

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BIG RIVERS)
ELECTRIC CORPORATION, LOUISVILLE)
GAS AND ELECTRIC COMPANY, WESTERN)
KENTUCKY ENERGY CORP., WESTERN)
KENTUCKY LEASING CORP., AND LG&E) CASE NO. 97-204
STATION TWO INC. FOR APPROVAL OF)
WHOLESALE RATE ADJUSTMENT FOR BIG)
RIVERS ELECTRIC CORPORATION AND)
FOR APPROVAL OF TRANSACTION)

O R D E R

On December 10, 1997, Alcan Aluminum Corporation, Southwire Company, and NSA, Inc., (collectively called the "Smelters") filed a joint motion for clarification of the statement entered into the record of the public hearing on November 24, 1997 by the Commission. Specifically, the Smelters submit the following questions for clarification:

1. Who are the affected parties that should attempt to reach consensus?
2. Must a settlement on the unforeseen cost issue include all of the parties to the rate case, as well as RUS [Rural Utility Service]?
3. If a settlement on the unforeseen cost issue is reached, are there other issues of concern to the Commission or is the rest of the Plan of Reorganization acceptable?

Based on the motion and being otherwise sufficiently advised, the Commission clarifies its November 24, 1997 statement as follows:

1. The affected parties that should attempt to reach consensus are the parties to this rate case.
2. Under controlling judicial precedents, absent unanimous agreement of all parties on the cost issue, there is no settlement. If no settlement is achieved, any party may unilaterally offer a proposal to resolve the unforeseen cost issue.
3. The Plan of Reorganization is subject to the exclusive jurisdiction of the Bankruptcy Court. Assuming that the Smelters seek clarification on the rates and lease transaction proposed in this case, the Commission has made no decision on what is fair, just and reasonable, and will make no such decision until after the evidentiary record is closed and all briefs have been filed.

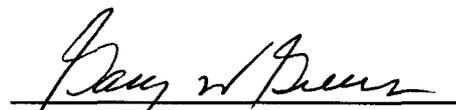
IT IS THEREFORE ORDERED that the statement entered into the record by the Commission on November 24, 1997 is clarified as set forth in this Order.

Done at Frankfort, Kentucky, this 17th day of December, 1997.

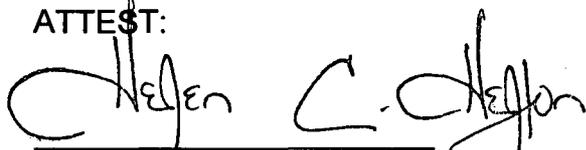
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director