

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

GREEN RIVER ELECTRIC CORPORATION'S)
ESTABLISHMENT OF AN ECONOMIC DEVELOPMENT) CASE NO. 89-215
RATE)

O R D E R

On August 29, 1989, Green River Electric Corporation ("Green River") filed a motion requesting the Commission to reconsider its August 11, 1989 Order which suspended both Green River's economic development rate tariff and a June 8, 1989 amendment to the contract with the Southwire Company ("Southwire") implementing the economic development rate. Green River's motion further requests that if reconsideration is not granted, the Commission should expedite this investigation.

In support of its motion, Green River provided information disclosing Southwire's actual monthly demand since being directly billed by Green River in September 1987. These actual demand figures support Green River's determination that the Southwire service contract should require a minimum monthly billing demand of 3,000 KW. These figures also support Green River's decision to execute the June 8, 1989 amendment to the Southwire contract providing for an economic development rate for all consumption in excess of 3,000 KW and a monthly minimum billing demand of 4,500 KW.

This supplemental information is essential to the Commission's review and investigation of the proposed Southwire contract amendment. It was the omission of this supporting information from the original tariff and contract filing that led the Commission to suspend their implementation pending this investigation. Therefore, Green River's motion requesting the Commission to reconsider and withdraw its August 11, 1989 Order initiating this investigation should be denied. However, as a result of Green River having filed supplemental information in support of its filing, the Commission finds good cause to expedite this investigation.

On June 28, 1989, Green River submitted, among other documents, statements supporting its economic development rate tariff as required by the Commission in its July 1, 1988 Order in Case No. 10064.¹ In its motion, Green River contends that it has complied with the Commission's requirements respecting economic development rates. Specifically, Green River states that the discounted demand rate recovers all variable costs and at least 50 percent of the regular demand charge with the demand credit terminating after five years. In addition, Green River has provided evidence that it has adequate capacity to meet the anticipated load growth of Southwire, has agreed to document and report increases in employment and capital investment resulting from the economic development rate on an annual basis, and has

¹ Case No. 10064, Adjustment of Gas and Electric Rates of Louisville Gas and Electric Company.

demonstrated that no rate class will be negatively affected by the economic development rate. The Commission is of the opinion and finds that Green River's economic development rate tariff fully complies with the Commission's guidelines established in Case No. 10064 and should, therefore, be approved. Furthermore, the Commission finds that Green River's June 8, 1989 amendment to its special contract with Southwire, which applies the economic development rate, should also be approved.

IT IS THEREFORE ORDERED that:

1. Green River's motion requesting the Commission to reconsider its Order of August 11, 1989 be and it hereby is denied.

2. Green River's motion requesting the Commission to expedite its review of the economic development rate tariff and the Southwire contract amendment be and it hereby is approved.

3. Green River's economic development rate tariff as filed with the Commission on June 28, 1989 be and hereby is approved for service rendered on and after the date of this Order.

4. Green River's June 8, 1989 amendment to its special contract with Southwire be and it hereby is approved.

Done at Frankfort, Kentucky, this 19th day of September, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director