## COMMONWEALTH OF KENTUCKY

## BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| APPLICATION OF BIG RIVERS ELECTRIC )      |          |
|---|----------|
| CORPORATION, LG&E ENERGY MARKETING INC.,) |          |
| WESTERN KENTUCKY ENERGY CORP., WKE        | CASE NO  |
| STATION TWO INC., AND WKE CORP. FOR )     | 2001-305 |
| APPROVAL OF AMENDMENTS TO TRANSACTION )   |          |
| DOCUMENTS )                               |          |

## ORDER

On September 21, 2001, Big Rivers Electric Corporation ("Big Rivers") filed an application seeking Commission approval of proposed amendments to agreements between Big Rivers and affiliates of LG&E Energy Corp.<sup>1</sup> that were originally approved in Case Nos. 97-204<sup>2</sup> and 98-267.<sup>3</sup> Under the terms of those agreements, Big Rivers leases its generating assets and certain other assets to the LG&E Affiliates as part of

<sup>&</sup>lt;sup>1</sup> LG&E Energy Marketing Inc., Western Kentucky Energy Corp., WKE Station Two Inc., and WKE Corp. are subsidiaries or affiliates of LG&E Energy Corp. (collectively "the LG&E Affiliates").

<sup>&</sup>lt;sup>2</sup> 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, final Order dated April 30, 1998.

<sup>&</sup>lt;sup>3</sup> Case No. 98-267, The Application of Big Rivers Electric Corporation for Approval of the 1998 Amendments to Station Two Contracts Between Big Rivers Electric Corporation and the City of Henderson, Kentucky and the Utility Commission of the City of Henderson, final Order dated July 14, 1998.

the transaction ("LG&E Transaction") that implemented Big Rivers' plan of reorganization under Chapter 11 of the United States Bankruptcy Code.<sup>4</sup>

Specifically, the amendments to the LG&E Transaction agreements recognize the acquisition by Century Aluminum Company ("Century") of certain assets and properties of Southwire Company ("Southwire") located in Hancock County. As a result of this transaction, Century has acquired Southwire's aluminum smelting facilities, but not its rod and cable mill facilities. Century has also acquired certain rights, interests, and obligations of Southwire under the July 15, 1998 Agreement for Electric Service, as amended, between Southwire and Kenergy Corp. The proposed amendments to the LG&E Transaction agreements also define "the Smelters" as Alcan Aluminum Corporation and Southwire. In turn, the proposed amendments define "Southwire" as Southwire, NSA, Ltd., Century, and Century Aluminum of Kentucky LLC. The proposed amendments have no substantive effect on the existing rights of the parties to the LG&E Transaction agreements.

The Commission has reviewed the proposed amendments and finds that these amendments are necessary to reflect the transaction between Southwire and Century and to recognize the effects of that transaction on the LG&E Transaction agreements. The proposed amendments are reasonable and therefore should be approved.

IT IS THEREFORE ORDERED that the amendments to the LG&E Transaction agreements, as described in Big Rivers' application, are approved.

<sup>&</sup>lt;sup>4</sup> In Re: Big Rivers Electric Corporation, Debtor, United States Bankruptcy Court for the Western District of Kentucky, Owensboro Division, Case No. 96-41168.

<sup>&</sup>lt;sup>5</sup> NSA, Ltd. is a subsidiary of Southwire, and was the entity that had an indirect ownership interest in Southwire's aluminum smelting facilities.

Done at Frankfort, Kentucky, this 15<sup>th</sup> day of November, 2001.

By the Commission

ATTEST:

Executive Director