

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATIONS OF BIG RIVERS ELECTRIC)
CORPORATION, E.ON U.S., LLC, WESTERN)
KENTUCKY ENERGY CORP., AND LG&E) CASE NO. 2007-00455
ENERGY MARKETING, INC. FOR APPROVAL)
OF TRANSACTIONS; AND APPLICATION OF)
BIG RIVERS ELECTRIC CORPORATION FOR)
APPROVAL OF WHOLESALE TARIFF)
ADDITIONS; AND APPROVAL TO ISSUE)
EVIDENCES OF INDEBTEDNESS)

RECEIVED
JUN 9 2008
PUBLIC SERVICE
COMMISSION

NOTICE OF FILING

Comes the Intervenor, International Brotherhood of Electrical Workers, Local Union 1701 (IBEW), by counsel, and files with the Commission the following two documents:

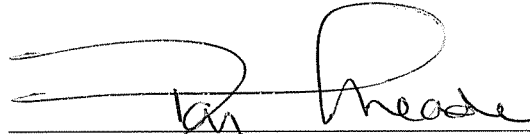
1. Letter from IBEW business manager Gary Osborne, of May 30, 2008, related to the pension problems arising from transitioning production employees between three separate and different pension plans as a result of the unwind.
2. Letter from IBEW business manager Gary Osborne of June 3, 2008, to James Hainer, Human Resources Manager of BREC, regarding deteriorating labor relations conditions at WKE that raise anticipated problems in the transition of employees to BREC under the unwind.

As grounds for this filing, these letters provide relevant information pertaining to three conditions regarding the maintenance of workforce levels and continuation of good faith collective bargaining relationships found in the direct testimony of David Brevitz, recommendations 9, 10 and 15 (p. 52). While there are many necessary parties and stakeholders with interests to be recognized, it is the approximately 400 production employees that meet the electrical consumption requirements

of Western Kentucky, whether they are employed at WKE or BREC. The terms and conditions of employment of this group are dramatically impacted by the unwind and despite initial meetings between the Union and managers of the respective companies, uncertainty about the future prevails. Both the Commission and the various parties should be informed about the unfolding situation and the interests of this group.

Respectfully submitted,

PRIDDY, CUTLER, MILLER & MEADE PLLC

A handwritten signature in black ink, appearing to read "Don Meade", is written over a horizontal line. The signature is stylized and cursive.

Don Meade
800 Republic Bldg.
429 W. Muhammad Ali Blvd.
Louisville, KY 40202
(502) 587-8600
Counsel for IBEW, Local 1701

CERTIFICATE OF SERVICE AND FILING

I certify that an original and ten copies of this Notice of Filing were served and filed with Beth O'Donnell, Executive Director, Public Service Commission, 211 Sower Blvd., Frankfort, KY 40601 by mailing same to her this 5th day of June, 2008. I further certify that true and accurate copies of the foregoing were mailed the same day via First Class U.S. Mail, postage pre-paid, to:

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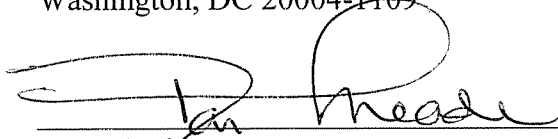
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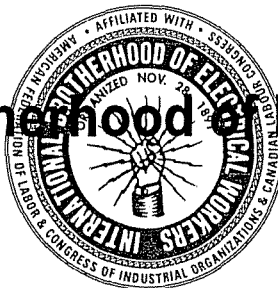


Don Meade

EDWIN D. HILL
INTERNATIONAL PRESIDENT

JON S. WALTERS
INTERNATIONAL SECRETARY

International Brotherhood of Electrical Workers



GARY D. OSBORNE
BUSINESS MANAGER & FINANCIAL SECRETARY
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May 30, 2008

Mr. Don Meade, Attorney
Priddy, Cutler, Miller & Meade
800 Republic Building
429 West Muhammad Ali
Louisville, Kentucky 40202

RE: PSC Unwind

Dear Mr. Meade:

As per your suggestion, I had the opportunity to pull some real numbers from a current Western Kentucky Energy employee in order to obtain a somewhat educated assumption on what his pension may be at retirement. The current employee was hired by Big Rivers Electric on November 4, 1980 at the age of nineteen (19) years old. This employee, I will call him John Doe, had a total of seventeen (17) years and nine (9) months of service with Big Rivers Electric when he became employed with Western Kentucky Energy in 1998. Mr. Doe's cash out value in the Big Rivers Defined Benefit Pension Plan on that date, at his age, was \$31,000.00.

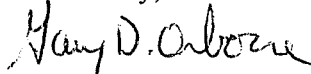
Assuming the unwind deal between Big Rivers Electric and Western Kentucky Energy will be finalized by August 1, 2008, Mr. Doe will have been employed with Western Kentucky Energy for ten (10) years and would have participated in their Defined Benefit Pension Plan for a like number of years. Mr. Doe's cash rollover from this plan will be \$34,000.00.

Based on his date of hire with Big Rivers Electric, I did the calculation utilizing the current Big Rivers Electric Defined Benefit Pension Plan and assumed Mr. Doe would work to age 62 years old which will give him a retirement date of 2023. I based his wage calculation on conservative numbers utilizing an assumption of a 3.2% wage increase from this point forward. I utilized real numbers, his current base rate as a starting point, and did the 3.2% wage increase every year until the year 2023. Based on the current Defined Benefit Pension Plan, in the year 2023 Mr. Doe would receive a monthly pension benefit of \$4,695.00 per month, which is the equivalent of \$56,340.00 yearly and over the assumed life span, which is 82 years old, would be the dollar equivalent of \$1,126,800.00 over his 20 year life expectancy.

Mr. Doe's current situation is that he was employed at Big Rivers Electric for a total of seventeen (17) years and nine (9) months, and his pension cash out value was \$31,000.00. As of August 1, 2008 he will have been employed by Western Kentucky Energy for ten (10) years and his pension cash value will be \$34,000.00. These are known values. We now assume that his wage rate will increase on average by 3.2% per year, he will participate in a Defined Contribution Pension Plan that will contribute 12% of his gross pay (based upon 2080 worked per year) to the plan for a period of fifteen (15) years and due to the fact Mr. Doe will be taking all of the risk we will assume that Mr. Doe will earn a conservative 5.5% per year on his contributions. Adding all of the factors together, Mr. Doe will have a total dollar amount of \$402,649.89 to last him the last 20 years of his life compared to \$1,126,800.00 had he stayed employed with Big Rivers Electric and continued to participated under the current Big Rivers Electric Defined Benefit Pension Plan. If the rate of return for all money was increased to 7.5% the total dollars increase to \$535,712.61.

I have enclosed all of my calculations and worksheets for your review. These numbers are accurate enough to give all of the parties an overview of my members concerns. If I can be of any additional assistance please feel free to contact me.

Sincerely,



Gary D. Osborne
Business Manager

CURRENT BIG RIVERS ELECTRIC PENSION PLAN

Employee Name: John Doe
D.O.B 08/01/1961
Date of Hire 11/04/1980 **Big Rivers Electric**
Year of Retirement 2023
Years of Service 43 years

Sample

<u>AGE</u>	<u>ANNUAL PAY</u>	<u>MONTHLY EARNINGS</u>
58	\$81,945.00	\$6,828.00
59	\$84,567.00	\$7,047.00
60	\$87,273.00	\$7,272.00
61	\$90,066.00	\$7,505.00
62	\$92,950.00	\$7,745.00
		\$36,397.00
		<u>÷5</u>
		\$7,279.00 (avg. mo. earnings)
		<u>x1.5%</u>
		109.19
		<u>x 43 years of service</u>
		\$4,695.00 (monthly pension)
		<u>x 12 (months)</u>
		\$56,340.00 (annual payment)
		<u>x 20 years</u>
		\$1,126,800.00

**BIG RIVERS ESTIMATED PENSION BENEFIT UTILIZING A CURRENT
EMPLOYEE**

Employee Name:	John Doe	
D.O.B	08/01/1961	
Date of Hire	11/04/1980	Big Rivers Electric
Date of Termination	07/14/1998	Big Rivers Electric
Date of Hire	07/15/1998	Western Kentucky Energy
Date of Termination	07/31/2008	Western Kentucky Energy
Pension Rollover	07/14/1998	\$31,000
Pension Rollover	07/31/2008	\$34,000

ASSUMPTION 3.2% YEARLY INCREASE

<u>YEARLY WAGE</u>	<u>YEARLY PENSION CONTRIBUTION 12% DC</u>
2008 \$57,950.00	\$0
2009 \$59,800.00	\$7,176.00
2010 \$61,720.00	\$7,406.00
2011 \$63,690.00	\$7,642.00
2012 \$65,730.00	\$7,888.00
2013 \$67,833.00	\$8,140.00
2014 \$70,003.00	\$8,400.00
2015 \$72,244.00	\$8,669.00
2016 \$74,556.00	\$8,947.00
2017 \$76,942.00	\$9,233.00
2018 \$79,404.00	\$9,528.00
2019 \$81,945.00	\$9,833.00
2020 \$84,567.00	\$10,148.00
2021 \$87,273.00	\$10,472.00
2022 \$90,066.00	\$10,808.00
2023 \$92,950.00	\$11,154.00
Total	\$135,444.00

Pension Rollover from 07/14/1998	*\$31,000 plus accumulated interest
Pension Rollover from 07/31/2008	*\$34,000 plus accumulated interest
*utilize a conservative return rate of 5.5%	

By utilizing a return rate of 5.5% on all invested dollars, what would the total sum of all contributions be at age 62 in 2023. Assuming life expectancy is age 82 which would be 240 months of monthly pension payments.

Starting Wage	\$ 57,950.00
Wage Increase	3.20%
Pension Cont	12.00%
Assumed Return	5.50%

Year	Wage	Pension Contribution	Pension Withdraw	Return	Year End Pension Balance
2008	\$ 57,950.00	\$ -			\$ 87,684.92 *
2009	\$ 59,804.40	\$ 7,176.53	\$ -	\$ 5,217.38	\$ 100,078.83
2010	\$ 61,718.14	\$ 7,406.18	\$ -	\$ 5,911.68	\$ 113,396.68
2011	\$ 63,693.12	\$ 7,643.17	\$ -	\$ 6,657.19	\$ 127,697.04
2012	\$ 65,731.30	\$ 7,887.76	\$ -	\$ 7,457.16	\$ 143,041.96
2013	\$ 67,834.70	\$ 8,140.16	\$ -	\$ 8,315.02	\$ 159,497.14
2014	\$ 70,005.41	\$ 8,400.65	\$ -	\$ 9,234.38	\$ 177,132.17
2015	\$ 72,245.59	\$ 8,669.47	\$ -	\$ 10,219.09	\$ 196,020.73
2016	\$ 74,557.45	\$ 8,946.89	\$ -	\$ 11,273.22	\$ 216,240.85
2017	\$ 76,943.28	\$ 9,233.19	\$ -	\$ 12,401.07	\$ 237,875.11
2018	\$ 79,405.47	\$ 9,528.66	\$ -	\$ 13,607.21	\$ 261,010.98
2019	\$ 81,946.44	\$ 9,833.57	\$ -	\$ 14,896.45	\$ 285,741.00
2020	\$ 84,568.73	\$ 10,148.25	\$ -	\$ 16,273.91	\$ 312,163.16
2021	\$ 87,274.93	\$ 10,472.99	\$ -	\$ 17,744.99	\$ 340,381.14
2022	\$ 90,067.73	\$ 10,808.13	\$ -	\$ 19,315.41	\$ 370,504.67
2023	\$ 92,949.89	\$ 11,153.99	\$ -	\$ 20,991.23	\$ 402,649.89

\$ 135,449.59

* 2008 year end balance is rolled in from pension rollovers plus interest. (see sheet 2)

Interest Rate 5.50%

<u>Year</u>	<u>Beginning Balance</u>	<u>Interest</u>	<u>Ending Balance</u>	
1998	\$ 31,000.00	\$ 928.28	\$ 31,928.28	*
1999	\$ 31,928.28	\$ 1,756.06	\$ 33,684.33	
2000	\$ 33,684.33	\$ 1,852.64	\$ 35,536.97	
2001	\$ 35,536.97	\$ 1,954.53	\$ 37,491.50	
2002	\$ 37,491.50	\$ 2,062.03	\$ 39,553.54	
2003	\$ 39,553.54	\$ 2,175.44	\$ 41,728.98	
2004	\$ 41,728.98	\$ 2,295.09	\$ 44,024.08	
2005	\$ 44,024.08	\$ 2,421.32	\$ 46,445.40	
2006	\$ 46,445.40	\$ 2,554.50	\$ 48,999.90	
2007	\$ 48,999.90	\$ 2,694.99	\$ 51,694.89	
2008	\$ 51,694.89	\$ 1,200.47	\$ 52,895.36	*
	\$ 34,000.00	\$ 789.56	\$ 34,789.56	*

* interest calculated on partial year.

Starting Wage	\$ 57,950.00
Wage Increase	3.20%
Pension Cont	12.00%
Assumed Return	7.50%

Year	Wage	Pension Contribution	Pension Withdraw	Return	Year End Pension Balance
2008	\$ 57,950.00	\$ -			\$ 98,896.91 *
2009	\$ 59,804.40	\$ 7,176.53	\$ -	\$ 7,955.51	\$ 114,028.95
2010	\$ 61,718.14	\$ 7,406.18	\$ -	\$ 9,107.63	\$ 130,542.76
2011	\$ 63,693.12	\$ 7,643.17	\$ -	\$ 10,363.94	\$ 148,549.88
2012	\$ 65,731.30	\$ 7,887.76	\$ -	\$ 11,732.82	\$ 168,170.46
2013	\$ 67,834.70	\$ 8,140.16	\$ -	\$ 13,223.30	\$ 189,533.92
2014	\$ 70,005.41	\$ 8,400.65	\$ -	\$ 14,845.09	\$ 212,779.66
2015	\$ 72,245.59	\$ 8,669.47	\$ -	\$ 16,608.68	\$ 238,057.81
2016	\$ 74,557.45	\$ 8,946.89	\$ -	\$ 18,525.35	\$ 265,530.06
2017	\$ 76,943.28	\$ 9,233.19	\$ -	\$ 20,607.24	\$ 295,370.50
2018	\$ 79,405.47	\$ 9,528.66	\$ -	\$ 22,867.44	\$ 327,766.59
2019	\$ 81,946.44	\$ 9,833.57	\$ -	\$ 25,320.01	\$ 362,920.18
2020	\$ 84,568.73	\$ 10,148.25	\$ -	\$ 27,980.13	\$ 401,048.56
2021	\$ 87,274.93	\$ 10,472.99	\$ -	\$ 30,864.12	\$ 442,385.66
2022	\$ 90,067.73	\$ 10,808.13	\$ -	\$ 33,989.53	\$ 487,183.33
2023	\$ 92,949.89	\$ 11,153.99	\$ -	\$ 37,375.30	\$ 535,712.61

\$ 135,449.59

* 2008 year end balance is rolled in from pension rollovers plus interest. (see sheet 2)

Interest Rate 7.50%

<u>Year</u>	<u>Beginning Balance</u>	<u>Interest</u>	<u>Ending Balance</u>	
1998	\$ 31,000.00	\$ 1,265.83	\$ 32,265.83	*
1999	\$ 32,265.83	\$ 2,419.94	\$ 34,685.77	
2000	\$ 34,685.77	\$ 2,601.43	\$ 37,287.20	
2001	\$ 37,287.20	\$ 2,796.54	\$ 40,083.74	
2002	\$ 40,083.74	\$ 3,006.28	\$ 43,090.02	
2003	\$ 43,090.02	\$ 3,231.75	\$ 46,321.78	
2004	\$ 46,321.78	\$ 3,474.13	\$ 49,795.91	
2005	\$ 49,795.91	\$ 3,734.69	\$ 53,530.60	
2006	\$ 53,530.60	\$ 4,014.80	\$ 57,545.40	
2007	\$ 57,545.40	\$ 4,315.90	\$ 61,861.30	
2008	\$ 61,861.30	\$ 1,958.94	\$ 63,820.24	*
	\$ 34,000.00	\$ 1,076.67	\$ 35,076.67	*

* interest calculated on partial year.

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INTERNATIONAL PRESIDENT

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June 3, 2008

Mr. James Haner, H.R. Manager
Big Rivers Electric Corp.
P.O. Box 24
Henderson, Kentucky 42419-0024

RE: Big Rivers "Unwind"

Dear Mr. Haner:

By letter dated May 30, 2008, I requested that we postpone contract negotiations from the week of June 9th to a date uncertain due to major Labor/Management issues pending with Western Kentucky Energy (WKE). As of this date, those issues include a termination case scheduled for arbitration, a discipline case being scheduled for arbitration and a termination which just occurred on Friday May 30th which in all probability will also be sent to arbitration. For whatever reason, it appears that our once excellent labor/management relationship with Western Kentucky Energy has hit rock bottom. In my four years as Business Manager I have not had one case go to arbitration with Western Kentucky Energy. Unfortunately, that situation has changed dramatically and now we seem unable to resolve any issue.

As we approach our upcoming negotiations with Big Rivers many of these carry over discipline issues will be a major point of discussion. For instance, if an Arbitrator rules that an employee of WKE is to be made whole and placed back to work, what will be Big River's Electric position relative to placing the discharged WKE employee back to work with Big Rivers Electric? There is no doubt WKE will be responsible for the make whole remedy, but who will be responsible for his or her employment? These are just a few of the questions I have that could have been resolved with WKE.

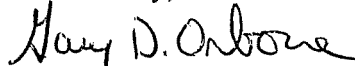
Also, as we prepare for contract negotiations with Big Rivers Electric, it appears that the front line management team from WKE, who will still be employed at that time, will have a seat at the table. On issues which involve carry over discipline items, the Union strongly objects to these individuals being at the table. These individuals include: Lisa Garrett, HR Manager, Jim Garrett, Plant Manager Coleman Plant, Bob Berry, Plant Manager Reid/Green Plant and Kenny Stewart, Plant Manager Wilson Plant. These current Managers will be working for and with WKE on their Arbitration cases and in the same light representing Big Rivers Electric. Certainly on issues

which involve discipline of current employees in which these Managers were also involved, I can assure you they will not be coming to the table with an open mind. You cannot represent two masters. Therefore, I respectfully request that these individuals not be involved as these matters are discussed and solutions are sought.

I am very open to resolving these issues prior to the start of formal contract negotiations. Given that the moral of the bargaining unit employees at WKE is at an all time low I firmly believe it in each party's best interest to resolve these issues before we begin negotiations with Big Rivers Electric. With the current situation it makes both of our tasks nearly impossible as we attempt to reach an agreement with a hostile workforce. The last employee terminated was a 24 year employee who had a good work record, one who was well liked by all of his co-workers, and was even by members of management admittedly a good worker! In past similar circumstances employees have been issued warnings and given suspensions, not terminated. WKE even attempted to pit one employee against another by offering such a settlement whereby I, as their union representative, had to agree to sacrifice one employee in order to save the other employee's job. In other words I was pressured to give up my duty of fair representation, under the National Labor Relations Act, of one union member to save another member's job. Something I resolutely refused to do!

As I am sure you are aware there are many issues currently playing on the minds of the bargaining unit employees at WKE. Issues such as future health care coverage, work schedules, starting into a different pension plan--in many cases for the third time, and possible job cutbacks, just to name a few. All of these play a toll on the moral of the workforce. Mixing all of this with a hostile Labor/Management relationship and you can easily see why the moral of the workforce is at rock bottom. I am certain you can appreciate that the issues involving discipline take on a sense of urgency. I would therefore respectfully request that representatives of the Union and representatives of Big Rivers Electric meet at our earliest convenience in an attempt to resolve the issues. I look forward to your immediate response.

Sincerely,



Gary D. Osborne

Business Manager, IBEW Local 1701

Copy: Tim West, Unit Chairman