

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENT OF ELECTRIC RATES OF BEREA)
COLLEGE ELECTRIC UTILITY, A DEPARTMENT) CASE NO.
OF BEREA COLLEGE) 95-111

O R D E R

IT IS ORDERED that Berea College Electric Utility ("Berea") shall file no later than August 4, 1995 an original and 10 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 along with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Refer to Berea's response to Item 2 of the Commission's June 23, 1995 Order. Provide a schedule of student labor for each of the last 5 years.

2. Refer to Berea's response to Item 6 of the Commission's June 23, 1995 Order. Provide support for the itemized costs for the three bond issues.

3. Refer to Berea's response to Item 8 of the Commission's June 23, 1995 Order. Is the bond issuance expense being amortized over 5 years as stated in the response to Item 8 or is it being amortized over 10 years as shown in Item 6?

4. Refer to Berea's response to Item 8 of the Commission's June 23, 1995 Order. Provide all journal entries relating to the refinancing of the 1987 bonds.

5. Refer to Berea's response to Item 8 of the Commission's June 23, 1995 Order. Provide documentation to support the savings and the net present value savings that resulted from the refinancing of the 1987 bonds.

6. Provide copies of the prospectus and bond agreements for the 1992 and 1993 bond issuances. Specify what, if any, funding provisions are required by the agreements.

7. Based on Berea's response to Item 9 of the Commission's June 23, 1995 Order, how did Berea determine that the \$544,663 operating income would provide a fair rate of return and provide the utility with a minimum rate of return necessary to finance the utility operations?

8. Refer to Berea's response to Item 11 of the Commission's June 23, 1995 Order. Explain why Berea deducts the receivable in arriving at the rate of return on equity.

9. Refer to Berea's response to Item 11 of the Commission's June 23, 1995 Order. Explain what Berea considers to be adequate operating ratios and cash flows for Berea to deliver reliable power to its customers.

10. Calculate the actual operating ratio for the test year and each of the ten years prior to the test year. Provide workpapers showing the calculations. What operating ratio is Berea requesting in this application?

11. Refer to Berea's response to Item 14 of the Commission's June 23, 1995 Order. Explain the following:

- a. Institutional expenditures.
- b. Why total expenditures are subtracted from total institutional expenditures.
- c. Why the administrative charge of \$121,869 is not reflected in Exhibit 9 of the application.

12. Refer to Berea's response to Item 14 of the Commission's June 23, 1995 Order. Reconcile the following expenses in Item 14 to the Income Statement in Item 1 of the April 26, 1995 Order:

- a. Total Electric Utility Expense (Net of Administrative Expense Allocation).
- b. Depreciation.
- c. Interest.

13. Refer to Exhibit 9 and Exhibit 14 of the application. Explain the discrepancy between the following accounts:

- a. General and Administrative expenses.
- b. Operating and Maintenance expenses.

14. Refer to Exhibit 9 and Exhibit 14 of the application. Explain why Other Expenses on page 3 of 3 of Exhibit 14 are not included in Exhibit 9.

15. Refer to Berea's response to Item 17 of the Commission's June 23, 1995 Order. Describe Berea's past experience of amortizing the unrecovered cost of utility plant.

16. Refer to Berea's response to Item 22, page 2 of 5, of the Commission's June 23, 1995 Order.

a. Provide a schedule of storm damage costs incurred for each of the last 5 years.

b. Does Berea consider these costs to be extraordinary?

c. If not, what does Berea consider the on-going level of costs to be?

17. Refer to Berea's response to Item 22, page 3 of 5, of the Commission's June 23, 1995 Order. Provide a schedule for repair labor for each of the last 5 years.

18. Refer to Berea's response to Item 22, page 4 of 5, of the Commission's June 23, 1995 Order. State the total dues incurred by Berea for membership in the Municipal Electric Power Association of Kentucky, Inc. In addition, provide any reports or audits that identify the uses of member dues.

19. Refer to Berea's response to Item 27 of the Commission's June 23, 1995 Order.

a. Provide support for the total payroll taxes and fringe benefits of \$63,747.03 which were distributed to Berea for the test year.

b. Provide the budgeted and actual accrued vacation pay for the last 5 years and provide a reason for any differences between the two.

c. Provide the adjustment for accrued vacation pay for June 30, 1995 and the basis for it.

20. Refer to Mike Bethurem's testimony in the application.

a. Explain why the retirement of substation and distribution equipment should be considered different than other retired assets.

b. Provide an example where Berea has amortized the unrecovered cost of utility plant for the electric utility.

Done at Frankfort, Kentucky, this 21st day of July, 1995.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:



Executive Director