

# SECRETARY'S RECORD, PUBLIC SERVICE COMMISSION

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## BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application     ) Application No. GW-340  
of Union Grain Company, St.         )  
Libory, Nebraska, requesting a     ) GRANTED  
\$50,000 deductible on its stock     )  
insurance                             ) Entered: December 15, 2020

BY THE COMMISSION:

## O P I N I O N     A N D     F I N D I N G S

On December 7, 2020, Union Grain Company ("Union Grain"), St. Libory, Nebraska, filed a Grain Inventory Insurance Verification ("GIIV") form with the Nebraska Public Service Commission ("Commission") showing Union Grain holds a policy with Lloyds of London Insurance Company with a \$50,000 insurance deductible.

Minimum insurance coverage amounts are governed by Title 291, Chapter 8, Section 002.06C, which provides:

[A] warehousemen must maintain a policy or policies of combustion, fire, lighting, and tornado insurance in an amount sufficient to cover the total loss upon all grain in the licensed warehouse, as valued by the formula set forth in Subsection 002.08H2. Without in any way limiting the warehouseman's liability under this section, the warehouseman may carry a standard form of insurance policy approved for grain warehousemen, with a total deductible not to exceed \$10,000; provided that the Commission may require a lower deductible based on the warehouseman's financial condition. Any applicant or licensee seeking a deductible higher than \$10,000 will submit an application to the Commission for consideration.

Historically, when the Commission receives a GIIV form indicating a warehouseman has a policy with a deductible higher than the prescribed \$10,000, the requirement to file an application has been waived if the warehouseman has sufficient net worth and working capital to support an increase to the insurance deductible. A warehouseman must demonstrate and maintain an allowable net worth of \$.25 per bushel for each bushel of licensed capacity and must maintain a minimum allowable net worth of \$10,000.<sup>1</sup> Pursuant to the Commission's rules regarding working capital, a warehouseman's current

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<sup>1</sup> 291 NAC Ch. 8 §002.04A.

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liabilities to allowable current assets shall show a working capital ratio of not less than 1 to 1. If a warehouseman's financial condition fails to meet this requirement, the warehouseman shall provide additional data that sufficiently satisfies the Commission that additional operating capital be obtained to meet the requirement.<sup>2</sup>

The December 7, 2020 GIIV form filed by Union Grain shows a deductible on its policy higher than that which is prescribed in Commission Rule 002.06C. No application was filed by Union Grain seeking to approve a higher deductible on its policy. The Commission's most recent financial review of Union Grain was conducted in February 2020 based on Union Grain's December 31, 2019 financial statement. Based on that review, Commission staff determined Union Grain showed a negative working capital. However, Commission staff determined that Union Grain's working capital deficiency was corrected by an operating line of credit the company had on file with the Commission that expired in April 2020. Such operating line of credit was to be renewed prior to its expiration. On April 15, 2020, the Commission received a Statement of Operating Line of Credit file by Henderson State Bank showing that Union Grain has a sufficient amount remaining in its operating line of credit for the purpose of securing operating capital. This current line of credit is set to expire on April 15, 2021.

Based on the most recent financial review conducted by Commission staff and the updated Statement of Operating Line of Credit received on April 15, 2020, it appears Union Grain Company has sufficient net worth and working capital to support an increase to the insurance deductible.

In consideration of the information provided the Commission finds the increase in deductible should be granted. Further, the Commission finds the requirement that an application be filed in order to seek a deductible higher than that described in Commission Rule 002.06C should be waived. Such waiver is subject to the review of Union Grain Company's December 2020 financials. Based upon that review, the Commission may find that Union Grain Company could be subject to a lower deductible. Union Grain Company has until March 31, 2021 to file their December 2020 financials for review. Should Union Grain Company desire to retain such increased deductible for a subsequent license year, it must reapply for authority to do so from this Commission.

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<sup>2</sup> 291 NAC Ch. 8 § 002.04B.

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### O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Union Grain Company, be, and is hereby granted authority to increase its insurance deductible to \$50,000.



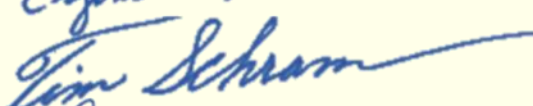

IT IS FURTHER ORDERED that the requirement that an application be filed for Union Grain Company to seek a higher deductible than prescribed in Commission Rule 002.06C be, and is hereby, waived. Such waiver is subject to the conditions as set forth herein.


IT IS FURTHER ORDERED that should Union Grain Company desire to retain such increased deductible for a subsequent license year, it must reapply for authority to do so from this Commission.

ENTERED AND MADE EFFECTIVE at Lincoln, Nebraska, this 15<sup>th</sup> day of December, 2020.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

  
Chair

ATTEST:

  
Executive Director