



KUHLMAN ELECTRIC CORPORATION

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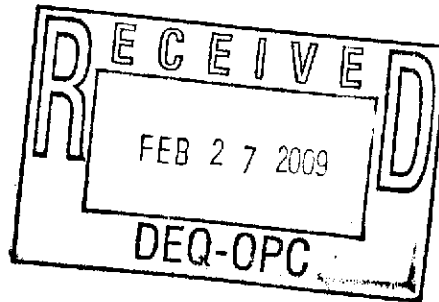
101 Kuhlman Drive • Crystal Springs, Mississippi 39059

Website: www.kuhlman.com

Power Transformers
Instrument Transformers
Distribution Transformers

February 9, 2009

Mr. Tony Russell
Assessment Remediation Branch Chief
Mississippi Department of Environmental Quality
P. O. Box 2261
Jackson, MS 39225



Dear Tony;

I am writing today to summarize the excavation of potentially contaminated soil to construct a pit at the Kuhlman Electric facility in Crystal Springs, MS. The purpose of the pit is to provide railroad rails to carry core/coil assemblies into and out of KEC's vapor phase processing chamber (Figure 1 illustrates the vapor phase chamber and core/coil assembly). KEC completed Phase I of the project in January of 2009. This pit is the subject of the September 23, 2008 letter to MDEQ.

Kuhlman Electric's manufacturing capability has increased to permit building larger transformers. To support the manufacturing of larger transformers, KEC has purchased Vapor Phase Processing machinery. Vapor Phase Processing is a superior drying process that many of KEC's customers insist be in place to satisfy the quality specifications of the product that KEC manufactures.

KEC's core/coil assemblies are very heavy. Steel rails are embedded into the floor to support the heavy loads. Once the assembly is dried in the Vapor Phase process, it is removed from the drying chamber to place it into a steel case. To prevent moisture from the atmosphere re-infiltrating the assembly, the assembly is immersed in hot oil prior to removal from the processing chamber. Oil will drip from the assembly (and from there onto the floor) once it is out of the drying chamber. To prevent personnel from slipping on the oil, a pit is present beneath the assembly to gather any oil that drips from the assembly prior to the subsequent manufacturing operations. Figure 1 does not illustrate a pit; a pit will be present beneath the assembly once this project is implemented. Excavation of soil is needed to construct a pit. Excavation is taking place where it is suspected the soil may be contaminated.

Soil and concrete was removed to covered roll-offs. Composite samples of each of the roll-offs were taken. Analysis (found in Environmental Management Services (EMS) report in Appendix I) for PCB concentration was completed on the composites. Analysis showed that PCB 1260 was present in the soil. Please note that the EMS report contains data from the Tanking Pit excavation that took place the same weekend. A sketch (page 8 of Appendix I) within the EMS report details the location of the samples from each project site.

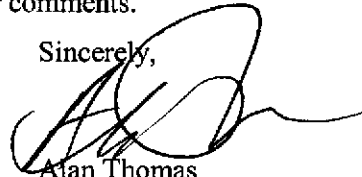
This letter details only the excavation that took place to construct "Rail Pit VP-2" (referring to page 8 of Appendix I). VP Rail Pit VP-1 will be constructed in the future. Construction of rails for VP-1 would interrupt KEC's production operations at this time. KEC must complete installation of its second Vapor Phase drying machinery so that the first Vapor Phase machine can be scheduled down for the construction to take place. It is anticipated that the second pit will be constructed prior to June, 30, 2009.

Excavation of the soil took place in KEC's "Core Department" (Figure 2 illustrates pit location within the facility). Work to remove the soil was conducted during weekend hours when the Department was nearly empty of KEC personnel. KEC employees were informed of the excavation prior to its taking place.

Soil was disposed of in accordance with regulatory requirements. Manifests of the roll-offs are included as Figures 3 and 4.

Please call me @ 601-892-6462 with any questions or comments.

Sincerely,

A handwritten signature in black ink, appearing to read 'Alan Thomas', with a long horizontal flourish extending to the right.

Alan Thomas
Maintenance Manager

Cc: Messrs. Paul Acheson, Ron Polk, John Brooks, KEC; Ms. Anastasia Hamel/ Borg Warner/ Mr. Steve Levine/ Phelps, Dunbar, Mr. James Barrett/Latham and Watkins