

September 16, 2010

Mr. Jeffrey Derouen  
Executive Director  
Kentucky Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602-0615

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SEP 17 2010

PUBLIC SERVICE  
COMMISSION

Re: Application of Big Rivers Electric Corporation for Approval to Transfer  
Functional Control of Its Transmission System to Midwest  
Independent Transmission System Operator, Inc.; PSC Case No. 2010-00043

Dear Mr. Derouen:

At the hearing held in this case on September 15, 2010, Vice-Chairman Gardner requested clarification from the Midwest ISO regarding the issue of when Big Rivers Electric Cooperative (“BREC”) could exit the Midwest ISO, assuming that BREC’s integration was approved by the Commission and it was effective December 1, 2010.

The Midwest ISO agreed to provide post-hearing information to the Commission to clarify this issue.

The answer to this question can be found in the Midwest ISO Transmission Owners Agreement (“TO Agreement”). The TO Agreement can be found as Exhibit 10 to BREC’s original Application in this case. Reference is made to Article Five, Chapter I, First Revised Sheet No. 75:

“ . . . A Member who is also an Owner may, upon submission of a written notice of withdrawal to the Chief Executive Officer (or if the Board chooses not to elect the Chief Executive Officer, the President), commence a process of withdrawal of its facilities from the Transmission System. Such withdrawal shall not be effective until December 31 of the calendar year following the calendar year in which notice is given, nor shall any such notice of withdrawal become effective any earlier than five (5) years following the date that the Owner signed this Agreement except as provided for in Article Five, Section IV<sup>1</sup> and Article Seven<sup>2</sup>

<sup>1</sup> This reference is to the original filing, allowing withdrawal in the event the formative owners did not achieve sufficient membership to have the necessary “scope and configuration” by December 31, 1998. It has expired of its own terms.

<sup>2</sup> This reference also relates to formation, allowing Owners to withdraw 30 days if FERC or a state regulatory authority, or the Internal Revenue Service imposed unacceptable conditions on participation in the Midwest ISO.

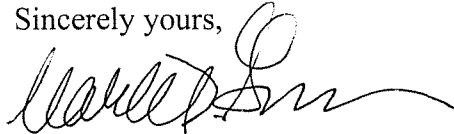
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of this Agreement. . .” (The footnotes contained herein do not appear in the TO Agreement but are provided for purposes of clarification).

To summarize the above, BREC must stay a member of the Midwest ISO for a period of five years from the date of initial membership. BREC could serve its one-year notice of withdrawal on or before its fourth anniversary year, and withdraw one year later, on December 31. Therefore, assuming an initial membership date of December 1, 2010, and further assuming that appropriate notice is given, BREC’s withdrawal from the Midwest ISO could be effective at the earliest on December 31, 2015.

I trust that this explanation adequately clarifies the issue for the Commission. If it does not, the Midwest ISO would be happy to provide any supplemental information that the Commission might request.

Sincerely yours,



Mark David Goss

cc: Counsel of record

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