

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

ADJUSTMENT OF RATES OF BEREA )  
COLLEGE ELECTRIC UTILITY, A ) CASE NO. 8629  
DEPARTMENT OF BEREA COLLEGE )

O R D E R

On August 20, 1982, Berea College Electric Utility ("Berea Electric") filed its application to flow through any increase in rates granted to its wholesale power supplier Kentucky Utilities Company ("K.U.") by the Federal Energy Regulatory Commission ("FERC"). In an Order dated September 28, 1982, this Commission approved rates to be effective for service on and after September 23, 1982, for Berea Electric that would increase its revenue by approximately \$345,708, which was approximately the amount of revenue increase FERC granted K.U. On April 8, 1983, K.U. filed with FERC the settlement agreement between K.U. and the municipal electric utilities K.U. serves, including Berea Electric. On April 28, 1983, the municipal utilities filed comments with FERC accepting the settlement rates. On July 8, 1983, FERC approved the settlement agreement.

On June 29, 1983, Berea Electric filed with this Commission its plan to refund excess revenues collected since September 23, 1982, and its proposed decrease in rates to reflect the settlement agreement.

The Commission, having considered the evidence of record and being advised, is of the opinion and finds that:

(1) The rates proposed by Berea Electric are fair, just and reasonable and should be accepted.

(2) In determining the amount to be refunded, Berea Electric's proposed refund plan deducts administrative expenses incurred in protesting the K.U. rate increase. Since these administrative expenses should be recovered by inclusion in revenue requirements approved in a general rate case, the Commission has not approved the proposed deduction or any other special allowance. Therefore, Berea Electric should revise its refund plan to exclude the deduction.

(3) Berea Electric's proposed refund plan calculates a refund factor to be used for a period of 4 months by dividing the amount to be refunded by the KWH sales from September 23, 1982, through April 29, 1983, a period of 7 months. This plan should not be approved without sufficient detailed support showing the refund can be completed over a 4-month period.

(4) Berea Electric's proposed refund plan should be revised to provide for interest on excess revenues held by Berea Electric. The interest rate should be equal to the average of the "3-month Commercial Paper Rate" for the immediately preceding 12-month period less 1/2 of 1 percent to cover the costs of refunding. These monthly rates are

costs of refunding. These monthly rates are reported in the Federal Reserve Bulletin and the Federal Reserve Statistical Release.

IT IS FURTHER ORDERED that Berea Electric's proposed refund plan filed with this Commission on June 29, 1983, be and it hereby is rejected.

IT IS FURTHER ORDERED that Berea Electric shall file a revised plan to refund overcollections for the period beginning September 23, 1982, to the effective date of this Order and detailed supporting workpapers with this Commission within 30 days from the date of this Order. The revised refund plan shall conform to the findings of this Order.

Done at Frankfort, Kentucky, this 26th day of July, 1983.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

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Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE  
COMMISSION IN CASE OF 8629 DATED JULY 26,  
1983

The following rates and charges are prescribed for the customers in the area served by Berea College Electric 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.

<u>RESIDENCE SERVICE - CLASS I</u>	<u>RATE PER UNIT</u>
<u>Rates:</u> First 200 KWH per month	5.036¢/KWH
Next 300 KWH per month	4.836¢/KWH
All Over 500 KWH per month	4.046¢/KWH

Service Charge: \$2.50 per meter per month

<u>COMMERCIAL LIGHTING AND POWER SERVICE - CLASS 2</u>	<u>RATE PER UNIT</u>
<u>Demand Rates:</u> For service of each KW demand	\$1.50/KW
<u>Energy Rates:</u> First 500 KWH per month	5.516¢/KWH
Next 3,500 KWH per month	4.956¢/KWH
All Over 4,000 KWH per month	4.456¢/KWH

Service Charge: Per Month \$5.00 per meter

<u>INDUSTRIAL USERS AND LARGE COMMERCIAL USERS - CLASS 3</u>	<u>RATE PER UNIT</u>
<u>Demand Rates:</u> For service for each KW of demand per month	\$5.00/KW
<u>Energy Rates:</u> All KWH	3.413¢/KWH
<u>Minimum Charge:</u> Per month \$853.25	

RURAL RESIDENCE SERVICE - CLASS 4

RATE  
PER UNIT

<u>Rates:</u> First	200 KWH per month	5.036¢/KWH
Next	300 KWH per month	4.836¢/KWH
All Over	500 KWH per month	4.046¢/KWH

Service Charge: \$2.50 per meter per month

FARM RESIDENCE SERVICE - CLASS 5

RATE  
PER UNIT

<u>Rates:</u> First	200 KWH per month	5.036¢/KWH
Next	300 KWH per month	4.836¢/KWH
All Over	500 KWH per month	4.046¢/KWH

Service Charge: \$2.50 per meter per month

INDUSTRIAL USERS AND LARGE COMMERCIAL USERS - CLASS 6

RATE  
PER UNIT

Demand Rates: For service for each KW of demand per month \$4.75/KW

Energy Rates: All KWH 3.237¢/KWH

Minimum Charge: Per month \$809.25

AREA LIGHTING SERVICE - CLASS 7

RATE  
PER UNIT

Type of Service: One hundred seventy-five (175) Watt Mercury Vapor Lunimairs

Rates: Per light, per month \$6.28

STREET LIGHTING SERVICE - CLASS 8

RATE  
PER UNIT

Rates Per Month:

Street Lighting 400 Watt M.V. \$8.64

Street Lighting 175 Watt M.V.  
(lights installed on existing poles) \$5.28

Street Lighting 175 Watt M.V.  
(installation of the light requires setting a new pole) \$6.28