

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BEREA COLLEGE ELECTRIC)	
UTILITY TO REFUND, BY MEANS OF TEMPORARY)	CASE NO. 98-631
RATE CREDITS, BILLING CREDITS FROM)	
WHOLESALE ELECTRIC SUPPLIER)	

O R D E R

IT IS ORDERED that Berea College Electric Utility (Berea) shall file an original and 8 copies of the following information with the Commission, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been provided previously, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. The information requested herein shall be filed no later than 21 days after the date of this Order.

1. Refer to Section 6 of the Application.
 - a. Explain how the monthly billing credits from the Kentucky Utilities Company (KU) are shown on the monthly wholesale power bill.

b. Provide the accounting entries made to record the monthly wholesale power bill from KU, as done since January 1998.

c. Explain in detail why Berea has been debiting Purchase Power Expense for the billing credits received. Include a description of how this accounting treatment is in conformity with the Uniform System of Accounts.

2. Refer to Section 7 of the Application.

a. In light of the supplemental contract for electric service between KU and Berea, explain why Article V, Section .03 of Berea's approved tariff is not the appropriate means to handle the monthly billing credits.

b. Explain how the refunding plan proposed by Berea would be different from the requirements of Article V, Section .05 of Berea's approved tariff.

c. Explain why Berea did not propose to amend Article V to address the purchase power billing credit situation, rather than seek a deviation.

d. Explain why a deviation is appropriate, since this situation will continue to be in effect until 2002.

3. Provide an estimate of the range of average monthly dollar impacts of the merger credits for each of Berea's customer classes during the period the billing credits will be in effect. Include all assumptions and calculations used to determine the estimated impact.

4. Assume Berea's proposed refunding plan had been in effect during 1998. Using the monthly billing credit for June 1998, calculate the Merger Credit Rate for each customer class, in accordance with the process described in Section 8 of the

Application. Identify the billing cycles that will show the Merger Credit and the true-up. Include all assumptions and calculations used for this example.

5. Refer to Section 9 of the Application. Assume the Commission approves Berea's proposed refunding plan in February 1999. Will the Merger Credit Rate applied to the first billing cycle after approval reflect (a) the entire balance to date in the Purchase Power Billing Credits account, (b) the billing credit received for January 1998, or (c) some other amount? If the Merger Credit Rate applied in the first billing cycle after approval reflects an amount other than (a) above, explain in detail the reason(s) for using a different amount.

Done at Frankfort, Kentucky, this 28th day of January, 1999.

By the Commission

ATTEST:

Executive Director