

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. 8887  
DEPARTMENT OF BEREA COLLEGE )

O R D E R

On September 13, 1983, Berea College Electric Utility ("Berea Electric") filed its application to flow through an increase in rates granted to its wholesale power supplier, Kentucky Utilities Company ("Kentucky Utilities"), by the Federal Energy Regulatory Commission ("FERC"). The Kentucky Utilities wholesale rate increase was requested from FERC in two phases, labeled Phase I and Phase II. FERC permitted the Kentucky Utilities Phase I wholesale rate increase to become effective on October 2, 1983, with Phase II rates suspended for 5 months. By Order dated October 14, 1983, the Commission permitted Berea Electric to increase its tariffs to allow for recovery of increased wholesale power cost of \$250,326 annually with these rates being subject to refund to Berea Electric's customers upon the entry of the final FERC decision.

On April 20, 1984, Berea Electric filed notice of the FERC decision on Phase II rates that became effective March 2, 1984. Phase II rates granted Kentucky Utilities were less than Phase I

rates. Berea Electric experienced a decrease in power costs of approximately \$157,319 annually under Phase II resulting in an overall decrease to the customers of Berea Electric of approximately 5 percent. The Commission issued its Order on May 11, 1984, approving the rates and charges reflecting this decrease in power cost and ordered Berea Electric to file their refund plan within 30 days of the receipt of the anticipated refund.

On August 3, 1984, Berea Electric filed with this Commission its plan to refund excess revenues collected for March 1 through March 13, 1984, and refunds received from Kentucky Utilities for previous overcharges.

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

(1) Berea Electric's proposed refund plan calculates a refund factor to be used for a period of 5 months, beginning with November 1, 1984, billings and ending with March, 1985, billings, by dividing the amount to be refunded by the KWH sales reflected in consumer bills from the corresponding period of the previous year.

(2) In determining the amount to be refunded, Berea Electric's proposed refund plan calculates interest on excess revenues held by Berea Electric using a time period from the date of receipt of the various funds to July 1, 1984. This time period should be extended to November 1, 1984, when the refund will be credited to consumers' bills. This adjustment in the calculation increases the amount of interest to be refunded to Berea


Electric's customers to \$3,280. Therefore, the total amount of the refund to the customers of Berea Electric is \$89,961.


IT IS THEREFORE ORDERED that Berea Electric shall institute a refund plan for the billings from November 1, 1984, through March, 1985, with the first 4 months using an equal and identical refund factor and the fifth and final month being adjusted so that the refund of \$89,961 will be entirely completed over such 5-month period.

IT IS FURTHER ORDERED that Berea Electric shall file with this Commission within 30 days after completion of the refund, the amount refunded for each month and the total refunded.

Done at Frankfort, Kentucky, this 29th day of August, 1984.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

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Secretary