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October 29, 2018

RECEIVED

VIA OVERNIGHT DELIVERY

OCT 30 2018

Ms. Gwen R. Pinson
Executive Director
Public Service Commission
211 Sower Boulevard, P.O. Box 615
Frankfort, Kentucky 40602-0615

PUBLIC SERVICE
COMMISSION

Re: *In the Matter of: Notice of Termination of Contracts and Application of Big Rivers Electric Corporation for a Declaratory Order and for Authority to Establish a Regulatory Asset—Case No. 2018-00146*

Dear Ms. Pinson:

On October 23, 2018, the Kentucky Public Service Commission (“*Commission*”) issued an Order in the above-reference matter, which, among other things, approved a Settlement Agreement, Stipulation, and Recommendation among the parties (the “*Settlement Agreement*”). As noted on page 9 of the Order, the Settlement Agreement is subject to the approval of the Rural Utilities Service (“*RUS*”). Paragraph 15 of the Settlement Agreement provides that subsequent to obtaining approval of the Settlement Agreement by both the Commission and RUS, Big Rivers Electric Corporation (“*Big Rivers*”) will file with and seek the Commission’s approval of certain tariff revisions that are necessary to implement a rate credit (the “*Station Two Depreciation Credit*”) that is a part of the Settlement Agreement.

RUS has not yet approved the Settlement Agreement, and although the Order approves the Settlement Agreement in full, including Paragraph 15, Ordering Paragraph 5 nevertheless directs Big Rivers to file its tariff revisions with the Commission within 20 days of the Order, without any reference to when Big Rivers receives RUS approval. Big Rivers intends to comply with Ordering Paragraph 5’s directive to file the tariff revisions; however, since the Settlement Agreement and the rate credit contemplated by the Settlement Agreement are conditioned upon RUS’ approval, absent being directed otherwise, Big Rivers will file its tariff revisions as soon as practicable after its receipt of RUS’ approval of the Settlement Agreement.

Additionally, the Settlement Agreement provides that the amount of the Station Two Depreciation Credit will be at least \$5,445,420, but will be greater if Big Rivers is able to cease operating Station Two prior to May 31, 2019. On July 27,

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2018, Big Rivers and Henderson Municipal Power and Light submitted an "Attachment Y" notice to MISO to retire Station Two effective February 1, 2019. On October 8, 2018, MISO approved the Attachment Y notice, authorizing the retirement of Station Two effective February 1, 2019, and noting that the decision to retire Station Two is final and that Station Two's existing interconnection rights will be terminated as of that date. A copy of MISO's approval is attached hereto. Given MISO's approval of the Attachment Y notice, Big Rivers will cease operating Station Two no later than February 1, 2019, and the Station Two Depreciation Credit will therefore be at least \$6,566,638.

I certify that, on this date, copies of this letter were served on each of the persons listed on the attached service list by electronic mail. Please feel free to contact me should you have any questions regarding this filing.

Sincerely,



Tyson Kamuf
Corporate Attorney,
Big Rivers Electric Corporation

cc: Service list

BIG RIVERS ELECTRIC CORPORATION

**NOTICE OF TERMINATION OF CONTRACTS AND APPLICATION OF BIG
RIVERS ELECTRIC CORPORATION FOR A DECLARATORY ORDER AND
FOR AUTHORITY TO ESTABLISH A REGULATORY ASSET
CASE NO. 2018-00146**

Service List

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Vikram Godbole
Director, Resource Utilization
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VIA OVERNIGHT DELIVERY

October 8, 2018

Robert W. Berry
President and CEO
Big Rivers Electric Corporation
201 Third Street, P.O. Box 24
Henderson, KY 42419-0024



Subject: Approval of Henderson Municipal Power and Light Units 1 and 2 Attachment Y Retirement Notice

Dear Mr. Berry:

On July 27, 2018, Big Rivers Electric Corporation submitted a completed Attachment Y Notice to MISO for the Retirement of Henderson Municipal Power and Light Units 1 and 2 effective February 1, 2019. After being reviewed for power system reliability impacts as provided for under Section 38.2.7 of MISO's Open Access Transmission, Energy, and Operating Reserve Markets Tariff ("Tariff"), the retirement of Henderson Municipal Power and Light Units 1 and 2 would not result in violations of applicable reliability criteria. Therefore, Henderson Municipal Power and Light Units 1 and 2 may Retire without the need for the generator to be designated as a System Support Resource ("SSR") unit as defined in the Tariff.

This letter acknowledges that you did not exercise your right to rescind your Attachment Y submission. The decision to retire is considered final and the existing interconnection rights for the generators will be terminated as of the retirement date specified in the Attachment Y Notice. Big Rivers Electric Corporation may not modify the decision to Retire Henderson Municipal Power and Light Units 1 and 2 unless an Attachment X Request is submitted to enter the generation interconnection queue.

Please do not hesitate to contact me if you have any questions regarding this matter.

Respectfully,

A handwritten signature in blue ink that reads "V. Godbole".

Vikram Godbole
Director, Resource Utilization