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**PUBLIC SERVICE
COMMISSION**

Via Overnight Mail

December 20, 2006

Beth A. O'Donnell, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Re: Case No. 2006-00307

Dear Ms. O'Donnell:

Please be advised that the Kentucky Industrial Utility Customers, Inc (KIUC) will not file an initial brief in the above-referenced proceeding. However, KIUC would like to note that the issue of whether environmental compliance costs incurred at the out-of-state facilities of Kentucky Power's sister-AEP affiliate companies are recoverable through KRS 278.183 is currently being appealed at the Kentucky Court of Appeals. KIUC believes that the outcome of this Appeal will affect Kentucky Power's application in this proceeding.

By copy of this letter, all parties listed on the Certificate of Service have been served. Please place this document of file.

Very Truly Yours,



Michael L. Kurtz, Esq.
Kurt J. Boehm, Esq.

BOEHM, KURTZ & LOWRY

MLKkew
Attachment
cc: Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by mailing a true and correct copy, by first-class postage prepaid mail, unless otherwise noted, to all parties on the 20th day of December, 2006.

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