

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN AGREEMENT FOR ELECTRIC SERVICE     )  
BETWEEN GREEN RIVER ELECTRIC         )  
CORPORATION AND SCOTT PAPER COMPANY    )     CASE NO. 93-117

O R D E R

On March 15, 1993, Green River Electric Corporation ("Green River") filed with the Commission a special contract for retail electric service to Scott Paper Company ("Scott").

The Commission finds that, pursuant to KRS 278.190, further proceedings are necessary in order to determine the reasonableness of the proposed contract.

IT IS THEREFORE ORDERED that:

1. The proposed contract be and it hereby is suspended for five months from April 14, 1993 up to and including September 13, 1993.

2. Within 15 days of the date of this Order, Green River shall file the original and 12 copies of the information requested in the attached appendix.

3. Nothing in this Order shall prevent the Commission from entering a final decision in this case prior to the termination of the suspension period, especially given Scott's scheduled June 1, 1993 start-up date.

Done at Frankfort, Kentucky, this 31st day of March, 1993.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

  

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Executive Director

## APPENDIX

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 93-117 DATED 3/31/93

1. Sections 3.02 and 3.04 of the contract set out conditions under which Scott would pay "facilities abandonment charges" to Green River. Have Green River and Scott made any additional arrangements to ensure that Green River will be reimbursed for the cost of facilities constructed specifically to serve Scott?

2. Provide a detailed explanation of why Green River has not required Scott to provide additional security to guarantee payment of the facilities abandonment charges in the form of a lien on property, surety bond, letter of credit, etc.

3. Pursuant to Section 6.01 of the contract, the term of the contract continues through the sixtieth month after the last month during which Scott receives any demand charge credits. Pursuant to Exhibit D of the contract, demand charge credits will be available until May 31, 2002. In Administrative Case No. 327, An Investigation Into the Implementation of Economic Development Rates by Electric and Gas Utilities, the Commission ordered that Economic Development Rate ("EDR") contracts should be for a period twice the length of the discount period, with the discount period not to exceed five years. The proposed contract includes a potential discount period of nine years with five years following the end of the discount period. Given that the term and discount period of the proposed contract do not comply with the guidelines set forth in our Order in Administrative Case No. 327, explain why the proposed contract should be approved by the Commission.

4. In Administrative Case No. 327, the Commission ordered that for new customers EDRs should apply only to load which exceeds a minimum base level. However, pursuant to Section 4.03 of the contract and Exhibit D of the contract, it appears that the EDR, in the form of demand charge credits, applies to Scott's entire load beginning with the first kilowatt. Given this apparent non-compliance with the Commission's Order in Administrative Case No. 327, explain why the proposed contract should be approved as filed.