

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

* * * * *

In the Matter of:

GENERAL ADJUSTMENT OF)
ELECTRIC RATES OF KENTUCKY) CASE NO. 5915
UTILITIES COMPANY)

ORDER APPROVING
SUPPLEMENTAL REFUND PLAN

In October, 1982, the Kentucky Court of Appeals upheld the Commission's imposition of a 10 percent interest rate on funds Kentucky Utilities Company ("K.U.") had overcollected pursuant to a 1974 rate application before the PSC. On May 4, 1983, the Kentucky Supreme Court refused to further review this case, thus ending the litigation on the interest question.

An initial refund of the principal and interest at six percent per annum was made to K.U.'s customers in August, 1981. Accordingly, on May 17, 1983, K.U. filed a supplemental refund plan with the Commission by which the additional four percent in interest would now be refunded to the company's customers. The supplemental refund plan would give a credit on future bills to K.U.'s existing customers who are representative of those customers who received a refund in 1981. By use of the credit to future bills, K.U. estimates it would save approximately \$135,000 in administration costs associated with mailing a separate check to each customer.

On May 20, 1983, the Attorney General of Kentucky submitted a letter to the Commission in support of K.U.'s proposed refund plan on the ground that it offered the "least costly approach" of getting this additional money to the rate-paying consumers.

Chairman Murrell and Vice Chairman Randall are both disqualified from participating in this case due to their previous work in this matter while they were employed by the Attorney General's Office. However, KRS 278.080 requires a "majority of the commissioners" as a quorum for conducting any business. Accordingly, unless two commissioners can participate, no action could be taken on K.U.'s proposed refund plan and the customers of K.U. would be denied the additional refund that they are now entitled to receive. To prevent this inequitable result, the Commission has invoked the "rule of necessity" which allows an otherwise disqualified officer to act when no alternative is available.^{1/} Vice Chairman Randall has been designated to participate in this case under the rule.

Based upon our consideration of all of the above and being advised, the Commission finds that K.U.'s proposed supplemental refund plan is fair, just and reasonable for both the utility and its customers and should, therefore, be approved.

IT IS HEREBY ORDERED that the supplemental refund plan filed by Kentucky Utilities Company on May 17, 1983, be, and it hereby is, approved.

^{1/} 2 Davis, Administrative Law, §12.04 (1958).

Done at Frankfort, Kentucky, this 7th day of June, 1983.

PUBLIC SERVICE COMMISSION

Katharine Randall
Vice Chairman

Don Carver
Commissioner

Chairman Murrell did not participate
in this case.

ATTEST:

Secretary