

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF RATES OF BEREA )  
COLLEGE ELECTRIC UTILITY, A ) CASE NO. 10066  
DEPARTMENT OF BEREA COLLEGE )

O R D E R

IT IS ORDERED that Berea College Electric Utility ("Berea") shall file an original and 12 copies of the following information with this 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. Berea shall furnish with each response the name of the witness who will be available at the public hearing for responding to questions concerning each area of information requested. Careful attention should be given to copied material to insure 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. The information requested herein is due no later than December 16, 1987, or within 2 weeks after the filing of the Application, whichever is later. If the information cannot be provided by this date, you should submit a motion for an extension of time stating the reason a delay is necessary and include a date

by which it will be furnished. Such motion will be considered by the Commission.

Information Request No. 1

1. The detailed workpapers showing calculations supporting all accounting, pro forma, end-of-period, and proposed rate adjustments in the rate application to revenue, expense, investment, and reserve accounts for the test year and a complete detailed narrative explanation of each adjustment including the reason why each adjustment is required. Explain in detail all components used in each calculation including the methodology employed and all assumptions applied in the derivation of each adjustment. Index each calculation to the accounting, pro forma, end-of-period, and proposed rate adjustment which it supports.

2. An analysis of Account 930.2--Miscellaneous General Expenses for the test period. This should include a complete breakdown of this account as shown in attached Format 1, and also provide all detailed workpapers supporting this analysis. At minimum, the workpapers should show the date, vendor, reference (i.e., voucher no., etc.), dollar amount, and a brief description of each expenditure. Detailed analysis is not required for amounts of less than \$100 provided the items are grouped by classes as shown in Format 1 attached.

3. A detailed analysis of contributions for charitable and political purposes (in cash or services). This analysis should indicate the amount of the expenditure, the recipient of the contribution, and the specific account charged.

4. A copy of the auditor's report from your most recent audit.

5. A detailed analysis of advertising expenditures during the test period. This analysis should include a breakdown of Account 913--Advertising Expenses, as shown in Format 2, attached, and should also show any advertising expenditures included in other expense accounts. This analysis should be specific as to the purpose and expected benefit of each expenditure.

6. A schedule of salaries and wages for the test year and each of the 5 calendar years preceding the test year as shown in Format 3, attached. For each time period provide the amount of overtime pay.

7. Provide the utility's rate of return on net investment rate base for the test year and 5 preceding calendar years. Include data used to calculate each return.

8. In comparative form, an income statement, a statement of changes in financial position, and a balance sheet for the test year and the 12-month period immediately preceding the test year.

9. A detailed analysis of expenses incurred during the test year for professional services as shown in attached Format 4, and all detailed workpapers supporting the analysis. At minimum the workpapers should show the payee, dollar amount, reference (i.e., voucher no., etc.) account charged, hourly rates and time charged to the utility according to each invoice, and a brief description of the service provided. Identify all rate case work by case number.

10. Schedules in comparative form showing for the test year and the year preceding the test year the ending balance in each electric plant and reserve account or subaccount included in the utility's chart of accounts.

11. Provide a schedule showing a comparison of balances in each operating expense account for each month of the test year to the same month of the preceding year for each account or subaccount included in the utility's chart of accounts. See Format 5.

12. The estimated dates for draw downs of unadvanced loan funds at test-year end and the proposed uses of these funds.

13. Provide the following where not previously included in the record:

a. A schedule of the present and proposed rates, charges, terms and conditions, and service rates and regulations which the utility seeks to change, shown in comparative form.

b. A detailed analysis of customers' bills, adjusted to actual usage and in such detail that the revenues from the present and proposed rates can be readily determined.

c. A schedule of test year revenues for each rate schedule per book rates, present rates annualized, and proposed rates annualized.

d. A schedule setting forth the effect upon average consumer bills.

e. A statement setting forth estimates of the effect that the new rate or rates will have upon the revenues of the

utility, the total amount of money resulting from the increase or decrease and the percentage increase or decrease.

f. A schedule showing by customer class (i.e., residential, commercial, industrial, etc.) the amount and percent of any proposed increase or decrease in revenue distributed to each class. This schedule is to be accompanied by a statement which explains in detail the methodology or basis used to allocate the requested increase or decrease in revenue to each of the respective customer classes.

g. A schedule showing how the increase or decrease in (f) above was further distributed to each rate charge (i.e., customer or facility charge, KWH charge, etc.). This schedule is to be accompanied by a statement which explains, in detail, the methodology or basis used to allocate the increase or decrease.

h. A statement showing by cross-outs and italicized inserts all proposed changes in rates, charges, terms and conditions, and service rules and regulations for each rate or charge. Copy of current tariff may be used.

14. Provide the name and address of each member of the utility's Board of Directors along with his or her personal mailing address. If, during the course of these proceedings, any changes occur in board membership, provide an update to this request.

15. Provide a detailed analysis of the total compensation paid to each member of the board of directors during the test period including all fees, fringe benefits, and expenses with a

description of the type of meetings, seminars, etc., attended by each member.

16. Provide a detailed analysis of all benefits provided to the utility's employees including the itemized cost of each benefit and the average annual cost of benefits per employee. If readily available, provide this data by employee classification as shown in Format 3.

17. Provide an itemized listing of the costs incurred to date for the preparation of this case and an itemized estimate of the total cost to be incurred for this case. Indicate any costs incurred for this case that occurred during the test year.

18. Capital structure at the end of each of the periods as shown in Format 6.

19. a. Provide a list of all outstanding issues of long-term debt as of the end of the latest calendar year and the end of the test period together with the related information as shown in Format 7a. A separate schedule is to be provided for each time period. Report in Column (k) of Format 7a, Schedule 2, the actual dollar amount of debt cost for the test year. Compute the actual and annualized composite debt cost rates and report them in Column (j) of Format 7a, Schedule 2.

b. Provide an analysis of end-of-period short-term debt and a calculation of the average and end-of-period cost rates as shown in Format 7b.

20. The following tax data for the test year for each the electric department, Kentucky Retail, and other retail jurisdiction.

a. Income taxes:

- (1) Federal operating income taxes deferred - accelerated tax depreciation.
- (2) Federal operating income taxes deferred - other (explain).
- (3) Federal income taxes - operating.
- (4) Income Credits resulting from prior deferrals of Federal income taxes.
- (5) Investment tax credit net.
  - (a) Investment credit realized.
  - (b) Investment credit amortized - Pre-Revenue Act of 1971.
  - (c) Investment credit amortized - Revenue Act of 1971.
- (6) Provide the information in 19a (1) through 19a (4) for state income taxes.
- (7) Reconciliation of book to taxable income as shown in Format 8a (7) and a calculation of the book Federal and State income tax expense for the test year using book taxable income as the starting point.
- (8) A copy of Federal and state income tax returns for the taxable year ended during the test year including supporting schedules.
- (9) Schedule of franchise fees paid to cities, towns or municipalities during the test year including the basis of these fees.

b. For the electric department an analysis of Kentucky other operating taxes as shown in attached Format 8b.

21. The information as soon as it is known, which would have a material effect on net operating income, rate base, and cost of capital which occurred after the test year and was not incorporated in the filed testimony and exhibits.

22. A detailed monthly income statement for each month after the test period including the month in which the hearing ends, as they become available.

Done at Frankfort, Kentucky, this 3rd day of December, 1987.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

\_\_\_\_\_  
Executive Director

Format 1

BEREA COLLEGE ELECTRIC UTILITY

Case No. 10066

ACCOUNT 930.2 - MISCELLANEOUS EXPENSES

For the 12 Months Ended \_\_\_\_\_ 1987

<u>Line No.</u>	<u>Item (a)</u>	<u>Amount (b)</u>
1.	Industry Association Dues	
2.	Institutional Advertising	
3.	Conservation Advertising	
4.	Rate Department Load Studies	
5.	Water, and Other Testing and Research	
6.	Directors' Fees and Expenses	
7.	Dues and Subscriptions	
8.	Miscellaneous	
9.	Total	

## BEREA COLLEGE ELECTRIC UTILITY

Case No. 10066

## ACCOUNT 913 - ADVERTISING EXPENSE

For the 12 Months Ended \_\_\_\_\_ 1987

(Total Company)

<u>Line</u> <u>No.</u>	<u>Item</u>	<u>Sales or</u> <u>Promotional</u> <u>Advertising</u>	<u>Institutional</u> <u>Advertising</u>	<u>Conservation</u> <u>Advertising</u>	<u>Rate</u> <u>Case</u>	<u>Other</u>	<u>Total</u>
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1.	Newspaper						
2.	Magazines and Other						
3.	Television						
4.	Radio						
5.	Direct Mail						
6.	Sales Aids						
7.	Total						
8.	Amount Assigned to Ky. Retail						



BEREA COLLEGE ELECTRIC UTILITY

CASE NO. 10066

ANALYSIS OF SALARIES AND WAGES

For the Calendar Years 19 Through 19  
And the Test Year

(000's)

Line No.	Item (a)	12 Months Ended						Test Year (m)
		Calendar years Prior to Test Year		2nd		1st		
		5th	4th	3rd	2nd	1st	Year	
		Amount (b)	Amount (c)	Amount (d)	Amount (e)	Amount (f)	Amount (g)	
		\$	\$	\$	\$	\$	\$	
7.	Administrative and general expenses (continued):							
	(g) Employees pensions and benefits							
	(h) Franchise requirements							
	(i) Regulatory commission expenses							
	(j) Duplicate charges-cr.							
	(k) Miscellaneous general expense							
	(l) Maintenance of general plant							
8.	Total administrative and general expenses L7(a) through L7(m)							
9.	Total salaries and wages charged expense (L2 through L6 + L8)							
10.	Wages capitalized							
11.	Total Salaries and wages							

BEREA COLLEGE ELECTRIC UTILITY

CASE NO. 10066

ANALYSIS OF SALARIES AND WAGES

For the Calendar Years 19 Through 19  
And the Test Year

(000's)

Line No.	Item (a)	12 Months Ended						Test Year
		5th	4th	3rd	2nd	1st	Year	
		Amount	Amount	Amount	Amount	Amount	Amount	
		(b)	(d)	(f)	(h)	(j)	(l)	
		\$ (c)	\$ (e)	\$ (g)	\$ (i)	\$ (k)	\$ (m)	

12. Ratio of salaries and wages charged expense to total wages (L9 + L11)

13. Ratio of salaries and wages capitalized to total wages (L10 + L11)

NOTE: Show percent increase of each year over the prior year in Columns (c), (e), (g), (i), (k), and (m).

## BEREA COLLEGE ELECTRIC UTILITY

Case No. 10066

## Professional Service Expenses

For the 12 Months Ended \_\_\_\_\_ 1987

<u>Line</u> <u>No.</u>	<u>Item</u>	<u>Rate Case</u>	<u>Annual Audit</u>	<u>Other</u>	<u>Total</u>
1.	Legal				
2.	Engineering				
3.	Accounting				
4.	Other				
5.	Total				





BEREA COLLEGE ELECTRIC UTILITY

CASE NO. 10066

Comparative Capital Structures (Excluding JDIC)

For the Periods as Shown  
"000 Omitted"

Line No.	Type of Capital	Average		Latest Available Quarter
		Test Year Amount	Test Year Ratio	
1.	Long-Term Debt			
2.	Short-Term Debt			
3.	Preferred & Preference Stock			
4.	Common Equity			
5.	Other (Itemize by type)			
6.	Total Capitalization			

Instructions:

1. Provide a calculation of the average test year data as shown in Format 1, Schedule 2.
2. If the applicant is a member of an affiliated group, the above data is to be provided for the parent company and the system consolidated.

BEREA COLLEGE ELECTRIC UTILITY

CASE NO. 10066

Calculation of Average Test Period Capital Structure  
12 Months Ended \_\_\_\_\_

"000 Omitted"

Line NO.	Item (a)	Total Capital (b)	Long-Term Debt (c)	Short-Term Debt (d)	Preferred Stock (e)	Common Stock (f)	Retained Earnings (g)	Total Common Equity (h)
1.	Balance beginning of test year							
2.	1st Month							
3.	2nd Month							
4.	3rd Month							
5.	4th Month							
6.	5th Month							
7.	6th Month							
8.	7th Month							
9.	8th Month							
10.	9th Month							
11.	10th Month							
12.	11th Month							
13.	12th Month							
14.	Total (L1 through L13)							
15.	Average balance (L14 + L13)							
16.	Average capitalization ratios							
17.	End-of-period capitalization ratios							

Instructions:

1. If applicable, provide an additional schedule in the above format excluding common equity in subsidiaries from the total company capital structure. Show the amount of common equity excluded.
2. Include premium on class of stock.

**BEREA COLLEGE ELECTRIC UTILITY**

CASE NO. 10066

Schedule of Outstanding Long-Term Debt  
For the Calendar Year Ended December 31, \_\_\_\_\_

Line No.	Type of Debt Issue (a)	Date of Issue (b)	Date of Maturity (c)	Amount Outstanding (d)	Coupon Interest Rate (e)	Cost Rate At Issue <sup>2</sup> (f)	Cost Rate to Maturity <sup>3</sup> (g)	Bond Rating At Time of Issue (h)	Type of Obligation (i)	Annualized Cost Col. (d) x Col. (g) (j)
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Total Long-Term Debt and Annualized Cost

Annualized Cost Rate [Total Col. (j) ÷ Total Col. (d)]

- 1 Nominal Rate
- 2 Nominal Rate Plus Discount or Premium Amortization
- 3 Nominal Rate Plus Discount or Premium Amortization and Issuance Cost
- 4 Standard and Poor's, Moody, etc.

BERBA COLLEGE ELECTRIC UTILITY

CASE NO. 10066

Schedule of Outstanding Long-Term Debt  
For the Test Year Ended \_\_\_\_\_

Line No.	Type of Debt Issue	Date of Issue	Date of Maturity	Amount Outstanding	Coupon Interest Rate <sup>1</sup>	Cost Rate At Issue <sup>2</sup>	Cost Rate to Maturity <sup>3</sup>	Bond Rating At Time of Issue <sup>4</sup>	Type of Obligation	Annualized Cost Col.(d)xCol.(g)	Actual Test Year Interest Cost <sup>5</sup>
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)

Total Long-Term Debt and Annualized Cost

Annualized Cost Rate (Total Col. (j) + Total Col.(d))

Actual Long-Term Debt Cost Rate (Total Col. k + Total Reported in Col. (c) Line 15 of Format 1, Schedule 2)

- 1 Nominal Rate
- 2 Nominal Rate Plus Discount or Premium Amortization
- 3 Nominal Rate Plus Discount or Premium Amortization and Issuance Cost
- 4 Standard and Poor's, Moody, etc.
- 5 Sum of Accrued Interest Amortization of Discount or Premium and Issuance Cost

BERRA COLLEGE ELECTRIC UTILITY

CASE NO. 10066

Schedule of Short-Term Debt  
For the Test Year Ended \_\_\_\_\_

<u>Line No.</u>	<u>Type of Debt Instrument</u> (a)	<u>Date of Issue</u> (b)	<u>Date of Maturity</u> (c)	<u>Amount Outstanding</u> (d)	<u>Nominal Interest Rate</u> (e)	<u>Effective Interest Cost Rate</u> (f)	<u>Annualized Interest Cost COL.(d)xCOL.(f)</u> (g)
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Total Short-Term Debt

Annualized Cost Rate [Total Col. (g) + Total Col.(d)]

Actual Interest Paid or Accrued on Short-Term Debt during the Test Year [Report in Col. (g) of this schedule]

Average Short-Term Debt - Format 1, Schedule 2  
Line 15 Col. (d) [Report in Col. (g) of this schedule]

Test-Year Interest Cost Rate [Actual Interest + Average Short-Term Debt] [Report in Col. (f) of this schedule]

Instructions:

- In all instances where the Effective Interest Cost Rate is different from the Nominal Interest Rate provide a calculation of the effective interest cost rate in sufficient detail to show the items of costs that cause the difference.

BEREA COLLEGE ELECTRIC UTILITY

CASE NO. 10066

RECONCILIATION OF BOOK NET INCOME AND FEDERAL TAXABLE INCOME  
12 Months Ended

Line No.	Item (a)	Operating		
		Total Company (b)	Total Company Non-Operating (c)	Other Jurisdiction (e)
1.	Net income per books			
2.	Add income taxes:			
3.	A. Federal income tax-Current			
4.	B. Federal income tax deferred-Depreciation			
5.	C. Federal income tax deferred-Other			
6.	D. Investment tax credit adjustment			
7.	E. Federal income taxes charged to other income and deductions			
8.	F. State income taxes			
9.	G. State income taxes charged to other income and deductions			
10.	Total			
11.	Flow through items:			
12.	Add (itemize)			
13.	Deduct (itemize)			
14.	Book taxable income			
15.	Differences between book taxable income and taxable income per tax return:			
16.	Add (itemize)			
17.	Deduct (itemize)			
18.	Taxable income per return			

NOTE: (1) Provide a calculation of the amount shown on lines 3 through 7 above.  
(2) Provide work papers supporting each calculation including the depreciation schedules for straight-line tax and accelerated tax depreciation.  
(3) Provide a schedule setting forth the basis of allocation of each item of revenue or cost allocated above.

BEREA COLLEGE ELECTRIC UTILITY

CASE NO. 10066

RECONCILIATION OF BOOK NET INCOME AND STATE TAXABLE INCOME  
12 Months Ended

Operating

Line No.	Item (a)	Total Company		Other Jurisdiction	
		(b)	(c)	(d)	(e)
1.	Net income per books				
2.	Add income taxes:				
3.	A. Federal income tax-Current				
4.	B. Federal income tax deferred-Depreciation				
5.	C. Federal income tax deferred-Other				
6.	D. Investment tax credit adjustment				
7.	E. Federal income taxes charged to other income and deductions				
8.	F. State income taxes				
9.	G. State income taxes charged to other income and deductions				
10.	Total				
11.	Flow through items:				
12.	Add (itemize)				
13.	Deduct (itemize)				
14.	Book taxable income				
15.	Differences between book taxable income and taxable income per tax return:				
16.	Add (itemize)				
17.	Deduct (itemize)				
18.	Taxable income per return				

- NOTE:
- (1) Provide a calculation of the amount shown on Lines 8 through 9 above.
  - (2) Provide work papers supporting each calculation including the depreciation schedules for straight-line tax and accelerated tax depreciation.
  - (3) Provide a schedule setting forth the basis of allocation of each item of revenue or cost allocated above.

BERRA COLLEGE ELECTRIC UTILITY

CASE NO. 10066

Analysis of Other Operating Taxes

12 Months Ended

(000's)

<u>Line No.</u>	<u>Item (a)</u>	<u>Charged Expense (b)</u>	<u>Charged to Construction (c)</u>	<u>Charged to Other Accounts<sup>1/</sup> (d)</u>	<u>Amounts Accrued (e)</u>	<u>Amount Paid (f)</u>
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1. Kentucky Retail:

(a) State Income

(b) Franchise Fees

(c) Ad Valorem

(d) Payroll (Employers Portion)

(e) Other Taxes

2. Total Retail

(L1(a) through L1(e))

3. Other Jurisdictions

Total Per Books (L2 and L3)

<sup>1/</sup> Explain items in this column.