

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of

BEREA COLLEGE WATER UTILITY,     )  
A DEPARTMENT OF BEREA COLLEGE    )     CASE NO. 8531 & 8556

INTERIM ORDER

On May 18, 1982, the Berea College Water Utility ("Berea") filed an application with this Commission pursuant to KRS 278.190(2) seeking an interim increase in rates for service rendered on and after June 25, 1982. The proposed rates would produce approximately \$64,100 of additional revenue on an annual basis, an increase of 8.7 percent.

On June 22, 1982, after finding that the application did not support Berea's request for an interim rate increase, the Commission issued its Order denying the interim rate increase and suspending the proposed rates for a period of 5 months.

On July 1, 1982, Berea filed an amended application wherein it included additional data in support of the proposed interim increase and also requested a permanent rate increase in the amount of \$237,700 annually, an increase of 32.2 percent. On July 27, 1982, the Commission scheduled the matter of the interim rate increase for hearing on August 17, 1982, and rescinded its Order of June 22, 1982, which denied Berea's request for an interim rate increase.

The Commission, in response to a request by Berea, also ordered that the request for an interim rate increase be consolidated with the requested permanent rate increase and that the statutory time periods of the requested interim increase be controlling. The hearing with respect to the requested interim rate increase was held as scheduled at the Commission's offices in Frankfort, Kentucky.

Witnesses presented by Berea at that hearing were Leigh Jones, Vice President for Finance; Don Bewley, Utilities Administrator; and Carl Salzman of Carl J. Salzman and Associates. These witnesses testified that Berea's operations for the 12 months ended March 31, 1982, resulted in a net loss of \$25,414; that losses were incurred during 8 of the 12 months ended March 31, 1982; and that losses were incurred in each of the last 5 months of the 12 months ended March 31, 1982. These witnesses also testified that due to inadequate revenues, Berea was experiencing a negative cash flow while completing the reservoir construction project approved by this Commission in Case No. 8262; that Berea College was presently subsidizing these losses; and similar losses had been incurred during the second quarter of calendar year 1982.

#### SUMMARY

Based on the testimony at the August 17, 1982, hearing, the financial records on file at the Commission's offices and the record herein, the Commission finds that Berea's credit and operations will be materially impaired unless an interim rate increase is granted.

Moreover, the Commission is of the opinion that Berea's financial condition has worsened over a period of several months and that Berea has been negligent in its pursuit of timely rate relief before this Commission. The responsibility of applying for rate relief in a timely manner rests with the management of the utility. Although the statutes contain a provision allowing the Commission to grant interim rate relief when justified, such provision should be utilized only when circumstances make it impossible to foresee impending financial difficulties. Failure on the part of a utility to request rate relief in a timely manner is detrimental to both the utility and its ratepayers and ultimately is more burdensome and costly for all parties.

The Commission is of the opinion and finds that Berea should be granted an interim rate increase of \$64,138 annually, which is the amount requested. The Commission further finds that this increase should be subject to refund pending final determination of Berea's request for permanent rate relief.

IT IS THEREFORE ORDERED that Berea be and it hereby is authorized to place into effect the rates in Appendix A for service rendered on and after September 1, 1982.

IT IS FURTHER ORDERED that the additional revenue generated from these rates shall be collected subject to refund.

IT IS FURTHER ORDERED that Berea shall maintain its records in such manner as will enable it, the Commission, or any of its customers to determine the amounts to be refunded and to whom in the event a refund is ordered by the Commission.

IT IS FURTHER ORDERED that within 10 days from the date of this Order Berea shall file with the Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 1st day of September, 1982.

PUBLIC SERVICE COMMISSION

Marlin M. Voth  
Chairman

Kathleen Randall  
Vice Chairman

Don Dargatzis  
Commissioner

ATTEST:

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Secretary

## APPENDIX A

### APPENDIX TO AN ORDER OF THE PUBLIC SERVICE COMMISSION IN CASE NO. 8531 DATED SEPTEMBER 1, 1982

The following rates and charges are prescribed for the customers in the area served by Berea College Water Utility. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this Order.

#### MONTHLY RATES:

##### RESIDENTIAL, COMMERCIAL AND INDUSTRIAL

First	200 cu. ft.		\$4.20
Next	1,800 cu. ft.	Per 100 cu. ft.	2.00
Next	3,000 cu. ft.	Per 100 cu. ft.	1.80
Next	5,000 cu. ft.	Per 100 cu. ft.	1.60
Next	5,000 cu. ft.	Per 100 cu. ft.	1.35
All Over	15,000 cu. ft.	Per 100 cu. ft.	1.10
Minimum Bill: \$4.20 per month for which 200 cu. ft. or less of water shall be delivered.			

##### WHOLESALE WATER RATES

All wholesale water sales	Per 1,000 gallons \$ .95
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