

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

AND

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

O R D E R

On December 6, 2004, the Office of the Attorney General ("AG") filed a motion to modify the Commission's December 2, 2004 Order by extending the deadline established therein for the AG to file his Investigative Report ("Report"). The December 2, 2004 Order directed the AG to file no later than December 17, 2004 his Report on whether: (1) Louisville Gas and Electric Company ("LG&E") and Kentucky Utilities Company ("KU") had improper *ex parte* contacts with Commission employees regarding these rate cases; and (2) the settlement negotiations that resulted in the Partial Settlement Agreement, Stipulation and Recommendation was the product of collusion.

The AG's motion states that he will not have sufficient time to complete his investigation and file a Report by December 17, 2004 because LG&E and KU have just recently produced hundreds of pages of documents that must be reviewed and analyzed for completeness and content. The motion further states that thousands of

pages of LG&E and KU credit card statements have just been produced and that those documents must also be reviewed and analyzed. The AG's motion concludes by requesting that the deadline for filing his Report be extended until 6 weeks after the final document production by LG&E and KU, or until January 31, 2005, whichever is later.

On December 8, 2004, LG&E and KU filed a joint response in opposition to the AG's motion. LG&E and KU state that the AG has not sufficiently justified the lengthy extension requested, and note that the AG's Report is already almost 2 months overdue. LG&E and KU further state that the documents recently produced are not relevant to the issues to be addressed in the Report, and claim that all relevant documents were previously provided to the AG.

Based on the AG's motion and being otherwise sufficiently advised, the Commission finds that an extension of time for the AG to file his Report is reasonable considering the volume of documents recently produced by LG&E and KU. However, the Commission also finds merit in the objections raised by LG&E and KU. The AG has been actively conducting his investigation under the Consumer Protection Act for over 5 months.

The Commission recognizes its intra-governmental obligation to cooperate with the AG in investigations conducted under the Consumer Protection Act. At the same time, the parties to these cases, as well as the ratepayers of LG&E and KU, have a right to know whether there is any substantive evidence to support the AG's claims that the rate increases approved on June 30, 2004 were tainted by improper *ex parte* contacts and collusion. Although the Commission reopened the records of these cases on July 15, 2004 specifically to investigate the AG's claims, the Commission's investigation

has been held in abeyance, at the request of the AG, to allow the AG time to conduct his independent investigation. Under these circumstances, the Commission finds it reasonable to continue to hold our investigation in abeyance until January 31, 2005 to allow the AG additional time to complete and file his Report. Since this is the second extension granted to the AG, January 31, 2005 is the firm due date. The Commission will subsequently determine the nature and extent of the investigation to be conducted in these rate cases based upon the AG's Report as filed on or before January 31, 2005.

IT IS THEREFORE ORDERED that the AG's motion for an extension of time to file his Report is granted to the extent that such Report shall be filed no later than January 31, 2005.

Done at Frankfort, Kentucky, this 15th day of December, 2004.

By the Commission

ATTEST:


Executive Director

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