

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF THE GAS AND)
ELECTRIC RATES, TERMS, AND CONDITIONS) CASE NO.
OF LOUISVILLE GAS AND ELECTRIC) 2003-00433
COMPANY)

AND

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

O R D E R

By Order dated July 22, 2004, the Commission scheduled an informal conference on August 4, 2004 to discuss a procedural schedule for an investigation of whether Louisville Gas and Electric Company or Kentucky Utilities Company had improper *ex parte* contacts with Commission employees regarding these rate cases and whether the settlement negotiations that resulted in the Partial Settlement Agreement, Stipulation and Recommendation were the product of collusion. The informal conference was held as scheduled, and the Office of the Attorney General ("AG") presented a motion requesting that all further proceedings in these cases be held in abeyance pending the filing of his report documenting the results of his investigation. Further, during the informal conference, the AG stated that he would submit his report to the Commission by September 30, 2004.

Based on the motion and being otherwise sufficiently advised, the Commission finds that it is reasonable and in the best interest of these proceedings to hold these

rate cases in abeyance and to allow the AG to submit his report no later than October 12, 2004, and it will be held as confidential pursuant to KRS 367.250.

Further, the Commission requests that the AG's report contain factual findings in sufficient detail to assist or enable the Commission to determine if there have been any improper *ex parte* contacts relating to these cases. The AG's report should also describe the actions, if any, that he recommends be taken by the Commission in response to his report. The Commission will thoroughly analyze the AG's report and then determine whether further proceedings are needed to resolve any of those issues.

IT IS THEREFORE ORDERED that:

1. The AG's motion to hold in abeyance all further proceedings in these rate cases is granted.

2. The AG shall file his report with the Commission by October 12, 2004. It is requested that such report include:

a. specific factual findings in such detail as will assist or enable the Commission to determine if there is evidence of wrongful or inappropriate *ex parte* communications between members or staff of the Public Service Commission and representatives of the rate applicants.

b. a description of the action, if any, the AG believes the Commission should take in response to the report.

3. The report filed by the AG shall be kept confidential pursuant to KRS 367.250, pending further action as may be determined by the Commission.

Done at Frankfort, Kentucky, this 12th day of August, 2004.

By the Commission

ATTEST:

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the end, positioned above a solid horizontal line.

Executive Director

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