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December 13, 2004

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PUBLIC SERVICE
COMMISSION

Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

RE: Case No. 2004-00365

Dear Ms. O'Donnell:

I received your letter dated December 2, 2004, in the aforementioned case regarding Big Rivers Electric Corporation's filing of an application for a Certificate of Public Convenience and Necessity to construct a 161 kV transmission line in Meade and Breckinridge Counties, Kentucky. In your letter, you noted that it appears that an alternative to this line would be for Big Rivers to connect to LG&E's 138kV line between Hardin County and New Hardinsburg. You requested that LG&E "describe in detail any upgrade and cost that would be needed to allow Big Rivers to connect to the 138 kV line in the vicinity of Meade County RECC's Custer substation."

At this time, it is not possible for LG&E to detail what upgrades or cost would be needed to implement the interconnection as proposed, should such an interconnection prove feasible. To answer this question, detailed modeling of this control-area to control-area interconnection would be required. To date, this modeling has not been undertaken. Considerable collaboration between LG&E and Big Rivers would be required to ensure that the appropriate system parameters would be included in the model, including line characteristics, system contingencies, and other modeling factors. This work would likely require one month or more to complete. Furthermore, since LG&E is a member of the Midwest Independent Transmission System Operator Inc. ("MISO"), and since MISO retains operational control over all LG&E facilities 100 kV and above, any simulation of the proposed 138 kV interconnection between LG&E and Big Rivers would require the participation of and/or review by MISO. For these reasons, LG&E is unable to provide the requested detail at this time.

Please let me know if you have any further questions.

Very truly yours,

Kent W. Blake