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April 11, 2007

**Via Federal Express
and Facsimile Transmission**

Ms. Elizabeth O'Donnell
Executive Director
Public Service Commission
211 Sower Boulevard, P.O. Box 615
Frankfort, Kentucky 40602-0615

RECEIVED

APR 12 2007

**PUBLIC SERVICE
COMMISSION**

Re: Big Rivers Electric Corporation/Kentucky Utilities Company
Interconnection Agreement, Case No. 2007-00058

Dear Ms. O'Donnell:

We represent Big Rivers Electric Corporation ("Big Rivers") in this matter, and write this letter on behalf of Big Rivers. Public Service Commission ("Commission") staff ("Staff") has asked Big Rivers to put in the record a written version of its verbal response to Staff's request for an explanation of who "Big Rivers Power Supply" is, as that term is used in the December 2006 Big Rivers-Kentucky Utilities Interconnection Study filed as Exhibit D to Big Rivers' application. This letter is written to accomplish that task, and to alert the Commission to the urgency of a decision on Big Rivers' application. The substantive information provided in this letter is provided by David Spainhoward, Vice President, External Relations & Interim Chief Production Officer for Big Rivers, and David G. Crockett, Vice President, System Operations for Big Rivers.

WHO IS "BIG RIVERS POWER SUPPLY"?

"Big Rivers Power Supply" is the internal division of Big Rivers Electric Corporation that is responsible for providing the electric power that is required to meet Big Rivers' member-systems' needs. Those responsibilities include arranging for transmission to deliver that electric power to its members, and to export for sale in the wholesale markets electric power that is available to Big Rivers, but is surplus to its members' requirements. When Big Rivers' "Power Supply" identifies a need for additional transmission export capacity, it makes that request to Big Rivers transmission (system operations) in the same manner that a third party desiring transmission services from Big Rivers would make a request.

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Ms. Elizabeth O'Donnell
April 11, 2007
Page 2

This formalized functional separation of employees engaged in transmission system operations from employees engaged in wholesale marketing activities is required by the Federal Energy Regulatory Commission's standards of conduct, made applicable to all entities like Big Rivers who have an open access transmission tariff ("OATT"). *See* 18 C.F.R. §358.2 (2006). The purpose of this requirement is to guarantee that a provider of transmission services does not discriminate in favor of its own wholesale transmission uses at the expense of third-party customers. The FERC standards of conduct require independent functioning of transmission operations personnel and marketing personnel, and there are limits on the kinds of activities and information access each may obtain. *See generally* 18 C.F.R. s 358.4 & 358.5 (2006). Thus, even though all Big Rivers employees remain part of the same company, internal division between transmission operations personnel and wholesale marketing personnel is maintained to comply with these requirements.

URGENCY FOR A DECISION

Big Rivers must construct during this month (April 2007) structure foundations for the physical facilities required to implement the interconnection contemplated by the interconnection agreement for which approval is sought in this case. The reason these foundations must be constructed during April of 2007 is the window of opportunity available by reason of the Kentucky Utilities April transmission system scheduled outage.

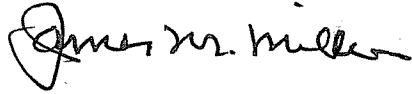
While the interconnection is required to meet the current needs of Big Rivers' Power Supply, completion of the physical interconnection has also become a critical path item for the anticipated closing of the termination of the existing lease and power sale arrangements between Big Rivers and subsidiaries or affiliates of E.ON U.S., LLC, which was described to Staff as the "unwind transaction" in an informal conference held on April 4, 2007.

The next available outage when this work could be accomplished is in November of 2007, which is too late to complete the construction of the interconnection on the required schedule, as described in the application. Completion of the construction of this interconnection is also a condition to closing of the Big Rivers "unwind" transaction. Big Rivers would be grateful for anything the Commission can do to

Ms. Elizabeth O'Donnell
April 11, 2007
Page 3

expedite issuance of the Commission's order in this matter. Please contact us if we can provide any further assistance.

Sincerely yours,

A handwritten signature in black ink, appearing to read "James M. Miller". The signature is written in a cursive style with a large initial "J" and "M".

James M. Miller

JMM/ej

cc: Parties of Record
Michael H. Core
C. William Blackburn
David Spainhoward
David Crockett
Anita Mitchell, Esq.