

SECRETARY'S RECORD, PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application) Application No. GW-153
of Frontier Cooperative Company,)
Lincoln, Nebraska, requesting a) GRANTED
\$75,000 deductible on its stock)
insurance.) Entered: November 16, 2021

BY THE COMMISSION:

On September 2, 2021, Frontier Cooperative Company ("Frontier"), Lincoln, Nebraska filed a Grain Inventory Insurance Verification ("GIIV") form with the Nebraska Public Service Commission ("Commission") showing Frontier holds a policy with Austin Mutual Insurance Co. with a \$75,000 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 warehousemen's liability under this section, the warehousemen 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 warehousemen'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 \$0.25 per bushel for each bushel of licensed capacity and must maintain a minimum allowable net worth of \$10,000.¹ Pursuant to the Commission's rules regarding working capital a warehouseman's current 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

¹ 291 NAC Ch. 8 §002.04A.

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satisfies the Commission that additional operating capital be obtained to meet the requirement.²

On September 17, 2019, the Commission entered an Order granting Frontier an increase in its insurance policy deductible to \$50,000.³ In that Order, the Commission held that if Frontier desired to retain the increased deductible for a subsequent license year, it must reapply for authority to do so. The September 2, 2021 GIIV form filed by Frontier shows a deductible on its policy higher than that which is prescribed in Commission Rule 002.06C. No application was filed by Frontier seeking approval for a higher deductible on its policy. The Commission's most recent financial review of Frontier was conducted and based on Frontier's August 31, 2020 financial statement.

Based on the most recent financial review conducted by Commission staff, it appears Frontier 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 Frontier's 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. Should Frontier Cooperative Company, Lincoln, Nebraska, desire to retain such increased deductible for a subsequent license year, it must reapply for authority to do so from this Commission.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Frontier Cooperative Company, Lincoln, Nebraska be, and is hereby granted authority to increase its insurance deductible to \$75,000.

IT IS FURTHER ORDERED that the requirement that an application be filed for Frontier Cooperative Company to seek a higher deductible than prescribed in Commission Rule 002.06C be, and is hereby, waived.

² 291 NAC Ch. 8 §002.04B.

³ See *In the Matter of the Application of Frontier Cooperative Company, Lincoln, Nebraska, requesting a \$50,000 deductible on its stock insurance*, Order Granting (Entered: September 17, 2019).

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IT IS FURTHER ORDERED that should Frontier Cooperative 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 16th day of November, 2021

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Rock Johnson
Crystal Broadus
Mary Kiddy
Tim Schram

Don Watson
Chair

ATTEST:

Sharice Knutson
Deputy Director