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March 2, 2006

VIA FACSIMILE AND U.S. MAIL

Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

**RE: In the Matter of the Application of Kenergy Corp. for Approval of
Temporary Electric Service to Construction Site of Hopkins County Coal,
LLC - Case No. 2006-00075**

Dear Ms. O'Donnell:

I am writing on behalf of my client, Kentucky Utilities Company ("KU"). It is my understanding, based on a conversation with counsel for Kenergy Corp. ("Kenergy"), that Commission Staff has asked that KU advise the Commission of its position in the above-referenced matter. The purpose of this letter is to set forth KU's position regarding this matter.

It is KU's position that the submission of this matter to the Commission is not necessary because there is no controversy presented by Kenergy's Application. Specifically, the service at issue, which will consist of the delivery of power by a customer from a site in KU's certified territory,¹ over a customer-owned distribution system, to a point of consumption inside Kenergy's territory, does not conflict with Kentucky's Certified Territory Act. The existence of customer-owned distribution systems is a longstanding practice in the coal-mining industry in Kentucky, and has not, to our knowledge, ever been the subject of the exercise of jurisdiction by this Commission. For that reason, it is KU's position that the Commission should not exercise jurisdiction in this matter.

That position notwithstanding, KU does not object to the terms of the provision of service for the fan construction and permanent operation as set forth in Kenergy's Application and agreed to by Kenergy and Hopkins County Coal LLC in Exhibit B to Kenergy's Application. KU will

¹ KU notes that Exhibit A to the Application, through an apparent typographical error, incorrectly identifies the certified territories of KU and Kenergy. A corrected version of the Exhibit is attached.

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work with the customer and with Kenergy, to the extent necessary, to ensure that the customer receives its required electric service.

This response is based upon the facts as presented in Kenergy's Application, is limited to the service for the fan construction and operation as set forth in that Application (and the exhibits thereto), and is not intended to and does not present KU's position regarding, or agreement to, any other service, or any alteration of the certified territories of KU or Kenergy.

Thank you for the opportunity to present KU's position in this matter. If there are any questions about this letter, please let me know.

Very truly yours,

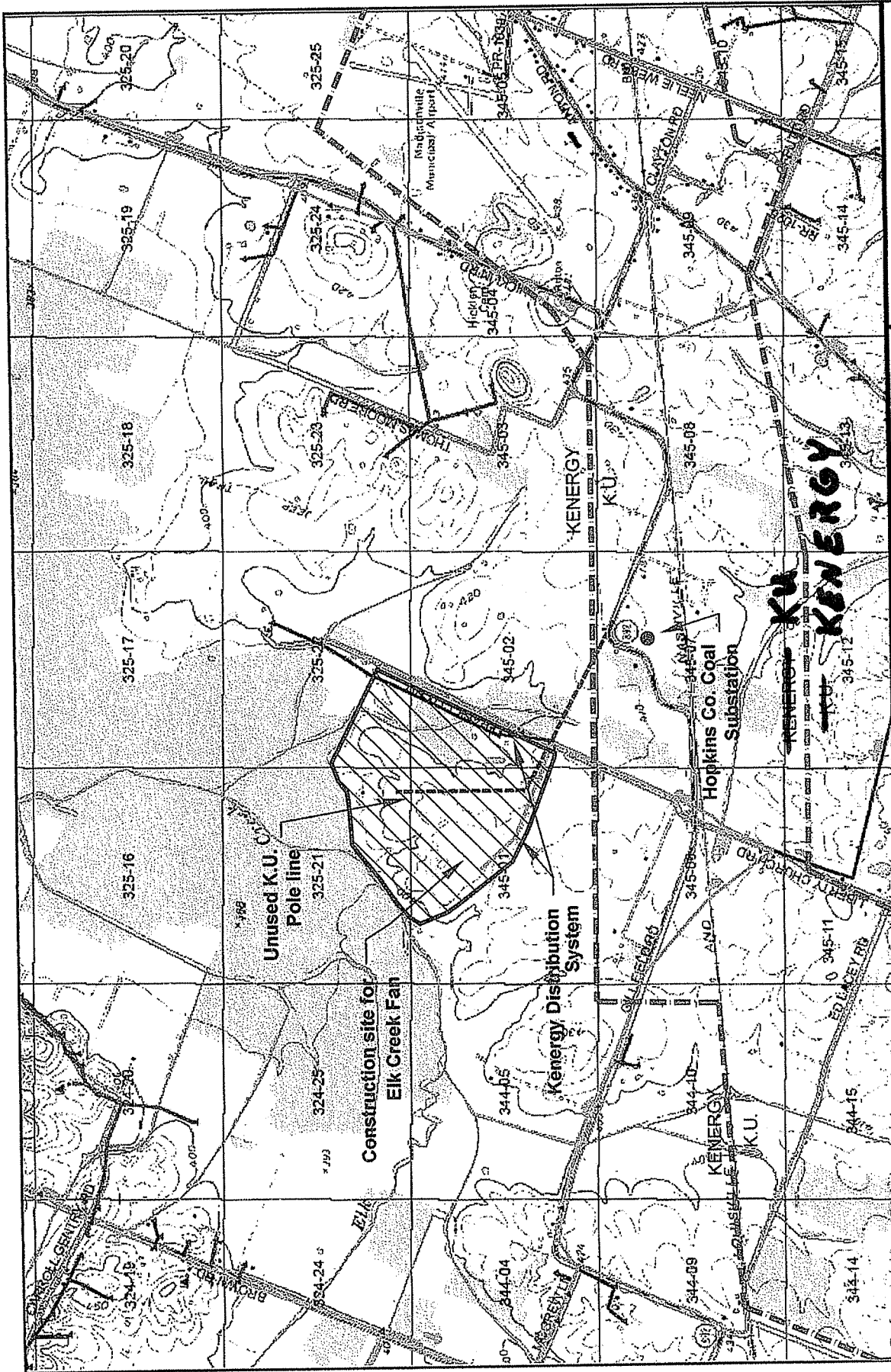
A handwritten signature in black ink, appearing to read 'J. Gregory Cornett', with a long horizontal flourish extending to the right.

J. Gregory Cornett

JGC/

Enclosure

cc: Frank. N. King, Jr.
A.W. Turner



LEGEND

344-15	Kenergy map grid
---	Unused K.U. pole line
---	Kenergy/K.U Territory Boundary

Construction Site for Elk Creek Mine
 Madisonville East, Ky (USGS Quadrangle)

February 13, 2006
 Scale: 1" = 2000'