



September 30, 2010

RECEIVED

OCT 04 2010

PUBLIC SERVICE
COMMISSION

Mr. Mark Bailey
Big Rivers Electric Corporation
PO Box 24
Henderson, KY 42419-0024

REF: MISO Registration – Big Rivers
PSC Case No. 2010-00043

Dear Mark:

Thank you for your September 27 email (copy attached) concerning the pending MISO registration for Big Rivers. Since receiving your September 22 letter (copy attached) concerning the MISO registration a couple of events have taken place. Henderson has held discussions with The Energy Authority (TEA) which is located in Jacksonville, Florida, and this past Monday, Henderson and TEA participated in a conference call with representatives of MISO.

Based upon the statements made by MISO representatives during the conference call, it is Henderson's understanding that an officer of Big Rivers has certified to MISO that Big Rivers has the authority or right to register all of the capacity and related energy of Henderson Station Two under Big Rivers' name. Big Rivers has apparently also certified that it has the authority or right to act as the MISO Market Participant for Henderson's annual reserved capacity and related energy. As the asset owner, Henderson is not aware of any existing verbal or written authorizations that allow Big Rivers to register Henderson Station Two, which apparently included Henderson's annual reserved capacity and related energy, with MISO. Also, Henderson has not authorized Big Rivers to act as a MISO Market Participant for Henderson. Henderson is not aware of any existing documents between Henderson and Big Rivers that grant Big Rivers the authority to register Station Two with MISO without the written consent from Henderson. As we explained to Big Rivers and MISO, since our first meeting with you on April 12 concerning the possibility of Big Rivers joining MISO, Henderson has considered becoming a Market Participant or retaining a third party to act as our Market Participant. Henderson has also indicated an interest in registering Station Two with MISO since that was one of the options MISO presented to Henderson.



As the owner of Station Two, Henderson does not agree with or approve the Big Rivers proposed MISO registration filing for Station Two and we do not agree with Big Rivers' proposal to act as Market Participant for Henderson's reserved capacity and related energy. We suggest that Big Rivers and MISO correct the proposed Big Rivers' pending registration filing concerning Henderson's Station Two and Big Rivers' proposed market participation to represent Henderson.

Sincerely,

A handwritten signature in black ink, appearing to read 'Gary Quick', written over a horizontal line.

Gary Quick
General Manager

cc: Mr. Ray Beaver, MISO
Ms. Cheryl Bredenbeck, MISO
Mr. Kevin Vannoy, MISO
Mr. Sam Doaks, Sr., TEA
Mr. Bill Clarke, TEA
Mr. Jeff R. Derouen, PSC
Mr. Wayne Thompson, HMP&L

Attachments:

- 1) May 27, 2010 email to Cheryl A. Brendenbeck
- 2) September 22, 2010 Mark Bailey Letter
- 3) September 23, 2010 email to Cheryl A. Brendenbeck
- 4) September 24, 2010 & September 27, 2010 emails G. Quick and M. Bailey

Gary Quick

From: Gary Quick
Sent: Thursday, May 27, 2010 5:10 PM
To: 'Cheryl A. Bredenbeck'
Cc: Wayne Thompson
Subject: RE: Big Rivers to register Henderson Question

Hi Cheryl:

Yes, we talked with Mark Bailey yesterday morning at 8:00 am at the Big Rivers Office Building. We informed Mark and his staff that Henderson was agreeable to Big Rivers registering Henderson's 105 MW (as of June 1) and Big Rivers 207 MW separately rather than merely registering the 312 MW. You will need to visit with Mark, but I did not get the impression the separate registration was a problem for Big Rivers. We also informed Mark and his staff that Henderson was visiting with TEA to represent Henderson in the near future. Does this provide you with the information you need??

Thanks, Gary

From: Cheryl A. Bredenbeck [mailto:cbredenbeck@midwestiso.org]
Sent: Thursday, May 27, 2010 4:31 PM
To: Gary Quick
Cc: Wayne Thompson
Subject: Big Rivers to register Henderson Question

Gary,

Thank you for meeting us again last week. I am writing to ask if you had a chance to leave a message for Mark Bailey of Big Rivers informing them that you are fine with Big Rivers registering Henderson assets for this first modeling registration cycle?

Have a great memorial weekend!

Regards,

Cheryl

Cheryl Bredenbeck
Director, Transmission Services
Midwest ISO

5/27/2010



201 Third Street
P.O. Box 24
Henderson, KY 42419-0024
270-827-2561
www.bigrivers.com

Rec. 9/23/2010 AM
@ LAMAR

September 22, 2010

Mr. Gary Quick
General Manager
Henderson Municipal Power & Light
P. O. Box 8
Henderson, KY 42419-0008

Dear Gary:

As you may know, Big Rivers' hearing before the Public Service Commission in its case seeking authority to transfer functional control of its transmission system to Midwest Independent Transmission System Operator, Inc. ("Midwest ISO") concluded September 15, 2010. In order to implement Big Rivers' scheduled December 1, 2010, integration into the Midwest ISO, Big Rivers submitted Commercial Model data to the Midwest ISO on September 15, 2010, and on September 22, 2010, submitted two required certifications regarding the registration of the Station Two generation asset and the City of Henderson load. Pursuant to those submissions, Big Rivers will act as the Market Participant on behalf of the City of Henderson load and Station Two. This designation will have no impact on Big Rivers' performance of its contractual obligations under its agreements with the City of Henderson regarding Station Two. Please let me know if you have any questions, or if we can provide you further information.

Sincerely yours,

A handwritten signature in cursive script that reads "Mark A. Bailey".

Mark A. Bailey
President and CEO
Big Rivers Electric Corporation

Gary Quick

From: Gary Quick
Sent: Thursday, September 23, 2010 12:54 PM
To: 'Cheryl A. Bredenbeck'
Cc: Wayne Thompson; 'Sam H. Doaks'; Randall Redding; 'Haynes, Greg'; Snell, Virginia; 'Mark Bailey'
Subject: BREC Letter
Attachments: BREC LTR 9-22.pdf

Good Morning Cheryl:

On May 27 of this year I sent you an email at 5:10pm concerning Henderson Municipal Power and Light's intentions in the event Big Rivers Electric Cooperation became a member of MISO. Henderson has also held several meetings with you, MISO staff, and Big Rivers concerning the various options available to Henderson related to how Henderson could participate in MISO. Our position concerning participation in MISO has not changed since our last communication.

Attached is a letter I received this morning from Mr. Bailey at Big Rivers concerning the Henderson Station Two generation units. Henderson needs to know how MISO is planning to register the Henderson units. As stated in the attached letter, Big Rivers informed us this morning that it will act as the Market Participant on behalf of the City of Henderson, which is not consistent with our position and what we have clearly stated to MISO and Big Rivers.

Before we respond to Big Rivers, we need to know what MISO and Big Rivers have done, if anything, regarding the Henderson Station Two capacity, energy, and Market Participation. As we explained to MISO and Big Rivers, Henderson has always intended to register its annual reserved capacity and the related energy. Furthermore, we also informed MISO and Big Rivers that Henderson was considering two options regarding future Market Participation; first, Henderson would request MISO's approval to become a Market Participant or second, Henderson would retain an existing external Market Participant to represent Henderson.

Please let me know the details of how Big Rivers is requesting to join MISO regarding the registration of Henderson's Station Two units and the Market Participant responsibilities.

In advance, thank you. Gary



BREC LTR 9-22.pdf
(400 KB)

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Gary Quick

From: Mark Bailey [Mark.Bailey@bigrivers.com]
Sent: Monday, September 27, 2010 3:14 PM
To: Gary Quick
Cc: cbredenbeck@midwestiso.org
Subject: RE: BREC Letter

Hello Gary:

You asked in the following e-mail message of September 24, 2010, how Big Rivers submitted the registration request for the Station Two capacity and related energy. Big Rivers, as Market Participant, has submitted to Midwest ISO registration forms for Station Two Unit 1 (153 MW) and Unit 2 (159 MW). The HMP&L load is registered as a part of Big Rivers' load. This was accomplished on or about September 15, 2010, as required by Midwest ISO to assure integration of Big Rivers into Midwest ISO by December 1, 2010, prior to expiration on December 31, 2010, of Midwest ISO Attachment RR Contingency Reserve service to Big Rivers for all generators operated by it. As I noted in my letter of September 22, 2010, this registration will have no negative impact on Big Rivers' performance of its contractual obligations under its agreements with the City of Henderson regarding Station Two. Please let me know if we may provide you further information.

Mark

From: Gary Quick [mailto:gquick@hmpl.net]
Sent: Friday, September 24, 2010 11:46 AM
To: Mark Bailey
Cc: 'Cheryl A. Bredenbeck'; Wayne Thompson
Subject: FW: BREC Letter

Good Morning Mark:

I plan to respond to your September 22 letter concerning MISO, but after I received your letter I had several questions for MISO. Below is an email from Cheryl and she responded to some of my questions. However, please note her comment below concerning my questions about the registration of Station Two capacity and related energy. Cheryl suggested that I contact you; can you let me know how Big Rivers submitted the registration request for the Station Two capacity and related energy? As we discussed with you and your staff, if HMP&L participates in MISO we will register our annual reserved capacity and related energy. We assume Big Rivers has registered its annual allocated capacity and related energy. We have a meeting today with TEA and I'm sure they will need to have this information as they go forward as HMP&L's Market Participant.

In advance, thanks for your help. Gary

From: Cheryl A. Bredenbeck [mailto:cbredenbeck@midwestiso.org]
Sent: Friday, September 24, 2010 10:22 AM
To: Gary Quick
Cc: Wayne Thompson; 'Sam H. Doaks'; Randall Redding; 'Haynes, Greg'; Snell, Virginia; 'Mark Bailey'
Subject: RE: BREC Letter

9/27/2010

Hi Gary,

I do have a copy of your referenced May 27th e-mail. As you recall at the time of those April to May discussions, Big Rivers was preparing for a September 1 integration (that was later postponed) and the timeline for Market Participants to register assets located in the Balancing Authority was June 15th, two and one-half months before the initial planned Big Rivers integration. The postponed integration date is now December 1 with the corresponding deadline for Market Participants (new and existing) to register assets falling the same two and one-half months before, or September 15. If you look at the materials Midwest ISO provided and reviewed in our visit to your offices back on April 27th, Slide 27 of those materials contains the registration process and due dates for Market Participant registration materials to be submitted.

In order for a Big Rivers Balancing Authority to join the Midwest ISO market all generation and load must be registered by Market Participants. Each Market Participant submits asset registration forms and becomes financially responsible for the assets it registers. As you recognize in your message below, under the Midwest ISO process the only way assets can be registered is by a Market Participant. On September 15 Midwest ISO only received the registration from an existing Market Participant – namely Big Rivers. Your May 27th e-mail confirmed that you were agreeable to Big Rivers registering the City's assets. Therefore, we have processed the Big Rivers September 15th Registration accordingly.

As we discussed back in April, the City of Henderson, as an asset owner, can certainly register once you've met the requirements of a Market Participant or elect to have a different Market Participant register these assets on your behalf in a future modeling cycle. The timing of the registration needs to be compliant with the attached Midwest ISO model deadlines presentation. These deadlines are also posted on our website. We would be happy to assist you in better understanding that Market Participant and asset registration process if you would like.

With regard to specific questions as to how the capacity and energy was registered you would need to contact Mr. Bailey at Big Rivers.

Sincerely,

Cheryl

From: Gary Quick [mailto:gquick@hmpl.net]
Sent: Thursday, September 23, 2010 12:54 PM
To: Cheryl A. Bredenbeck
Cc: Wayne Thompson; 'Sam H. Doaks'; Randall Redding; 'Haynes, Greg'; Snell, Virginia; 'Mark Bailey'
Subject: BREC Letter

Good Morning Cheryl:

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9/27/2010

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Please let me know the details of how Big Rivers is requesting to join MISO regarding the registration of Henderson's Station Two units and the Market Participant responsibilities.

In advance, thank you. Gary

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