

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF ELECTRIC RATES OF)
LOUISVILLE GAS AND ELECTRIC COMPANY TO) CASE NO.10320
IMPLEMENT A 25 PERCENT DISALLOWANCE OF)
TRIMBLE COUNTY UNIT NO. 1)

O R D E R

On July 19, 1988, the Commission initiated this investigation of Louisville Gas and Electric Company's ("LG&E") electric rates for the purpose of implementing a 25 percent disallowance of Trimble County Unit No. 1 ("Trimble County"). Subsequent decisions of the Commission were appealed and, on April 23, 1993, the Court of Appeals remanded the case to the Commission, ordering "a new hearing on all issues."¹

On January 24, 1994, the Commission granted a motion filed by LG&E, the Attorney General ("AG"), Jefferson County Government

¹ Louisville Gas and Electric Company v. Commonwealth of Kentucky, ex rel., Cowan, et al., Ky.App., 862 S.W.2d 897, 902 (1993). Discretionary Review Denied by Supreme Court October 20, 1993. The procedural histories of this case and those leading up to it are detailed in the Commission's Order dated July 8, 1994. Rehearing on that order was denied by Order dated August 16, 1994. It was appealed to Franklin Circuit Court on September 9, 1994 as Case No. 94-CI-01391 and dismissed on November 7, 1994. The Commission established a procedural schedule on December 16, 1994, which was rescinded on December 28, 1994 at the request of the parties. An informal conference was held on January 6, 1995. LG&E's Motion in limine was filed on January 25, 1995 and granted on April 21, 1995. Intervenors sought injunctive relief in Franklin Circuit Court on April 26, 1995 in Case No. 95-CI-00584. Injunctive relief was denied by the Court. A hearing before the Commission was scheduled for May 9, 1995. Case No. 95-CI-00584 was dismissed pursuant to agreed order on June 15, 1995.

("Jefferson County"), and the Metro Human Needs Alliance ("MHNA") and bifurcated this proceeding, deferring all issues relating to the mechanics of any rate refund or surcharge until the Commission determined all other pending issues. On April 21, 1995, the Commission granted LG&E's motion in limine and excluded portions of testimony filed by the AG, Jefferson County, MHNA, and the Kentucky Industrial Utility Customers ("KIUC"). At the public hearing on May 9, 1995, LG&E and the Intervenors² agreed to submit the case for decision on the designated record. Hence, contrary to the expectation of the Court of Appeals and the Commission, no hearing was held and the case now stands submitted.

ARGUMENTS

The issue to be decided is whether any additional monies are owed to LG&E or its ratepayers to reflect the 25 percent disallowance of Trimble County required by Case No. 9934.³

LG&E argues that no further refunds to ratepayers are necessary to accomplish the disallowance. It states that, on average, less than 75 percent of actual Trimble County construction work in progress ("CWIP") was in rate base during the construction

² In addition to those parties previously mentioned, the U.S. Department of Defense ("DOD") and the City of Louisville ("Louisville") also intervened and continue to participate in this proceeding

³ Case No. 9934, A Formal Review of the Current Status of Trimble County No. 1.

period, and that ratepayers paid only 66.41 percent of the carrying costs.⁴

LG&E contends that the Intervenor's refund claim is based on an erroneous assumption that the Commission must exclude 25 percent of the Trimble County CWIP included in rate base in Case No. 10064.⁵ It argues that the Intervenor ignored the fact that ratepayers paid less than 75 percent of the carrying costs of Trimble County. Intervenor would exclude Trimble County CWIP allowed in rate base in Case No. 8924⁶ and the refund they claim would, according to LG&E, exceed the \$11.4 million annual amount collected subject to refund pursuant to orders in Case No. 10064. Finally, LG&E notes that the Intervenor ignore the benefits they received from LG&E's dismissal of appeals from Commission Orders in Cases No. 9934 and No. 10064.

LG&E vehemently disagrees with Intervenor claims that they are entitled to a portion of the proceeds from LG&E's 1991 and 1993 sales⁷ of the disallowed portion of Trimble County. Finally, LG&E notes that the Intervenor have included interest charges when calculating their refund claims and contends that the Commission lacks authority to add interest charges. It argues that, if a

⁴ LG&E Initial Brief, at 4.

⁵ Case No. 10064, Adjustment of Gas and Electric Rates of Louisville Gas and Electric Company.

⁶ Case No. 8924, General Adjustment in Electric and Gas Rates of Louisville Gas and Electric Company.

⁷ Response to AG's Data Request dated January 28, 1994, Question 1.

refund is ordered by the Commission, only simple interest can accrue from the date the Commission determines the obligation.

The AG initially reargues his recusal motion.⁸ He then restates his long-standing disagreement with 50 years of history during which LG&E has been allowed to receive CWIP rather than using the allowance for funds used during construction ("AFUDC") approach. The AG contends that, the Commission having found 25 percent of Trimble County unnecessary, 25 percent of the return on CWIP was paid for unnecessary plant, amounting to confiscation of ratepayer property.⁹ To remedy this perceived wrong, he demands that 25 percent of CWIP in rates during the entire construction period must be refunded to ratepayers.¹⁰ He asserts that property law, contract law, and the doctrine of unjust enrichment support his contentions.

Jefferson County continues to question the methods and motives of the Commission in handling this case. It tendered a proposed order in which it would have the Commission find that LG&E deliberately misled it and the Intervenors concerning creation of its holding company and its intended use of the disallowed plant.¹¹

⁸ AG Brief, at 8.

⁹ As discussed in the Commission's July 8, 1994 Order, at 7, the Commission in Case No. 9934 determined that LG&E's plans to complete Trimble County were reasonable. The disallowance was based on the perceived economic advantage of selling 25 percent of the plant, not on a conclusion that the plan was unnecessary.

¹⁰ AG Brief, at 6.

¹¹ Jefferson County Brief, at 36 through 38.

Jefferson County suggests a finding that disallowing a portion of Trimble County changed the basic premise of LG&E's prior rate cases. Jefferson County considers a review of those cases essential for ratepayers to share the proceeds of the sale.¹² Jefferson County, would have the Commission reverse its order on the motion *in limine* and order the refund of \$183 million plus interest to LG&E's ratepayers.

MHNA also argues that the motion *in limine* was improvidently granted. It contends that it is impossible to determine the benefits to which ratepayers are entitled, without determining what they have contributed to the financing of the sold portion of Trimble County.¹³ MHNA opines that the issues of ratepayer contribution and interest in the sale proceeds were clearly contemplated by the Commission's original Order in this proceeding.¹⁴ It would have the Commission determine the amounts paid in CWIP by ratepayers prior to the disallowance, how much must be returned to ratepayers from the proceeds of the sale, and the interest rate which should apply to the proceeds.¹⁵

KIUC did not join the recusal motion but did oppose LG&E's *in limine* motion. It nonetheless has limited its brief to the issue presently before the Commission for decision. KIUC challenges

¹² Id., at 56

¹³ MHNA Initial Brief, at 5.

¹⁴ Id., at 6.

¹⁵ Id., at 8.

LG&E's position that no refunds are necessary. It notes that when cash return on CWIP is used, it is known in advance by all involved that some of the carrying costs will not be recovered. According to KIUC, if LG&E wanted ratepayers to pay for all of the carrying costs on Trimble County, it should have requested AFUDC.¹⁶ KIUC rejects LG&E's claim that any ordered refund cannot exceed \$29.8 million. It also argues that interest on any refund is necessary, and that the appropriate refund for the period from May 20, 1988 to April 1995, with interest, is approximately \$41.9 million.¹⁷

Louisville did not file testimony or briefs.

CWIP AND AFUDC

At one level, this case revolves around a long-standing disagreement between the Commission, LG&E, and the courts on one hand, and the Intervenors on the other concerning which method of accounting for construction financing, CWIP or AFUDC, best serves the public interest.¹⁸ In allowing a cash return on CWIP, ratepayers pay the carrying or financing costs of plant while it is being built. CWIP usually results in a lower cost of money during construction, as debt and equity holders are presumed to prefer current earnings to bookkeeping earnings representing a future return. The utility in return forgoes a portion of its carrying costs between rate cases due to regulatory lag.

¹⁶ KIUC Brief, at 6.

¹⁷ Baudino Supplemental Testimony, at 3 and Exhibit RAB-6.

¹⁸ See Order of July 8, 1994, at pp. 3-5 and cases cited therein.

Under AFUDC, carrying costs are accrued and capitalized as part of the total investment in plant. All carrying costs are recovered from ratepayers, but recovery does not begin until the plant is completed and included in rate base. The use of AFUDC will result in bookkeeping earnings which may distort a utility's actual earnings. The larger the project, the more certain the distortion is to occur.

LG&E was allowed a cash return on Trimble County CWIP during construction. LG&E's total original cost for Trimble County was \$719.3 million.¹⁹ LG&E estimated that the original cost of Trimble County using the AFUDC approach would have been approximately \$1,253 million.²⁰ Subtracting 25 percent from these amounts results in Trimble County balances eligible for inclusion in rate base of \$539.4 million and \$939.8 million, respectively. While LG&E's ratepayers have paid a portion of the Trimble County carrying costs under CWIP, current ratepayers will not have to pay depreciation or a return on approximately \$400 million of additional Trimble County investment that would have been added to rate base if AFUDC had been used.

COMMENTARY

The fact that ratepayers have never paid for 75 percent of Trimble County carrying costs does not absolve LG&E from making

¹⁹ Response to the Commission's Order dated January 28, 1994, Item 1.

²⁰ Response to AG's Data Request dated January 28, 1994, Question 7.

additional refunds. LG&E was well aware that, in exchange for a cash return during construction, it would have to forego the recovery of a portion of its carrying costs between rate cases. Regulatory lag does not alter the fact that in Case No. 10064, LG&E's revenue requirement included a cash return on 100 percent of the Trimble County CWIP as of test-year end.

In the Order establishing this proceeding the Commission stated,

To facilitate the rate-making process, the Commission will utilize the adjusted test year found reasonable in Case No. 10064 as the test period in this proceeding. In determining the current revenue requirements impact of the disallowance, adjustments should be made to reflect the disallowance of 25 percent of Trimble County based on the level of construction work in progress at the test year ended August 31, 1987, and the adjusted rate base, capital and operating revenues and expenses contained in the Order of July 1, 1988 in Case No. 10064.²¹

The Commission could not have ordered a 25 percent disallowance of Trimble County CWIP in Case No. 10064 at that time. As stated in the final Order:

There has been no specific testimony offered regarding the various options for rate-making treatment of a disallowance of 25 percent of the cost of Trimble County. Furthermore . . . there has been no specific investigation of the revenue requirement effects of a 25 percent disallowance of Trimble County.²²

²¹ July 19, 1988 Order, at 2 and 3, emphasis added.

²² Case No. 10064, final Order dated July 1, 1988, at 10.

Therefore, the task identified in the original order opening this proceeding remains to be performed.²³

Jefferson County has presented no new arguments concerning the issues addressed in the Commission's Order on LG&E's motion in limine. The Commission reviewed those issues in detail in that order, and reaffirms its decision. The AG's arguments concerning his preference for AFUDC have also been addressed in detail in earlier orders.²⁴

Nor is the Commission persuaded by the AG's arguments based on property, contract, or unjust enrichment theories. LG&E's ratepayers did not obtain a property interest in Trimble County because the rates they paid included carrying costs for Trimble County.²⁵ The AG's argument that a contract for service has been breached contradicts his own property interest claim. Further, it is axiomatic that ratepayers do not pay in advance for future service when CWIP is used. Finally, having failed to show that the

²³ The agreement under which it took the actions having been set aside by the courts, the benefits accruing from LG&E's dismissal of Cases No. 9934 and No. 10064 and delay in filing its last rate case are not cognizable in the instant case.

²⁴ See Footnote 18.

²⁵ See City of Lexington v. Lexington Water Company, Ky., 458 S.W.2d 778, 780 (1970), quoting with approval Board of Public Utility Commissioners v. New York Telephone Company, 271 U.S. 23, 46 S.Ct. 363, 70 L.Ed. 808 (1926): "Customers pay for service, not for the property used to render it. Their payments are not contributions to depreciation or other operating expenses or to capital of the company. By paying bills for service they do not acquire any interest, legal or equitable, in the property used for their convenience or in the funds of the company."

disallowed portion of Trimble County belonged to anyone other than LG&E, Jefferson County has failed to show that any of the allegedly conspiratorial acts relating to the creation of LG&E's holding company and sale of the disallowed portion of Trimble County were in any way illegal or improper.

While the Commission's disallowance of 25 percent of Trimble County may have changed the basic premise of LG&E's prior rate cases, it did not and could not affect the rates authorized in those cases.²⁶ That could occur only in this and subsequent rate cases.

Nor did the Commission order addressing the motion *in limine* modify its Orders in Case No. 9934. MHNA interprets the Commission's Order in Case No. 9934 to say that ratepayers would receive the benefits if LG&E sold a 25 percent portion of Trimble County. The Commission actually said,

[A] disallowance of 25 percent of Trimble County shall be accomplished through a rate-making alternative, which will assure the ratepayers of LG&E that they will receive the benefits of the reduced revenue requirements which would result if LG&E sold a 25 percent joint ownership interest in Trimble County as described in its Capacity Expansion Study-1987.²⁷

Reduced revenue requirements were the benefits to which the Order referred, not a share of the proceeds from the sale of an asset which had just been declared non-jurisdictional. The 25 percent

²⁶ See Order on motion *in limine* dated April 21, 1995.

²⁷ Case No. 9934, Order dated July 1, 1988, Ordering paragraph No. 1, at 35, emphasis added.

disallowance of Trimble County required LG&E and its shareholders to assume all risks associated with that portion of the plant. As noted on rehearing in that case, "LG&E retains control over the 25 percent of Trimble County disallowed to use as its management sees fit."²⁸ Even if all other legal strictures were removed, MHNA could only prevail on its argument if, in 1991 and 1993, there had been no disallowance and LG&E's revenue requirements continued to reflect 100 percent of Trimble County; both the asset and its related costs. This was not the case.

KIUC correctly asserts that LG&E errs in claiming that no refund in this case could exceed \$29.8 million. In establishing rates subject to refund, the Commission ordered that,

All revenues associated with the annual provision of \$11.4 million shall be collected subject to refund, pending the final dollar amount of disallowance to be determined in a proceeding dealing with the revenue requirements effect of Trimble County CWIP.²⁹

Calculation of the \$29.8 million figure applied the overall rate of return authorized in Case No. 10064 to the incremental increase in Trimble County CWIP between Cases No. 8924 and No. 10064. This calculation does not represent the "revenue associated with the annual provision of \$11.4 million."

²⁸ Case No. 9934, Rehearing Order dated April 20, 1989, at 6.

²⁹ Case No. 10064, Amended Order dated July 14, 1988, Ordering paragraph No. 1.

CONCLUSIONS

The Commission has determined that a reduction of 25 percent of the total Trimble County CWIP included in Case No. 10064 is the most appropriate rate-making alternative available to reflect the disallowance during the construction period. This mirrors the methodology utilized by LG&E in Case No. 90-158,³⁰ is consistent with the doctrine prohibiting retroactive ratemaking,³¹ and provides the ratepayers with the maximum amount of benefits. The alternatives of excluding only 25 percent of the incremental Trimble County CWIP included in Case No. 10064 or excluding no Trimble County CWIP would deny ratepayers the benefits of the Commission's decision in Case No. 9934. The need to determine ratemaking alternatives to be utilized upon completion of Trimble

³⁰ Case No. 90-158, Adjustment of Gas and Electric Rates of Louisville Gas and Electric Company, Order dated December 21, 1990. Twenty-five percent of the test-year-end balance of Trimble County CWIP was excluded from rate base and capital as proposed by LG&E. Associated expenses were also reduced by 25 percent.

³¹ See Order granting Motion in limine and cases discussed therein, particularly Washington Gas and Light Co. v. Public Service Commission of District of Columbia, 450 A.2d 1187 (D.C. App. 1982), where the court quoted the Commission's discussion of an analogous situation in its opinion affirming: "[The Commission was] very careful not to indulge in retroactive ratemaking. The Commission's decision does not deprive stockholders of any past gains to which they were entitled prior to our decision in this case. They are permitted to keep all those gains which would have been amortized prior to the test year had the Commission instituted a policy of passing on the gains to the customers at the time the gains were realized. The customers get only the remaining pro forma unamortized gains which fall within the test period and in successive years. Under these circumstances, we do not think that it can be fairly said that we have engaged in retroactive ratemaking."

County is now moot since the 25 percent has been sold and is no longer reflected on LG&E's books.

Calculations consistent with the July 19, 1988 Order produce the following results.

Amount of Disallowance

The test-year-end balance of Trimble County CWIP in Case No. 10064 was \$382,346,388,³² 25 percent of which equals \$95,586,597. Subtracting the 25 percent from the test-year-end balance leaves \$286,759,791 of Trimble County CWIP in rate base.

This level of CWIP exceeds the Trimble County CWIP included in Case No. 8924 by \$19,277,818.³³ LG&E argues that deducting 25 percent of the Trimble County CWIP in Case No. 10064 would result in a disallowance of 25 percent of the Trimble County CWIP previously allowed. If LG&E's argument were correct, it would apply to all previous rate cases containing Trimble County CWIP, not only Case No. 8924. To the contrary, applying a 25 percent disallowance to the Trimble County CWIP as of test-year end in Case No. 10064 does not affect the level of Trimble County CWIP allowed in Case No. 8924. This approach mirrors the approach LG&E proposed in Case No. 90-158.

³² Fowler Testimony, at 25.

³³ \$286,759,791 minus \$267,481,973, the test-year-end balance of Trimble County CWIP included in Case No. 8924. Fowler Testimony, at 25.

Net Original Cost Rate Base

The net original cost rate base determined by the Commission in Case No. 10064 was \$1,326,438,415.³⁴ The 25 percent disallowance reduces total utility plant from \$1,898,833,011 to \$1,803,246,414. No other component of rate base is affected by the disallowance. Therefore, the adjusted net original cost rate base is \$1,230,851,818.

Capital

The Commission determined that a capital balance of \$1,331,001,253³⁵ was reasonable in Case No. 10064. To maintain the proper balance between rate base and capital, the disallowance of \$95,586,597 must also be deducted from capital. This deduction will be allocated to each component of capital on the same basis used in Case No. 10064. Therefore, the adjusted capital is \$1,235,414,656.

Interest Synchronization

In Case No. 10064, the interest synchronization adjustment was based on the long-term and short-term debt components of LG&E's capital structure.³⁶ As the debt component of LG&E's capital must be reduced to reflect the disallowance, the interest synchronization must be recalculated. In Case No. 10064, the Commission had computed an interest expense increase of \$122,093

³⁴ Case No. 10064, Order dated July 1, 1988, at 5.

³⁵ Id., at 9.

³⁶ Id., at 67.

which resulted in a reduction to income taxes of \$47,353.³⁷ Recalculating the interest synchronization adjustment based on the reduced long-term and short-term debt components of capital provides an interest expense reduction of \$3,240,561, increasing income tax by \$1,256,852. To reflect this adjusted level of income tax expense, Case No. 10064 operating expenses have been increased by \$1,304,205.

Net Operating Income

The net operating income has been restated to reflect the change in the interest synchronization.

	Case No. 10064 <u>07/01/88 Order</u> ³⁸	Restated <u>Amount</u>
Operating Revenues	\$512,383,960	\$512,383,960
Operating Expenses	<u>393,500,533</u>	<u>394,804,738</u>
ADJUSTED NET OPERATING INCOME	<u>\$118,883,427</u>	<u>\$117,579,222</u>

Revenue Requirements

The total revenue requirements have been recalculated to reflect the adjustments to capital and net operating income. The rates of return found reasonable in Case No. 10064 have been used.

³⁷ Id.

³⁸ Id.

	Case No. 10064 <u>07/01/88 Order</u> ³⁹	<u>Restated Amount</u>
Net Operating Income Found Reasonable	\$132,346,683	\$122,842,135
Adjusted Net Operating Income	118,883,427	117,579,222
Net Operating Income Deficiency	13,463,256	5,262,913
Additional Revenue Required	21,993,394	8,597,424

Subtracting the restated total revenue requirement from the level authorized in Case No. 10064 results in an annual reduction of \$13,395,970, which represents the impact of the 25 percent disallowance on revenue requirements.⁴⁰

The rates established in Case No. 10064 were in effect from May 20, 1988 through December 31, 1990. The total gross revenue requirements reduction for this period is \$35,049,730.⁴¹ This amount should be reduced to reflect the \$11,128,014⁴² LG&E has already returned to its customers. Thus, the total net revenue requirements reduction for the period May 20, 1988 through December 31, 1990 is \$23,921,716. These calculations are shown in detail on Appendix A to this Order.

Interest should be included as part of the calculation of the refund. The revenues associated with the annual provision of \$11.4

³⁹ Id., at 75.

⁴⁰ Review of the Order on Rehearing in Case No. 10064, issued April 20, 1989, indicates it does not effect this result.

⁴¹ The annual reduction was converted to an average daily amount (\$13,395,970 divided by 365), then multiplied by the appropriate number of days to determine the monthly reduction.

⁴² Refunds in 1989 of \$2,500,000 and the 1990 rate reduction of \$8,628,014.

million were collected by LG&E subject to refund. KRS 278.190(4) provides that the final determination of a refund can be with or without interest "in the discretion of the commission." It is appropriate to award interest beginning with the date rates were first collected subject to refund, May 20, 1988.

The Commission rejects LG&E's argument that interest should be calculated using simple interest. LG&E cites the Commission's Order in Case No. 89-057⁴³ as supporting its contention that compound interest on refunds is prohibited. That case dealt with the appropriate amount of interest to be paid on customer deposits. The Commission ordered that interest on customer deposits should be calculated at no less than what it described as the "middle course" method. However, it also stated that, "For administrative purposes utilities may want to pay compound interest which would simplify the necessary calculations."⁴⁴ Here it is appropriate to compound interest monthly to compensate for the effects of inflation on the monies paid by ratepayers between May 20, 1988 and December 31, 1990.

The appropriate interest rate should be based on the 3-month Commercial Paper rate as shown on Appendix A. This rate serves as a reasonably accurate proxy for rates available in short-term

⁴³ Case No. 89-057, Investigation into the Customer Deposit Policy of Kentucky Power Company.

⁴⁴ Id., at 6.

markets in which the general public may participate.⁴⁵ The Intervenor argues that LG&E's overall rate of return on capital should be used. However, the Intervenor has not offered any persuasive evidence to convince the Commission to deviate from past practice of using the 3-month Commercial Paper rate. The total amount owed to LG&E's ratepayers through June 1995 is \$33,844,164.

SECOND PHASE

The remaining issue before the Commission relates to the mechanics of the rate refund. To avoid further delay, LG&E, and any Intervenor wishing to do so, should file with the Commission a detailed refund plan within 30 days of the date of this Order. All parties may file comments on the refund plans within 50 days of the date of this Order. Information requests may be filed when comments are due, with responses due two weeks later. The Commission will schedule a hearing as necessary.

SUMMARY

The Commission, after consideration of the evidence of record and being otherwise sufficiently advised, finds that:

1. The 25 percent disallowance of Trimble County should be reflected in the revenue requirements determination made in Case No. 10064.
2. LG&E should refund \$23,921,716 to its ratepayers, with interest compounded from May 20, 1988. The balance of this refund

⁴⁵ See, Case No. 91-370, Application of the Union Light, Heat and Power Company to Adjust Electric Rates.

with interest as of June 30, 1995 was \$33,844,164. Interest should continue to accrue until the refund is completed.

IT IS THEREFORE ORDERED that:

1. The 25 percent disallowance of Trimble County announced by the Commission in Case No. 9934 shall be applied to the revenue requirements determination made in Case No. 10064.

2. LG&E shall refund \$23,921,716 to its ratepayers, with interest compounded from May 20, 1988. Interest shall continue to accrue until the refund is completed. The balance of this refund with interest as of June 30, 1995 was \$33,844,164.

3. Within 30 days of the date of this Order, LG&E shall file a detailed refund plan. Any other party wishing to file a refund plan may do so by the same date.


4. Within 50 days of the date of this Order, parties may file comments on the submitted refund plans.

5. Requests for information shall be submitted no later than the date comments are due and responses shall be due two weeks later.

Done at Frankfort, Kentucky, this 19th day of July, 1995.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:


Executive Director


Commissioner

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION
IN CASE NO. 10320 DATED JULY 19, 1995.

CALCULATION OF REFUND WITH INTEREST TO LG&E'S RATEPAYERS

MONTH (1)	COLLECTED SUBJECT TO REFUND/MONTH (2)	RETURNED TO CUSTOMERS PER MONTH (3)	NET MONTHLY AMOUNTS DUE TO RATEPAYERS (4)	CUMULATIVE AMOUNTS DUE TO RATEPAYERS (5)	INTEREST RATE		INTEREST	
					ANNUAL RATE (6)	MONTHLY RATE (7)	FOR PERIOD (8)	CUMULATIVE AMOUNT (9)
05/88 (11 DAYS)	403,714	0	403,714	403,714	7.19%	0.213%	858	858
06/88	1,101,039	0	1,101,039	1,504,753	7.49%	0.624%	9,398	10,256
07/88	1,137,740	0	1,137,740	2,642,493	7.82%	0.652%	17,287	27,543
08/88	1,137,740	0	1,137,740	3,780,233	8.26%	0.688%	26,210	53,753
09/88	1,101,039	0	1,101,039	4,881,272	8.17%	0.681%	33,599	87,352
10/88	1,137,740	0	1,137,740	6,019,012	8.24%	0.687%	41,930	129,282
11/88	1,101,039	0	1,101,039	7,120,051	8.66%	0.722%	52,316	181,598
12/88	1,137,740	0	1,137,740	8,257,791	9.11%	0.759%	64,069	245,667
01/89	1,137,740	0	1,137,740	9,395,531	9.04%	0.753%	72,630	318,297
02/89	1,027,636	0	1,027,636	10,423,167	9.37%	0.781%	83,873	402,170
03/89	1,137,740	0	1,137,740	11,560,907	9.95%	0.829%	99,194	501,364
04/89	1,101,039	0	1,101,039	12,661,946	9.81%	0.818%	107,610	608,974
05/89	1,137,740	0	1,137,740	13,799,686	9.47%	0.789%	113,708	722,682
06/89	1,101,039	0	1,101,039	14,900,725	9.11%	0.759%	118,608	841,290
07/89	1,137,740	0	1,137,740	16,038,465	8.68%	0.723%	122,097	963,387
08/89	1,137,740	0	1,137,740	17,176,205	8.57%	0.714%	129,547	1,092,934
09/89	1,101,039	0	1,101,039	18,277,244	8.70%	0.725%	140,434	1,233,368
10/89	1,137,740	0	1,137,740	19,414,984	8.53%	0.711%	146,775	1,380,143
11/89	1,101,039	1,250,000	(148,961)	19,266,023	8.35%	0.696%	143,663	1,523,806
12/89	1,137,740	1,250,000	(112,260)	19,153,763	8.29%	0.691%	142,848	1,666,654
01/90	1,137,740	452,614	685,126	19,838,889	8.10%	0.675%	145,162	1,811,816
02/90	1,027,636	647,300	380,336	20,219,225	8.14%	0.678%	149,444	1,961,260
03/90	1,137,740	651,800	485,940	20,705,165	8.28%	0.690%	156,398	2,117,658
04/90	1,101,039	631,900	469,139	21,174,304	8.30%	0.692%	161,103	2,278,761
05/90	1,137,740	627,700	510,040	21,684,344	8.25%	0.688%	164,746	2,443,507
06/90	1,101,039	722,200	378,839	22,063,183	8.14%	0.678%	166,237	2,609,744
07/90	1,137,740	916,200	221,540	22,284,723	7.99%	0.666%	165,756	2,775,500
08/90	1,137,740	849,000	288,740	22,573,463	7.88%	0.657%	166,458	2,941,958
09/90	1,101,039	889,200	211,839	22,785,302	7.96%	0.663%	170,657	3,112,615
10/90	1,137,740	668,900	468,840	23,254,142	7.98%	0.665%	175,339	3,287,954
11/90	1,101,039	647,800	453,239	23,707,381	7.91%	0.659%	177,944	3,465,898
12/90	1,137,735	649,500	488,235	24,195,616	7.80%	0.650%	179,800	3,645,698
01/91	0	273,900	(273,900)	23,921,716	7.10%	0.592%	163,107	3,808,805
02/91	0	0	0	23,921,716	6.49%	0.541%	149,976	3,958,781
03/91	0	0	0	23,921,716	6.41%	0.534%	148,928	4,107,709
04/91	0	0	0	23,921,716	6.07%	0.506%	141,782	4,249,491
05/91	0	0	0	23,921,716	5.92%	0.493%	138,978	4,388,469
06/91	0	0	0	23,921,716	6.11%	0.509%	144,146	4,532,615
07/91	0	0	0	23,921,716	6.05%	0.504%	143,457	4,676,072
08/91	0	0	0	23,921,716	5.72%	0.477%	136,316	4,812,388
09/91	0	0	0	23,921,716	5.57%	0.464%	133,374	4,945,762
10/91	0	0	0	23,921,716	5.35%	0.446%	128,701	5,074,463
11/91	0	0	0	23,921,716	4.98%	0.415%	120,334	5,194,797
12/91	0	0	0	23,921,716	4.61%	0.384%	111,856	5,306,653
01/92	0	0	0	23,921,716	4.07%	0.339%	99,133	5,405,786
02/92	0	0	0	23,921,716	4.11%	0.343%	100,447	5,506,233
03/92	0	0	0	23,921,716	4.30%	0.358%	105,450	5,611,683
04/92	0	0	0	23,921,716	4.04%	0.337%	99,429	5,711,112

MONTH (1)	COLLECTED SUBJECT TO REFUND/MONTH (2)	RETURNED TO CUSTOMERS PER MONTH (3)	NET MONTHLY AMOUNTS DUE TO RATEPAYERS (4)	CUMULATIVE AMOUNTS DUE TO RATEPAYERS (5)	INTEREST RATE		FOR PERIOD (8)	INTEREST CUMULATIVE AMOUNT (9)
					ANNUAL RATE (6)	MONTHLY RATE (7)		
05/92	0	0	0	23,921,716	3.88%	0.323%	95,813	5,806,925
06/92	0	0	0	23,921,716	3.92%	0.327%	97,114	5,904,039
07/92	0	0	0	23,921,716	3.44%	0.287%	85,500	5,989,539
08/92	0	0	0	23,921,716	3.38%	0.282%	84,250	6,073,789
09/92	0	0	0	23,921,716	3.24%	0.270%	80,988	6,154,777
10/92	0	0	0	23,921,716	3.33%	0.278%	83,462	6,238,239
11/92	0	0	0	23,921,716	3.66%	0.305%	91,988	6,330,227
12/92	0	0	0	23,921,716	3.67%	0.306%	92,521	6,422,748
01/93	0	0	0	23,921,716	3.25%	0.271%	82,183	6,504,931
02/93	0	0	0	23,921,716	3.18%	0.265%	80,631	6,585,562
03/93	0	0	0	23,921,716	3.17%	0.264%	80,590	6,666,152
04/93	0	0	0	23,921,716	3.14%	0.262%	80,038	6,746,190
05/93	0	0	0	23,921,716	3.14%	0.262%	80,248	6,826,438
06/93	0	0	0	23,921,716	3.25%	0.271%	83,276	6,909,714
07/93	0	0	0	23,921,716	3.20%	0.267%	82,217	6,991,931
08/93	0	0	0	23,921,716	3.18%	0.265%	81,921	7,073,852
09/93	0	0	0	23,921,716	3.16%	0.263%	81,622	7,155,474
10/93	0	0	0	23,921,716	3.26%	0.272%	84,426	7,239,900
11/93	0	0	0	23,921,716	3.40%	0.283%	88,291	7,328,191
12/93	0	0	0	23,921,716	3.36%	0.280%	87,500	7,415,691
01/94	0	0	0	23,921,716	3.19%	0.266%	83,305	7,498,996
02/94	0	0	0	23,921,716	3.49%	0.291%	91,382	7,590,378
03/94	0	0	0	23,921,716	3.85%	0.321%	101,101	7,691,479
04/94	0	0	0	23,921,716	4.05%	0.338%	106,695	7,798,174
05/94	0	0	0	23,921,716	4.57%	0.381%	120,800	7,918,974
06/94	0	0	0	23,921,716	4.57%	0.381%	121,260	8,040,234
07/94	0	0	0	23,921,716	4.75%	0.396%	126,516	8,166,750
08/94	0	0	0	23,921,716	4.84%	0.403%	129,423	8,296,173
09/94	0	0	0	23,921,716	5.02%	0.418%	134,778	8,430,951
10/94	0	0	0	23,921,716	5.51%	0.459%	148,553	8,579,504
11/94	0	0	0	23,921,716	5.81%	0.484%	157,360	8,736,864
12/94	0	0	0	23,921,716	6.26%	0.522%	170,369	8,907,233
01/95	0	0	0	23,921,716	6.22%	0.518%	170,163	9,077,396
02/95	0	0	0	23,921,716	6.15%	0.513%	169,120	9,246,516
03/95	0	0	0	23,921,716	6.15%	0.513%	169,987	9,416,503
04/95	0	0	0	23,921,716	6.12%	0.510%	170,025	9,586,528
05/95	0	0	0	23,921,716	6.06%	0.505%	169,217	9,755,745
06/95	0	0	0	23,921,716	5.94%	0.495%	166,703	9,922,448
TOTALS	35,049,730	11,128,014	23,921,716				9,922,448	

TOTAL TO BE REFUNDED, AS OF 06/30/95 (COLUMNS 4 AND 8, TOTALS)

33,844,164

- NOTES: COLUMN 2 - ANNUAL REDUCTION IN REVENUE REQUIREMENTS CONVERTED TO DAILY AMOUNT, THEN MULTIPLIED BY 28, 30, OR 31 AS APPROPRIATE.
- COLUMN 3 - 1989 REFUND PAID OUT OVER NOVEMBER AND DECEMBER, SEE RESPONSE TO THE COMMISSION'S JANUARY 28, 1994 ORDER, ITEM 3. ASSUMED EQUAL AMOUNTS DISTRIBUTED IN EACH MONTH.
- 1990 RATE REDUCTION COVERED 13 MONTHS DUE TO BILLING CYCLES, SEE RESPONSE TO KIUC'S DATA REQUEST DATED JANUARY 28, 1994, ITEM 2, PAGES 2 THROUGH 14.
- COLUMN 4 - COLUMN 2 MINUS COLUMN 3.
- COLUMN 6 - COMMERCIAL PAPER 3-MONTH RATE, PUBLISHED BY THE FEDERAL RESERVE, STATISTICAL RELEASE, SELECTED INTEREST RATES [H.15(519)].
- COLUMN 7 - COLUMN 6 DIVIDED BY 12.
- COLUMN 8 - (COLUMN 5 PLUS PREVIOUS MONTH'S COLUMN 9) MULTIPLIED BY COLUMN 7.