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July 20, 2007

**RECEIVED**

**JUL 23 2007**

**PUBLIC SERVICE  
COMMISSION**

**Via Federal Express**

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

Re: Notice of Big Rivers Electric Corporation and  
Kenergy Corp. of Amendments to Existing Rate Schedules  
Case No. 2007-00164

Dear Ms. O'Donnell:

Enclosed are an original and ten copies of the reply comments of Big Rivers Electric Corporation and Kenergy Corp. in the above referenced matter. I certify that a copy of the reply comments has been served on the attached service list.

Sincerely,



Tyson Kamuf

TAK/ej  
Enclosures

cc: David Spainhoward (w/enclosure)  
C. William Blackburn (w/enclosure)  
Steve Thompson (w/enclosure)  
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**SERVICE LIST**  
**PSC CASE NO. 2007-00164**

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COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the matter of: )  
 )  
Notice of Big Rivers Electric Corporation and ) Case No. 2007-00164  
Kenergy Corp. of Amendments to Existing )  
Rate Schedules )

**REPLY COMMENTS OF BIG RIVERS ELECTRIC CORPORATION  
AND KENERGY CORP.**

Come the applicants, Big Rivers Electric Corporation (“Big Rivers”) and Kenergy Corp. (“Kenergy”), by counsel, and for their reply comments, state as follows.

Big Rivers and Kenergy appreciate the Attorney General’s involvement in this case and the comments that he filed, and they are pleased that the Attorney General recommends approval of their proposed amended tariffs. Big Rivers and Kenergy agree with the Attorney General on the importance of support and interaction between themselves and their customers. They will advise participants regarding the tariff and on the options available to participants to reduce demand. In fact, Big Rivers and Kenergy already work with and will continue to work with customers on finding ways to reduce demand, and they will use their proposed real-time pricing program as another tool available to their customers.

Big Rivers and Kenergy also agree with the Attorney General that the Commission needs to be able to evaluate their real-time pricing program, as well as other utilities’ programs. In that regard, Big Rivers and Kenergy will agree to collect data and report the results of their program to the Commission.

In his comments, the Attorney General recommends that the Commission impose a 3 year end date on Big Rivers’ and Kenergy’s proposed amended tariffs. While Big Rivers and Kenergy recognize that the 3 year proposal is based on the Commission’s Order dated December

21, 2006, in *In the Matter of: Consideration of the Requirements of the Federal Energy Policy Act of 2005 Regarding Time-Based Metering, Demand Response, and Interconnection Service*, PSC Case No. 2006-00045, they do not feel that an expiration date on their amended tariffs is appropriate. As noted in the application in this matter, customers wishing to participate in the real-time pricing program will execute special contracts, which will be subject to the Commission's approval. The Commission can limit any special contracts to 3 years where it is appropriate to do so. However, imposing a 3 year expiration date on the amended tariffs would leave no tariff or rate for customers served under the amended tariffs to fall back on after the 3 year period, and a 3 year restriction could prevent potential large customers from locating within Big Rivers' service area. As such, the Commission should reserve for itself the flexibility of being able to allow special contracts longer than 3 years where it is appropriate to do so based on the needs and circumstances of a particular customer.

Big Rivers and Kenergy ask that the Commission accept and approve Big Rivers' Amended Rate Schedule 10 Tariff Sheets and Kenergy's Amended Rate Schedule 41 Tariff Sheets for the reasons stated in their application filed in this matter.

On this the 20<sup>th</sup> day of July, 2007.

SULLIVAN, MOUNTJOY, STAINBACK  
& MILLER, P.S.C.



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