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May 26, 2009

RECEIVED

**VIA HAND DELIVERY**

Jeff DeRouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40601

MAY 26 2009

PUBLIC SERVICE  
COMMISSION

**RE: The Application of Big Rivers Electric Corporation for: (i) Approval of Wholesale Tariff Additions for Big Rivers Electric Corporation, (ii) Approval of Transactions, (iii) Approval to Issue Evidences of Indebtedness, and (iv) Approval of Amendments to Contracts; and of E.ON U.S. LLC, Western Kentucky Energy Corp., and LG&E Energy Marketing, Inc. for Approval of Transactions**  
**Case No. 2007-00455**

Dear Mr. DeRouen:

Enclosed please find and accept for filing the original and ten copies of the May 26, 2009 Joint Report on Status of Closing the Unwind Transaction in the above-referenced matter. Please confirm your receipt of this filing by placing the stamp of your Office with the date received on the enclosed additional copies and return them to me in the enclosed self-addressed stamped envelope.

Should you have any questions please contact me at your convenience.

Yours very truly,

Kendrick R. Riggs

KRR:ec  
Enclosures  
cc: Parties of Record

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**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

**THE APPLICATION OF BIG RIVERS )**  
**ELECTRIC CORPORATION FOR )**  
**(I) APPROVAL OF WHOLESALE TARIFF )**  
**ADDITIONS FOR BIG RIVERS ELECTRIC )**  
**CORPORATION; (II) APPROVAL OF )**  
**TRANSACTIONS; (III) APPROVAL TO ISSUE )**  
**EVIDENCES OF INDEBTEDNESS; AND )** **CASE NO. 2007-00455**  
**(IV) APPROVAL OF AMENDMENTS TO )**  
**CONTRACTS; AND OF E.ON U.S., LLC, )**  
**WESTERN KENTUCKY ENERGY CORP., )**  
**AND LG&E ENERGY MARKETING, )**  
**INC. FOR APPROVAL OF TRANSACTIONS )**

**MAY 26, 2009 JOINT REPORT ON STATUS**  
**OF CLOSING THE UNWIND TRANSACTION**

The applicants (“Applicants”) Big Rivers Electric Corporation (“Big Rivers”), E.ON U.S. LLC (“E.ON US”), Western Kentucky Energy Corp. (“WKEC”) and LG&E Energy Marketing, Inc. (“LEM,” and collectively with E.ON US and WKEC, the “E.ON Parties”) make this status report filing, through counsel, to comply with the ordering paragraph number three of the March 6, 2009 Order of Public Service Commission (“Commission”) in this matter.

The information contained in this Report reflects the more significant developments in the closing activities from the May 5, 2009 Report on Status of Closing the Unwind Transaction through May 20, 2009.

**Investment Grade Credit Ratings**

Big Rivers received a public written evaluation by Standard & Poor’s Ratings Service (“S&P”) and filed it with the Commission. On May 19, 2009 Fitch Ratings assigned Big Rivers a BBB- (with a stable outlook) investment grade credit rating. Big Rivers and E.ON Parties

filed with the Commission on May 14, 2009, their notice of receipt of the investment grade credit ratings with the Commission and their plan to close the Unwind Transaction after May 19, 2009.

**The City of Henderson, Utility Commission Issues**

Since the April 20, 2009 Report on Status of Closing the Unwind Transaction, no further updates or changes have been made to the Second Amendatory Agreement between E.ON Parties, Big Rivers, the City of Henderson, Kentucky (the “City of Henderson”) and the City of Henderson Utility Commission d/b/a Henderson Municipal Power & Light (the “City Utility Commission”) or the Settlement Agreement and Release between E.ON Parties, City of Henderson and City Utility Commission.

Unsigned copies of (1) the Second Amendatory Agreement, (2) Settlement Agreement and Release, and the (3) General and Administrative Services Agreement were previously filed with the Commission. Signed copies of the Resolution of the City of Henderson Utility Commission and Resolution of the City of Henderson regarding the Second Amendatory Agreement and the Settlement Agreement and Release were also previously filed with the Commission.

As reported in the April 20, 2009 Report on Status of Closing the Unwind Transaction, E.ON Parties and Big Rivers have reached an agreement on the term sheet for the indemnity agreement. On May 18 and 19, 2009, E.ON Parties and Big Rivers filed with the Commission the definitive Indemnity Agreement and Indemnity Agreement Guarantee.

The NERC/SERC Certification Agreement between the City Utility Commission and Big Rivers is complete, and will be filed with the Commission for informational purposes. Big Rivers and the City Utility Commission have reached agreement on an operational procedure letter confirming Big Rivers’ plan to allocate emission allowances between Big Rivers and City

Utility Commission after the transaction consistent with assumptions in the Financial Model. One issue remains unresolved in the discussions between Big Rivers and the City Utility Commission regarding another operational procedures letter stating Big Rivers' intentions with respect to burning of petroleum coke and bituminous coal at Station Two. City of Henderson and City Utility Commission take the position that this document with Big Rivers must be completed prior to closing the Unwind Transaction.

### **Revisions to Previously-Filed Documents**

A clarification to the Guarantee Agreement supporting the Termination Agreement in the form of an Amended and Restated Guarantee Agreement between E.ON US and Big Rivers was filed with the Commission on May 19, 2009.

### **Southwire Rod and Cable**

As described in the April 20, 2009 Report on Status of Closing the Unwind Transaction, the Southwire issues fall into two categories: (1) the agreements required to establish new retail service arrangements, and (2) the agreements required in connection with Southwire's consent to the Unwind Transaction. Big Rivers' current understanding is that no further progress can be made on the retail service arrangements until progress is made on obtaining Southwire's consent to the Unwind Transaction. Recent efforts to resolve these issues with Southwire have been unsuccessful.

### **Other Closing Related Matters**

Big Rivers and WKEC continue to work on other closing related items, and have asked Rio Tinto/Alcan, Century Aluminum, City of Henderson/City Utility Commission and Southwire to advise by Tuesday, May 26, 2009 whether each is prepared to close the Unwind Transaction, and, if so, by Tuesday, June 2, 2009.

Should the Commission have any questions at any time about the contents of this report or the status of the transaction, please contact us at your first convenience.

Dated: May 26, 2009

James M. Miller (with permission) KEE

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MARKETING INC.

**CERTIFICATE OF SERVICE**

I hereby certify that a true copy of the foregoing May 26, 2009 Joint Report on Status of Closing the Unwind Transaction was served via U.S. mail, first-class, postage prepaid, this 26th day of May 2009, upon the following persons:

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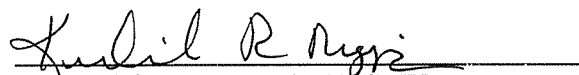
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