

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

BIG RIVERS ELECTRIC CORPORATION'S)	
MOTION FOR APPROVAL OF SECOND)	
SUPPLEMENTAL INDENTURE DATED AS)	
DECEMBER 1, 1985, MODIFYING A TRUST)	CASE NO. 7990
INDENTURE OF JUNE 1, 1983, SECURING)	AND
\$58,800,000 COUNTY OF OHIO,)	CASE NO. 9448
KENTUCKY, POLLUTION CONTROL FLOATING)	
RATE DEMAND BONDS, SERIES 1983)	
(BIG RIVERS ELECTRIC CORPORATION)	
PROJECT) AS SUPPLEMENTED AS OF)	
DECEMBER 1, 1983)	

O R D E R

Big Rivers Electric Corporation ("Big Rivers") having moved for approval and consent to execution of a Second Supplemental Indenture dated as of December 1, 1985, between County of Ohio, Kentucky, and Continental Illinois National Bank and Trust Company of Chicago, as Trustee, such motion having been verified by Paul A. Schmitz, Vice General Manager of Big Rivers, and the Commission having considered such verified motion and the record herein, and being advised, does now and hereby enters the following findings of fact, conclusions of law and order.

(1) The current market for tax-free obligations is such that the maximum rate of interest permitted under the Trust Indenture securing the \$58,800,000 County of Ohio, Kentucky, Pollution Control Floating Rate Demand Bonds, Series 1983 (Big Rivers Electric Corporation Project) is 5.78 percent per annum as compared to a currently prevailing rate of 7.75 percent per annum

on the \$83,300,000 County of Ohio, Kentucky, Variable Rate Demand Pollution Control Refunding Bonds, Series 1985 (Big Rivers Electric Corporation Project) the high rate being the result of a large offering of tax-free bonds now being made in anticipation of a change in the Internal Revenue Code effective after January 1, 1986.

(2) \$8,800,000 of the said \$58,800,000 County of Ohio, Kentucky, bonds have been put to Continental Illinois National Bank and Trust Company of Chicago, Trustee, for payment, and other holders of bonds of such issue have stated to the said Trustee that they will put their bonds for payment unless the interest rate thereon is increased.

(3) Big Rivers cannot make payment to County of Ohio of the funds required to pay the said \$58,800,000 bond issue which have been and which may be put for payment. Unless such bonds can be remarketed, it will be necessary for Irving Trust Company to purchase such bonds under its letter of credit which support the said bonds, in which event the rate of interest to be borne by Big Rivers would increase to the prime rate plus 2 percent or approximately 11-1/2 percent per annum.

(4) An increase in the maximum Selected Percentage as defined Section 2.2 of the Trust Indenture dated June 1, 1983, between the County of Ohio, Kentucky, and Continental Illinois National Bank and Trust Company of Chicago, as Trustee, securing the said \$58,800,000 County of Ohio, Kentucky, bonds from 80

percent to 110 percent and defined in the said Trust Indenture, will permit the remarketing of the said bonds at a rate of approximately 7.5 percent to 7.75 percent per annum.

(5) An alternative method for fixing the Base Rate, as defined in the said Trust Indenture, for the said bonds in the event the United States Treasury fails to conduct any auction of 13-week treasury bills during the week preceding an Interest Calculation Date, as defined in the said Indenture, is required.

(6) The Second Supplemental Indenture dated as of December 1, 1985, as filed with the motion herein is appropriate to increase the maximum Selected Percentage from "80 percent" to "110 percent" and to provide an alternative method of determining the Base Rate for the said bonds in the absence of an appropriate auction of 13-week treasury bills.

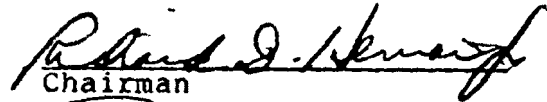
Execution of the said Supplemental Indenture is for a lawful object within the corporate purposes of Big Rivers, is necessary or appropriate for the proper performance of its service to the public, will not impair its ability to perform that service and is reasonably necessary and appropriate for such purpose.

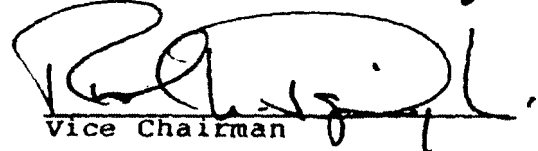
IT IS THEREFORE ORDERED that Big Rivers be and it hereby is authorized to approve, consent to and execute the said Second Supplemental Indenture dated as of December 1, 1985, between County of Ohio, Kentucky, and Continental Illinois National Bank and Trust Company of Chicago, as Trustee, in substantially the form filed with the motion herein.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 30th day of December, 1985.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary