

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BEREA COLLEGE ELECTRIC)
UTILITY TO REFUND, BY MEANS OF) CASE NO.
TEMPORARY RATE ADJUSTMENT, REFUND FROM) 93-433
WHOLESALE ELECTRIC SUPPLIER)

O R D E R

On November 11, 1993, Berea College Electric Utility ("Berea Electric") applied for Commission approval of its proposed plan to refund monies received from its electric supplier, the Kentucky Utilities Company ("KU"). The proposed refund plan returns the monies to Berea Electric's customers through a temporary adjustment in rates over a three month period. The proposed refund plan complies with Article V, Section .06 of Berea Electric's tariffs, with the exception that the refund period required in the tariff is four months. Berea Electric has requested that the Commission allow it to deviate from its tariff and allow the three month period.

Since 1984, KU has been in litigation with a former coal supplier, seeking price reductions under a compliance coal contract with the supplier. On February 1, 1993, all litigation and claims between KU and the coal supplier were resolved and total court deposits of \$44.5 million, including associated interest, were released to KU. On March 29, 1993, KU filed a petition with the Federal Energy Regulatory Commission ("FERC") requesting approval

to refund a portion of the deposit to its wholesale customers.¹ On September 8, 1993, FERC approved KU's option of a lump-sum refund to wholesale customers, and on September 17, 1993, Berea Electric received a check from KU in the amount of \$284,668.72. Berea Electric stated in its application that the refund would be effective with meter readings taken on and after December 1, 1993, and would be added to current customers' monthly bills as a credit.

Having reviewed the proposed refund plan and being otherwise sufficiently advised, the Commission finds that the proposed refund plan, with the exception of the refund period, complies with Berea Electric's tariff. The Commission further finds that as Berea Electric has already received the refund and as the refund to Berea Electric's customers does not conflict with the spirit or intent of the tariff, Berea Electric's requested deviation is reasonable and should be granted.

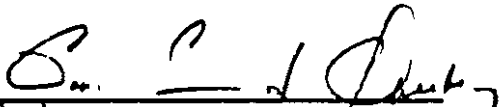
IT IS THEREFORE ORDERED that:

1. Berea Electric's request to deviate from Article V, Section .06 of its tariffs is granted.
2. Berea Electric's refund plan is approved.

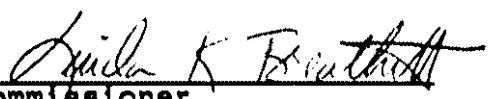
¹ FERC Docket No. EL93-27-000.

Done at Frankfort, Kentucky, this 10th day of January, 1994.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director