

SULLIVAN, MOUNTJOY, STAINBACK & MILLER PSC
ATTORNEYS AT LAW

Ronald M. Sullivan

Jesse T. Mountjoy

Frank Stainback

James M. Miller

Michael A. Fiorella

William R. Dexter

Allen W. Holbrook

R. Michael Sullivan

Bryan R. Reynolds

Tyson A. Kamuf

Mark W. Starnes

C. Ellsworth Mountjoy

Susan Montalvo-Gesser

August 21, 2007

Via Federal Express

Ms. Elizabeth O'Donnell
Executive Director
Public Service Commission
211 Sower Boulevard, P.O. Box 615
Frankfort, Kentucky 40602-0615

RECEIVED

AUG 22 2007

PUBLIC SERVICE
COMMISSION

Re: Surcharge Interim Options

Dear Ms. O'Donnell:

This letter is written on behalf of Big Rivers Electric Corporation ("Big Rivers"), Kenergy Corp. ("Kenergy"), Jackson Purchase Energy Corporation ("JPEC") and Meade County Rural Electric Cooperative Corporation ("Meade County," together with Kenergy and JPEC, the "Member Cooperatives") in response to the Commission's August 16, 2007, invitation to submit written comments regarding the three interim options presented by the Commission Staff at the meeting held by the Commission on August 16, 2007, to discuss the implications of the Franklin Circuit Court Order and Opinion in Case No. 06-CI-269, entered August 1, 2007 (the "Order"). Big Rivers and the Member Cooperatives appreciate the opportunity to submit these comments.

Big Rivers and the Member Cooperatives urge the Commission to adopt the first option proposed by Commission Staff: disregard the Order during the pendency of the appeal process, and continue to process cases involving surcharges and sur-credits as the Commission has done for decades. Big Rivers and the Member Cooperatives concur in the reasons articulated by almost every speaker at the August 16, 2007 meeting in support of not extending the effect of the Order beyond the issue in the Franklin Circuit Court case until all appeals of the Order are final. They further agree with the views expressed by the utility representatives about the likelihood that the Order will be reversed on appeal on the issue of the scope of the Commission's implied powers under KRS Chapter 278.

As the Commission knows, Big Rivers does not operate its generating units, and does not have in its tariff a fuel adjustment clause or any of the other typical surcharges or sur-credits found in the tariffs of generation-operating electric utilities in Kentucky. For this reason, neither Big Rivers nor the Member Cooperatives believe that the Order currently has any significant implications for them from either an operational or revenue standpoint. They do, however, find the precise scope of the Order somewhat ambiguous, which they believe further argues in favor of adopting Option 1 during the pendency of appeals.

Telephone (270) 926-4000
Telecopier (270) 683-6694

100 St. Ann Building
PO Box 727
Owensboro, Kentucky
42302-0727

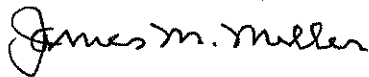
Ms. Elizabeth O'Donnell

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Big Rivers and the Member Cooperatives further urge the Commission to postpone forming a legislative task force regarding the implications of the Order until the legal appeals process has been exhausted. If and when a legislative task force is formed, Big Rivers would request a representative on that task force.

Sincerely yours,

A handwritten signature in cursive script that reads "James M. Miller".

James M. Miller

JMM/ej

cc: Michael H. Core
Mark A. Bailey
David A. Spainhoward
Sandy Novick
Burns Mercer
Kelly Nuckols