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May 30, 2007

Via Federal Express

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

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MAY 31 2007

PUBLIC SERVICE
COMMISSION

Re: In the Matter of the 2005 Integrated Resource Plan
of Big Rivers Electric Corporation, Case No. 2005-00485, and Update
on Status of Unwind Transaction Application

Dear Ms. O'Donnell:

Please refer to your letter to me of April 25, 2006 in this matter, in which you advised that the staff of the Public Service Commission ("Commission") requests Big Rivers Electric Corporation ("Big Rivers") to report on the status of the Big Rivers-E.ON transaction unwind process on May 31, 2006, and every 60 days thereafter. We have sent status reports in letters dated May 30, 2006, July 27, 2006, September 28, 2006, November 29, 2006, January 26, 2007, and March 29, 2007. This letter is the seventh status report on behalf of Big Rivers.

Also please refer to your letter of April 24, 2007, to David A. Spainhoward, a Big Rivers Vice President, granting his request to hold in abeyance certain continuing reporting obligations of Big Rivers pending the anticipated closing of the "unwind" transaction that, among other things, terminates Big Rivers' lease of its generating units. This letter also responds to the requirement in your letter that Big Rivers file an update regarding the status of its unwind approvals application if the application is not filed in May of 2007.

As the Commission staff is aware, the Transaction Termination Agreement among Big Rivers, LG&E Energy Marketing Inc. and Western Kentucky Energy Corp. was signed as of March 26, 2007. Big Rivers gave notice on May 4, 2007, of its intent to file an application requesting a certificate of public convenience and necessity for a transmission line project that is an integral part of its overall unwind transaction plan. That filing should occur in early to mid-June.

Big Rivers continues to prepare the unwind financial model that will provide the financial basis for the unwind transaction approvals Big Rivers will seek from the Commission. Big Rivers must take care that the model is as accurate as possible because the information in it is critical not only for the Commission, but also for Big

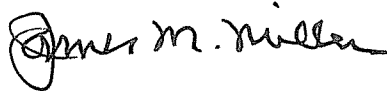
Hon. Elizabeth A. O'Donnell
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Rivers' members, rating agencies, Big Rivers' present and prospective creditors, the smelters and Big Rivers' post-closing operating plans. In fact, completion of the agreements under which Big Rivers and Kenergy Corp. expect to provide service to Alcan Primary Products and Century Aluminum post-closing has been delayed because of work on the unwind financial model.

The delays attendant to the unwind financial model work are likely to impact the schedule for filing the application for the principal unwind transaction approvals. Big Rivers had originally expected that application to be filed by the end of June, 2007. Big Rivers is unable to predict accurately the date on which that application will be filed, but has verbally committed to give the Commission at least thirty days advance notice of that filing.

Big Rivers appreciates you allowing it to hold in abeyance certain of its filing requirements. We will continue to keep the Commission informed as this transaction progresses.

Sincerely yours,

A handwritten signature in black ink that reads "James M. Miller". The signature is written in a cursive style with a large initial "J" and "M".

James M. Miller

JMM/ej

cc: Michael H. Core
Mark A. Bailey
Burns Mercer
Kelly Nuckols
Service List

SERVICE LIST
PSC CASE NO. 2005-00485

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