

APR 5 2005

PUBLIC SERVICE  
COMMISSION

April 5, 2005

HAND DELIVERED

Ms. Elizabeth O'Donnell  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40602

Re: PSC Case No. 2004-00423

Dear Ms. O'Donnell:

East Kentucky Power Cooperative, Inc., ("EKPC") wishes to advise the Commission of certain actions that it is preparing to take in order to preserve the proposed construction schedule for the Spurlock Station Unit 4 project ("Spurlock 4"), which is the subject of this case. In order to prevent a three month delay in the entire construction schedule for Spurlock 4, EKPC must release the manufacture of pilings for the project by April 8, 2005. This action, which is made necessary by the scheduling of production runs by EKPC's steel supplier, will commit EKPC to a payment of approximately \$4 million. EKPC does not propose to drive the pilings at the site unless and until construction approval is granted by the Commission.

EKPC does not believe that this action should be considered the start of construction of the project prior to the issuance of certificates in the case. Pilings are not fabricated for specific project requirements, except for overall length. This allows the pilings to be utilized for any other construction projects, in the event that the Commission does not approve the construction of Spurlock 4. The pilings could be used by EKPC in other construction projects, or could be resold to other projects. Recent price escalation in the steel market should make these pilings very marketable. Therefore, this action will not create a wasted commitment of resources for EKPC, regardless of the outcome of this case.

This proposed action has been discussed in a conference call with Commission Staff Counsel, and with counsel for intervenors Gallatin Steel and the Attorney General. Counsel for the intervenors have expressed their support for this action, which is critical to maintain EKPC's ability to fulfill the schedule for providing service to Warren RECC.

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If there are any questions or concerns about this action, please contact me or Randy Dials at EKPC Headquarters.

Very truly yours,



Charles A. Lile  
Senior Corporate Counsel

Enclosures

Cc: Service List.  
Richard Raff, Esq.- PSC