

ESTILL COUNTY ENERGY PARTNERS, LLC

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COMMISSION

August 31, 2007

Mr. ~~Michael F. Buford~~, Chairman  
Kentucky State Board on Electric Generation and Transmission Siting  
c/o Michael F. Buford, Director of Filings Division  
Public Service Commission  
211 Sower Blvd., P. O. Box 615  
Frankfort, KY 406021

Re: Estill County Energy Partners, LLC ("ECEP")  
Annual Reports for 2004, 2005, and 2006

Dear Mr. Barangers;

On October 12, 2004 the State Board on Electric Generation and Transmission Siting ("Board") granted approval of ECEP's request for siting of an electric generating facility. Appendix A of that order has some reporting requirements regarding construction of the proposed power generating facility. We had been under the impression that the reports were not required until construction began, but this letter is intended to constitute the reports for 2004-2006 and to respond to Mr. Burford's letter of August 7, 2007.

**Overview**

ECEP has pursued several permits in the last three years including the KPDES Water Discharge Permit, Water Withdrawal Permit, and the Air Quality Permit. The KPDES Permit is nearing issuance. The Water Withdrawal Permit cannot be issued until six (6) months prior to the time the water would be needed for the project, however Kentucky's Division of Water has issued a letter of assurance in regard to the Water Withdrawal Permit. The Air Quality Permit was submitted and entered the review process, but was subsequently withdrawn while pursuing additional capital to fund the project. During 2005 and 2006, ECEP has sought resources to fund development of the project, and expects full funding of development monies very soon.

**Implementation of Site Development Plan**

ECEP has not:

1. altered access control to the site.
2. made any substantive modifications to the proposed buildings, transmission lines and other structures.

3. made any substantive modifications to the access ways, internal roads and railways serving the site.
4. developed utilities to service the site.

### **Local Hiring and Procurement**

ECEP has not begun final design of the proposed power plant and as such, cannot address hiring of local workers or vendors. However, ECEP has endeavored to hire local engineering and legal firms during the planning and permitting phase of the project, and will make efforts to do the same during the construction and operation phase of the project.

### **Public Comments and Responses**

Comments and opposition to the project were duly noted during the hearing held at Irvine in 2004 and during the appeal of the Siting Board's decision to approve. The Siting Board conditionally approved ECEP's Siting Certificate with a condition that requires ECEP to record a deed in the Estill County Court House that would indicate resolution of the property dispute for a portion of the site property. Since that time, we have not received notice of any complaints other than continued discussions with DLX. DLX continues to claim ownership of a small portion of the property and has pursued the normal court proceedings associated with the dispute.

### **Specific Mitigation Conditions**

As mentioned in the Public Comments and Responses section, ECEP and DLX have entered conversation as to a possible resolution of the dispute and those discussions have continued into 2007. ECEP hopes and intends to resolve the matter with DLX and record the appropriate deed for the disputed property at the site.

Please feel free to contact me with any questions regarding this filing, and please note that the 2007 Annual Report will be filed prior to October 12, 2007.

Sincerely,  
  
D. Duane Cook

General Counsel for  
Estill County Energy Partners, LLC