

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

GREEN RIVER ELECTRIC CORPORATION)
NOTICE OF INCREASE IN RATES FOR) CASE NO. 9165
RETAIL ELECTRIC SERVICE)

In the Matter of:

GREEN RIVER ELECTRIC CORPORATION)
APPLICATION FOR ORDER REQUIRING)
A DEPOSIT OR OTHER GUARANTY FROM) CASE NO. 9215
NATIONAL SOUTHWIRE ALUMINUM COMPANY)

O R D E R

On December 26, 1984, National Southwire Aluminum Company ("NSA") filed a motion to consolidate the request of Green River Electric Corporation ("Green River") for NSA to post a security deposit, Case No. 9215, with Green River's request to increase its retail rates, Case No. 9165, and to stay all proceedings until the Commission issues a final Order in Case No. 9163, In the Matter of: Big Rivers Electric Corporation's Notice of Changes in its Rates For Electricity Sold to Member Cooperatives.

NSA alleges that the financial risks that Green River seeks to guard against by requesting a security deposit from NSA could only arise if the Commission were to authorize a substantial increase in rates for Green River's wholesale power supplier, Big Rivers Electric Corporation ("Big Rivers"). NSA argues that it

will demonstrate that Big Rivers is not entitled to a substantial rate increase in Case No. 9163, and, consequently, all the issues raised by Green River in its requests for increased rates and a security deposit will be rendered moot.

NSA further moves for a consolidation of Green River's rate case and request for a security deposit on the grounds that the security deposit is dependent upon whether, and to what extent, the rate requests of Big Rivers and Green River are approved. NSA alleges that the Green River rate case and security deposit case involve common questions of law and fact which are appropriate for determination in the same proceeding.

On January 4, 1985, Green River filed its response in opposition to NSA's motion. Green River argues that a stay of its rate case is inappropriate due to the statutory time constraints of KRS 278.190 and the possible financial prejudice to Green River that would result if it is unable to coordinate its rate increase with any increase allowed Big Rivers.

Green River opposes a stay of its request for NSA to post a security deposit on the grounds that the need for said deposit is not dependent upon the approval of any pending rate increase. Green River argues that there is a possibility of a default by NSA without any increase in rates.

Green River opposes consolidation of its cases on the grounds that the issues are dissimilar and that the deposit case should be expedited rather than delayed.

Based on NSA's motion and Green River's response the Commission is of the opinion and hereby finds that:

1. Green River's request for NSA to post a security deposit is based on the risks posed by NSA's financial operations under existing rates and is not dependent on approval of pending rate increases. Consequently, a stay of Green River's deposit case is inappropriate.

2. The statutory time limitations imposed by KRS 278.190, and the possible financial harm to Green River if its rate case is not decided at or about the same time as that of its supplier, Big Rivers, preclude any stay of Green River's rate case.

3. Green River's security deposit case encompasses the issue of Green River's exposure to financial risk due to NSA's financial condition whereas Green River's rate case involves the statutory requirement that a utility's rates be fair, just and reasonable. (KRS 278.030(1)). These two cases present few, if any, common questions of law and fact and there has been no evidence of any efficiencies to be achieved by their consolidation.

IT IS THEREFORE ORDERED that NSA's motion for consolidation and stay be and it hereby is denied.

Done at Frankfort, Kentucky, this 24th day of January, 1985.

PUBLIC SERVICE COMMISSION

Richard D. Wrenn, Jr.
Chairman

Ronald L. ...
Vice Chairman

James ...
Commissioner

ATTEST:

Secretary