit report prepared by the Barrington-Wellesley Group, Inc., is incorporated into the record of Case No. 2003-00434.
3. Case No. 2003-00334 is hereby closed.
4. The procedural schedule previously established in Case No. 2003-00434 shall be followed in the consolidated proceeding.

Done at Frankfort, Kentucky, this 31st day of March, 2004.

By the Commission

ATTEST:

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

Executive Director

Case No. 2003-00334
Case No. 2003-00434