

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF GREEN RIVER ELECTRIC)
CORPORATION FOR A DECREASE IN) CASE NO.
EXISTING RATES AND FOR APPROVAL OF) 97-219
CONTRACTS)

O R D E R

On July 25, 1997, Green River Electric Corporation ("Green River") applied for approval of interim and permanent tariffs which reflect proposed reductions in the rates of its wholesale supplier Big Rivers Electric Corporation ("Big Rivers"). Green River requests that its interim rates be effective for service rendered on and after September 1, 1997, and remain in place until the earlier of August 31, 1998 or the closing of Big Rivers' plan of reorganization. Since filing its application, Green River has twice revised its proposed tariff to reflect technical changes and clarifications. Green River has also requested approval of changes in its wholesale power contract with Big Rivers and in its retail electric service agreements with Commonwealth Industries, Inc.; Southwire Company; A-CMI; WorldSource Coil Coating, Inc.; and Willamette Industries, Inc.

In Case No. 97-204,¹ Big Rivers has applied for, inter alia, Commission approval of interim and permanent rates for its distribution cooperatives. It has requested that its interim rates be effective for service rendered on and after September 1, 1997, and remain

¹ Case No. 97-204, The Application of Big Rivers Electric Corporation, Louisville Gas and Electric Company, Western Kentucky Energy Corp., Western Kentucky Leasing Corp., and LG&E Station Two Inc. for Approval of Wholesale Rate Adjustment for Big Rivers Electric Corporation and For Approval of Transaction (filed June 30, 1997).

in place until the earlier of August 31, 1998 or the closing of its plan of reorganization. Finding that further proceedings were necessary to investigate their reasonableness, the Commission has suspended Big Rivers' proposed interim rates for one day and allowed them to become effective, subject to change, for service rendered on and after September 2, 1997. The Commission has further found that Big Rivers' interim rates should remain in effect only until the issuance of a final order determining the reasonableness of the proposed permanent rates.

Based upon its review of Green River's application and its actions in Case No. 97-204, the Commission finds that further proceedings are necessary to determine the reasonableness of Green River's proposed rates and transactions and that such proceedings cannot be completed prior to September 1, 1997. The Commission further finds that Green River customers should be allowed the benefits of the lower rates on an interim basis while the merits of the utility's application are considered. Accordingly, the Commission will suspend the interim rates for one day and allow them to become effective, subject to change, for service rendered on and after September 2, 1997. Any change will operate prospectively only, thereby eliminating any potential for retroactive adjustments.

The Commission also finds that since its statutory authority to review rate applications is limited by KRS 278.190(3) to 10 months, and the procedural schedule established herein should result in a final Order during the first quarter of 1998, the interim rates approved herein should remain in effect only until issuance of a final rate order determining the reasonableness of the proposed permanent rates.

IT IS THEREFORE ORDERED that:

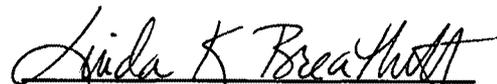
1. Green River's interim rates and tariffs bearing an issue date of June 30, 1997, as twice revised, are suspended for one day, to be effective, subject to change, with service rendered on and after September 2, 1997.

2. Green River's proposed contract amendment with Big Rivers and its four proposed retail electric service agreement amendments are approved for service on and after September 2, 1997, subject to change.

3. Within 20 days of the date of this Order, Green River shall file its revised tariff sheets setting forth the interim rates and tariffs made effective herein with a notation at the bottom of each page reflecting the effective date and the statement, "Interim rates subject to change."

Done at Frankfort, Kentucky, this 29th day of August, 1997.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director