

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

BEREA COLLEGE ELECTRIC)
UTILITY DEPARTMENT METERING) CASE NO. 9397
PRACTICES)

O R D E R

In December, 1984, the Commission received complaints from Key Energy Group, representing Berea School and Parker Hannifin Corporation, in which they alleged that Berea College Electric ("Berea College") had been metering their electric service on the primary side of the Berea College owned transformers and therefore they are being billed for transformer losses while other similar customers, who are metered on the secondary side of the transformer, are not paying for these losses. Key Energy Group and Parker Hannifin Corporation requested that Berea College rectify this and also reimburse them for their payment for these losses.

The staff investigation of these complaints revealed that nine other industrial and commercial customers of Berea College have been metered on the primary side of the transformers although the majority of the industrial and commercial customers have been secondary metered. It was also revealed that the primary metering of customers was not covered by any of Berea College's filed

tariffs except the class 6 tariff which allows primary metering if the customer owns or leases the transformers. The Goodyear industrial account meets this requirement and is served under the class 6 tariff.

The Commission set the matter for a public hearing and directed Berea College to notify all parties which were primary metered of their right to intervene in the proceedings. Only three of these intervened: Parker Hannifin, Berea School and Gibson Greeting Card Co. The hearing was held on January 22, 1986; however on January 17, 1986, Berea College and Parker Hannifin filed a proposed settlement agreement with the Commission and Parker Hannifin therefore did not participate in the hearing. As a condition for accepting the settlement agreement, both parties requested its approval by the Commission.

The evidence offered at the hearing disclosed that there is a measurable loss in energy when electricity is stepped down from distribution line voltage to a customer's voltage requirements by use of a transformer. Because of this transformer loss, metering on the primary, or input, side of a transformer instead of the secondary, or output, side of a transformer results in a higher reading for the same energy used by the customer.

It was suggested by the utility's witnesses that at the time of installation complainant's predecessors may have agreed to (or insisted on) this method of installation as a part of its cost contribution toward their custom installation, but they were unable to document or offer any testimony as to any agreement between the customer and utility at the time of original hookup.

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

1. The intervenors in this case are being charged a higher rate for service from Berea College by virtue of paying for the transformer losses on equipment owned by Berea College. However, since there is no evidence to dispute the claim by Berea College that the placement of the meters on the primary side of the transformers was done so at the insistence or at least the knowledge of the intervenors' representatives at the time of the installation, there has been no discrimination in the rates charged by Berea College but there has been an oversight by Berea College for failing to inform the intervenors of the possibility of a different way of metering.

2. The proposed settlement agreement between Parker Hannifin and Berea College is a fair and equitable solution to the complaint and should be approved by the Commission.

3. Berea College should develop a new tariff covering instances of primary metering where the customer does not own or lease the transformers. The primary metered customers should be offered an option of being served under the new tariff or having the meters relocated to the secondary side of the transformers and remaining on the existing tariff. If the intervenors should elect to have the meters relocated it should be at Berea College's expense. If any of the other primary metered customers should request that the meters be relocated, it should be at their expense.

4. The two other intervenors should be granted a refund by Berea College for the transformer losses which they had paid for. This refund period should be from the date the complaint was made, for Berea School, and from the date of intervention in this case by Gibson Greeting Card Co. The end of the refund period should be the date the meter is relocated or service starts under the new tariff.

IT IS THEREFORE ORDERED that:

1. The proposed settlement agreement between Berea College and Parker Hannifin Corporation be and it hereby is approved by the Commission.

2. Berea College shall develop a new tariff to cover the primary metering of customers who do not own or lease the transformers from which they are served and the primary metered customers shall be offered the option of receiving service under this tariff.

3. The primary metered customers, who do not elect to receive service under the new tariff, shall have the option of having meters relocated to the secondary side of the transformers. The expense of such relocation shall be borne by the customer except the relocation expense of the intervenors shall be borne by Berea College.

4. Berea College shall refund the amount that Berea School and Gibson Greeting Card Co. paid for transformer losses from the time that Berea School complained about the metering and from the time Gibson Greeting Card Co. intervened in the case until the

meters are relocated or until service under the new tariff is accepted. These refunds shall be calculated for the transformer core and load losses and the calculations shall be based upon the methods used by Berea School and Gibson Greeting Card Co. and submitted as evidence in this case.

5. The new tariff and the calculations for refunds shall be submitted to the Commission for review and approval.

Done at Frankfort, Kentucky, this 2nd day of July, 1986.

PUBLIC SERVICE COMMISSION

Richard D. Herman
Chairman

Richard L. ...
Vice Chairman

Spencer M. Williams, Jr.
Commissioner

ATTEST:

Secretary