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COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

THE APPLICATIONS OF BIG RIVERS ELECTRIC CORPORATION FOR: (I) APPROVAL OF WHOLESALE TARIFF ADDITIONS FOR BIG RIVERS ELECTRIC CORPORATION, (II) APPROVAL OF TRANSACTIONS, (III) APPROVAL TO ISSUE EVIDENCES OF INDEBTEDNESS, AND (IV) APPROVAL OF AMENDMENTS TO CONTRACTS; AND	)	CASE NO. 2007-00455
E.ON U.S., LLC, WESTERN KENTUCKY ENERGY CORP. AND LG&E ENERGY MARKETING, INC. FOR APPROVAL OF TRANSACTIONS	)	

EXHIBIT 36

Certificate of Good Standing or Certificate of Authorization (Big Rivers)

December 2007

12/6/2007

Commonwealth of Kentucky
Trey Grayson, Secretary of State

Division of Corporations
Business Filings

P. O. Box 718
Frankfort, KY 40602
(502) 564-2848
http://www.sos.ky.gov

Certificate of Existence

Authentication Number: 56899
Jurisdiction: Big Rivers Electric Corporation
Visit http://apps.sos.ky.gov/business/obdb/certvalidate.aspx to authenticate this certificate.

I, Trey Grayson, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records of the Office of the Secretary of State,

BIG RIVERS ELECTRIC CORPORATION

is a nonprofit corporation duly incorporated and existing under KRS Chapter 273, whose date of incorporation is June 14, 1961 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of state have been paid; that articles of dissolution have not been filed; and that the most recent annual report required by KRS 273.3671 has been delivered to the Secretary of State.

IN WITNESS THEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 6th day of December, 2007.

COMMONWEALTH OF KENTUCKY
OFFICE OF SECRETARY OF STATE

Trey Grayson
Secretary of State
Commonwealth of Kentucky
56899/0004242

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

THE APPLICATIONS OF BIG RIVERS ELECTRIC CORPORATION FOR: (I) APPROVAL OF WHOLESALE TARIFF ADDITIONS FOR BIG RIVERS ELECTRIC CORPORATION, (II) APPROVAL OF TRANSACTIONS, (III) APPROVAL TO ISSUE EVIDENCES OF INDEBTEDNESS, AND (IV) APPROVAL OF AMENDMENTS TO CONTRACTS; AND	)	CASE NO. 2007-00455
E.ON U.S., LLC, WESTERN KENTUCKY ENERGY CORP. AND LG&E ENERGY MARKETING, INC. FOR APPROVAL OF TRANSACTIONS	)	

EXHIBIT 37

Independent Auditor's Annual Opinion Report

December 2007

Big Rivers Electric Corporation

Financial Statements as of December 31, 2006 and 2005 and for Each of the Three Years in the Period Ended December 31, 2006, and Independent Auditors' Report

Deloitte & Touche LLP
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Chicago, IL 60606-4301
USA

Tel: +1 312 486 1000
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Big Rivers Electric Corporation:

We have audited the accompanying balance sheets of Big Rivers Electric Corporation (the "Company") as of December 31, 2006 and 2005, and the related statements of operations, equities (deficit), and of cash flows for each of the three years in the period ended December 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2006 and 2005, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 14, 2007, on our consideration of the Company's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Deloitte & Touche LLP

March 14, 2007

BIG RIVERS ELECTRIC CORPORATION

BALANCE SHEETS
AS OF DECEMBER 31, 2006 AND 2005
(Dollars in thousands)

	2006	2005
ASSETS		
UTILITY PLANT—Net	$ 917,668	$ 928,872
RESTRICTED INVESTMENTS UNDER LONG-TERM LEASE	186,690	180,650
OTHER DEPOSITS AND INVESTMENTS—At cost	3,816	3,397
CURRENT ASSETS:		
Cash and cash equivalents	96,143	67,264
Accounts receivable	17,748	16,350
Materials and supplies inventory	811	667
Prepaid expenses	3,608	91
Total current assets	118,310	84,372
DEFERRED CHARGES AND OTHER	27,905	28,689
TOTAL	$ 1,254,389	$ 1,225,980
EQUITIES (DEFICIT) AND LIABILITIES		
CAPITALIZATION:		
Equities (deficit)	$ (217,371)	$ (251,913)
Long-term debt	1,041,075	1,046,846
Obligations related to long-term lease	177,310	170,954
Other long-term obligations	45	92
Total capitalization	1,001,059	965,979
CURRENT LIABILITIES:		
Current maturities of long-term obligations	11,959	810
Voluntary prepayment of long-term debt	-	10,403
Purchased power payable	9,219	10,732
Accounts payable	3,366	2,394
Accrued expenses	2,164	2,172
Accrued interest	7,631	7,542
Total current liabilities	34,339	34,053
DEFERRED CREDITS AND OTHER:		
Deferred lease revenue	17,316	21,755
Deferred gain on sale-leaseback	56,380	59,262
Residual value payments obligation	140,744	139,710
Other	4,551	5,221
Total deferred credits and other	218,991	225,948
COMMITMENTS AND CONTINGENCIES		
TOTAL	$ 1,254,389	$ 1,225,980

See notes to financial statements.

BIG RIVERS ELECTRIC CORPORATION

STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2006, 2005, AND 2004
(Dollars in thousands)

	2006	2005	2004
POWER CONTRACTS REVENUE	$ 200,692	$ 191,280	$ 175,777
LEASE REVENUE	57,896	57,675	56,753
Total operating revenue	258,588	248,955	232,530
OPERATING EXPENSES:			
Operations:			
Power purchased and interchanged	114,516	114,500	106,099
Transmission and other	21,684	20,309	18,674
Maintenance	3,652	3,195	2,597
Depreciation	30,408	30,192	29,732
Total operating expenses	170,260	168,196	157,102
ELECTRIC OPERATING MARGIN	88,328	80,759	75,428
INTEREST EXPENSE AND OTHER:			
Interest	60,754	59,639	56,923
Interest on obligations related to long-term lease	9,505	9,109	8,725
Other—net	111	124	158
Total interest expense and other	70,370	68,872	65,806
OPERATING MARGIN	17,958	11,887	9,622
NONOPERATING MARGIN:			
Interest income on restricted investments under long-term lease	12,069	11,670	11,278
Interest income and other	4,515	2,786	1,125
Total nonoperating margin	16,584	14,456	12,403
NET MARGIN	$ 34,542	$ 26,343	$ 22,025

See notes to financial statements.

BIG RIVERS ELECTRIC CORPORATION

STATEMENTS OF EQUITIES (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2006, 2005, AND 2004
(Dollars in thousands)

			Other Equities	
	Total Equities (Deficit)	Accumulated Deficit	Donated Capital and Memberships	Consumers' Contributions to Debt Service
BALANCE—January 1, 2004	$ (300,281)	$ (304,726)	$ 764	$ 3,681
Net margin	22,025	22,025	-	-
BALANCE—December 31, 2004	(278,256)	(282,701)	764	3,681
Net margin	26,343	26,343	-	-
BALANCE—December 31, 2005	(251,913)	(256,358)	764	3,681
Net margin	34,542	34,542	-	-
BALANCE—December 31, 2006	$ (217,371)	$ (221,816)	$ 764	$ 3,681

See notes to financial statements.

BIG RIVERS ELECTRIC CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2006, 2005, AND 2004
(Dollars in thousands)

	2006	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net margin	$ 34,542	$ 26,343	$ 22,025
Adjustments to reconcile net margin to net cash provided by operating activities:			
Depreciation and amortization	33,592	33,386	32,625
Increase in restricted investments under long-term lease	(6,040)	(5,955)	(5,836)
Amortization of deferred gain on sale-leaseback	(2,882)	(2,856)	(2,823)
Deferred lease revenue	(4,439)	(4,335)	(4,267)
Residual value payments obligation	(6,187)	(5,969)	(5,077)
Increase in RUS ARVP Note	5,313	5,077	4,807
Increase in New RUS Promissory Note	13,889	8,205	21,849
Increase in obligations under long-term lease	6,356	6,250	6,107
Changes in certain assets and liabilities:			
Accounts receivable	(1,398)	(741)	(261)
Materials and supplies inventory	(144)	(112)	33
Prepaid expenses	(3,517)	257	226
Deferred charges	(694)	480	(368)
Purchased power payable	(1,513)	1,528	550
Accounts payable	972	(516)	(87)
Accrued expenses	81	72	1,459
Other—net	(1,170)	351	(104)
Net cash provided by operating activities	66,761	61,465	70,858
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(13,189)	(12,904)	(12,203)
Other deposits and investments	(419)	(151)	(277)
Net cash used in investing activities	(13,608)	(13,055)	(12,480)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Principal payments on long-term obligations	(24,274)	(36,037)	(9,289)
Principal payments on short-term notes payable	-	-	(10,000)
Net cash used in financing activities	(24,274)	(36,037)	(19,289)
NET INCREASE IN CASH AND CASH EQUIVALENTS	28,879	12,373	39,089
CASH AND CASH EQUIVALENTS—Beginning of year	67,264	54,891	15,802
CASH AND CASH EQUIVALENTS—End of year	$ 96,143	$ 67,264	$ 54,891
SUPPLEMENTAL CASH FLOW INFORMATION:			
Cash paid for interest	$ 47,277	$ 46,534	$ 28,485
Cash paid for taxes	$ 375	$ 271	$ 270

See notes to financial statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information—Big Rivers Electric Corporation ("Big Rivers" or the "Company"), an electric generation and transmission cooperative, supplies wholesale power to its three member distribution cooperatives (Kenergy Corp., Jackson Purchase Energy Corporation, and Meade County Rural Electric Cooperative Corporation) under all requirements contracts, excluding the power needs of two large aluminum smelters (the "Aluminum Smelters"), sells surplus power under separate contracts to Kenergy Corp. for a portion of the Aluminum Smelters load, and markets power to nonmember utilities and power marketers. The members provide electric power and energy to industrial, residential, and commercial customers located in portions of 22 western Kentucky counties. The wholesale power contracts with the members extend to January 1, 2023. Rates to Big Rivers' members are established by the Kentucky Public Service Commission ("KPSC") and are subject to approval by the Rural Utilities Service ("RUS"). The financial statements of Big Rivers include the provisions of Statement of Financial Accounting Standards ("SFAS") No. 71, *Accounting for the Effects of Certain Types of Regulation*, which was adopted by the Company in 2003, and gives recognition to the ratemaking and accounting practices of these agencies.

In 1999, Big Rivers Leasing Corporation ("BRLC") was formed as a wholly-owned subsidiary of Big Rivers. BRLC's principal assets are the restricted investments acquired in connection with the 2000 sale-leaseback transaction discussed in Note 4.

Principles of Consolidation—The financial statements of Big Rivers include the accounts of Big Rivers and its wholly owned subsidiary, BRLC. All significant intercompany transactions have been eliminated.

Estimates—The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from those estimates.

System of Accounts—Big Rivers' accrual basis accounting policies follow the Uniform System of Accounts as prescribed by the RUS Bulletin 1767B-1, as adopted by the KPSC. The regulatory agencies retain authority and periodically issue orders on various accounting and ratemaking matters.

Revenue Recognition—Revenues generated from the Company's wholesale power contracts are based on month-end meter readings and are recognized as earned. In accordance with SFAS No. 13, *Accounting for Leases*, Big Rivers' revenue from the Lease Agreement is recognized on a straight-line basis over the term of the lease. The major components of this lease revenue include the annual lease payments and the Monthly Margin Payments (described in Note 2).

In conjunction with the Lease Agreement, Big Rivers expects to realize the minimum lease revenue for the years ending December 31, as follows:

	Amount
2007	$ 52,332
2008	52,332
2009	52,332
2010	52,332
2011	41,291
Thereafter	420,908
	$671,527

Utility Plant and Depreciation—Utility plant is recorded at original cost, which includes the cost of contracted services, materials, labor, overhead, and an allowance for borrowed funds used during construction. Replacements of depreciable property units, except minor replacements, are charged to utility plant.

Allowance for borrowed funds used during construction is included on projects with an estimated total cost of $250 or more before consideration of such allowance. The interest capitalized is determined by applying the effective rate of Big Rivers' weighted-average debt to the accumulated expenditures for qualifying projects included in construction in progress.

In accordance with the terms of the Lease Agreement, the Company generally records capital additions for Incremental Capital Costs and Nonincremental Capital Costs expenditures funded by E.ON U.S. (formerly LG&E Energy Corporation) as utility plant to which the Company maintains title. A corresponding obligation to E.ON U.S. is recorded for the estimated portion of these additions attributable to the Residual Value Payments (see Note 2). A portion of this obligation is amortized to lease revenue over the useful life of those assets during the remaining lease term. For the years ended December 31, 2006 and 2005, the Company has recorded $7,221 and $6,986, respectively, for such additions in utility plant. The Company has recorded $6,187, $5,969, and $5,077 in 2006, 2005, and 2004, respectively, as related lease revenue in the accompanying financial statements.

In accordance with the Lease Agreement, and in addition to the capital costs funded by E.ON U.S (see Note 2) that are recorded by the Company as utility plant and lease revenue, E.ON U.S also incurs certain Nonincremental Capital Costs and Major Capital Improvements (as defined in the Lease Agreement) for which they forego a Residual Value Payment by Big Rivers upon lease termination. Such amounts are not recorded as utility plant or lease revenue by the Company. At December 31, 2006, the cumulative Nonincremental Capital Costs amounted to $6,618 (unaudited).

E.ON U.S is also in the process of constructing a scrubber (Major Capital Improvement) on Big Rivers' Coleman plant. First operation at the Coleman units occurred in February 2006, while commercial acceptance is anticipated to occur in March 2007. The project is expected to be completed in the third quarter of 2007 at a cost of $98,000 (unaudited), none of which is expected to be recorded as utility plant or lease revenue.

Depreciation of utility plant in service is recorded using the straight-line method over the estimated remaining service lives, as approved by the RUS and KPSC. The annual composite depreciation rates used to compute depreciation expense were as follows:

Electric plant-leased	1.60%–2.47%
Transmission plant	1.76%–3.24%
General plant	1.11%–5.62%

For 2006, 2005, and 2004, the average composite depreciation rates were 1.86%, respectively. At the time plant is disposed of, the original cost plus cost of removal less salvage value of such plant is charged to accumulated depreciation, as required by the RUS.

Impairment Review of Long-Lived Assets—Long-lived assets are reviewed as facts and circumstances indicate that the carrying amount may be impaired. This review is performed in accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. SFAS No. 144 establishes one accounting model for all impaired long-lived assets and long-lived assets to be disposed of by sale or otherwise. SFAS No. 144 requires the evaluation for impairment involve the comparison of an asset's carrying value to the estimated future cash flows the asset is expected to generate over its remaining life. If this evaluation were to conclude that the carrying value of the asset is impaired, an impairment charge would be recorded based on the difference between the asset's carrying amount and its fair value (less costs to sell for assets to be disposed of by sale) as a charge to operations or discontinued operations.

Restricted Investments—Investments are restricted under contractual provisions related to the sale-leaseback transaction discussed in Note 4. These investments have been classified as held-to-maturity and are carried at amortized cost.

Cash and Cash Equivalents—Big Rivers considers all short-term, highly-liquid investments with original maturities of three months or less to be cash equivalents.

Income Taxes—As a taxable cooperative, Big Rivers is entitled to exclude the amount of patronage allocations to members from taxable income. Income and expenses related to nonmember operations are taxable to Big Rivers. Big Rivers and BRLC file a consolidated Federal income tax return and Big Rivers files a separate Kentucky income tax return.

Patronage Capital—As provided in the bylaws, Big Rivers accounts for each year's patronage-sourced income, both operating and nonoperating, on a patronage basis. Notwithstanding any other provision of the bylaws, the amount to be allocated as patronage capital for a given year shall not be less than the greater of regular taxable patronage-sourced income or alternative minimum taxable patronage-sourced income. During 2006, the Company made a patronage allocation to its three member distribution cooperatives in accordance with its bylaws of $8,602. During 2005, the Company was not required to make a patronage allocation to its three member cooperatives in accordance with its bylaws. In 2007, the Company anticipates making a patronage allocation to its members based on such calculations for tax year 2006 of approximately $27,760.

Derivatives—Management has reviewed the requirements of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended and interpreted, and has determined that all contracts meeting the definition of a derivative also qualify for the normal purchases and sales exception under SFAS No. 133. The Company has elected the Normal Purchase and Normal Sale exception for these contracts and, therefore, the contracts are not required to be recognized at fair value in the financial statements.

New Accounting Pronouncements— In June 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109* ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the financial statements. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosures and transition. The cumulative effects, if any, of applying FIN 48 will be recorded as an adjustment to retained earnings as of the beginning of the period of adoption. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company is currently evaluating the effect that the adoption of FIN 48 will have on its results of operations and financial condition but has not yet determined the impact the adoption will have on the Company.

In September 2006, the FASB issued FASB Statement No. 157, *Fair Value Measurements* ("SFAS No. 157"). SFAS No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measures. It applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the effect that the adoption of SFAS No. 157 will have on its results of operations and financial condition and does not expect the adoption will have a significant impact on the Company.

In September 2006, the FASB issued FASB Statement No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* ("SFAS No. 158"). SFAS No. 158 improves financial reporting by requiring an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position and to recognize changes in the funded status in the year in which the change occurs through comprehensive income of a business entity. It also requires an employer to measure the funded status of a plan as of its year-end statement of financial position, with limited exceptions. SFAS No. 158 is effective for fiscal years ending after June 15, 2007. The Company is currently evaluating the effect that the adoption of SFAS No. 158 will have on its results of operations and financial condition but cannot readily determine whether the adoption will have a significant impact on the Company.

2. LG&E LEASE AGREEMENT

On July 15, 1998 ("Effective Date"), a lease was consummated ("Lease Agreement"), whereby Big Rivers leased its generating facilities to Western Kentucky Energy Corporation ("WKEC"), a wholly owned subsidiary of E.ON U.S. Pursuant to the Lease Agreement, WKEC operates the generating facilities and maintains title to all energy produced. Throughout the lease term, in order for Big Rivers to fulfill its obligation to supply power to its members, the Company purchases substantially all of its power requirements from LG&E Energy Marketing Corporation ("LEM"), a wholly owned subsidiary of E.ON U.S., pursuant to a power purchase agreement.

Big Rivers continues to operate its transmission facilities and charges LEM tariff rates for delivery of the energy produced by WKEC and consumed by LEM's customers. The significant terms of the Lease Agreement are as follows:

I. WKEC leases and operates Big Rivers' generation facilities through 2023.

II. Big Rivers retains ownership of the generation facilities both during and at the end of the lease term.

III. WKEC pays Big Rivers an annual lease payment of $30,965 over the lease term, subject to certain adjustments.

IV. On the Effective Date, Big Rivers received $69,100 representing certain closing payments and the first two years of the annual lease payments. In accordance with SFAS No. 13, *Accounting for Leases*, the Company amortizes these payments to revenue on a straight-line basis over the life of the lease.

V. Big Rivers continues to provide power for its members, excluding the member loads serving the Aluminum Smelters, through its power purchase agreements with LEM and the Southeastern Power Administration, based on a pre-determined maximum capacity. When economically feasible, the Company also obtains the power necessary to supply its member loads, excluding the Aluminum Smelters, in the open market. Kenergy Corp.'s retail service for the Aluminum Smelters is served by LEM and other third-party providers that may include Big Rivers. To the extent the power purchased from LEM does not reach pre-determined minimums, the Company is required to pay certain penalties. Also, to the extent additional power is available to Big Rivers under the LEM contract, Big Rivers may sell to nonmembers.

VI. LEM will reimburse Big Rivers an additional $75,870 for the margins expected from the Aluminum Smelters through 2011, being defined as the net cash flows that Big Rivers anticipated receiving if the Company had continued to serve the Aluminum Smelters' load, as filed in the Rate Hearing (the "Monthly Margin Payments").

VII. WKEC is responsible for the operating costs of the generation facilities; however, Big Rivers is partially responsible for ordinary capital expenditures ("Nonincremental Capital Costs") for the generation facilities over the term of the Lease Agreement, generally up to predetermined annual amounts. This cumulative amount is not expected to exceed $148,000 over the entire 25-1/2 year Lease Agreement. At the end of the lease term, Big Rivers is obligated to fund a "Residual Value Payment" to E.ON U.S. for such capital additions during the lease, currently estimated to be $125,880 (see Note 1). Adjustments to the Residual Value Payment will be made based upon actual capital expenditures. Additionally, WKEC will make required capital improvements to the facilities to comply with a new law or a change to existing law ("Incremental Capital Costs") over the lease life (the Company is partially responsible for such costs: 20% through 2010) and the Company will be required to submit another Residual Value Payment to LEC for the undepreciated value of WKEC's 80% share of these costs, at the end of the lease, currently estimated to be $15,677. The Company will have title to these assets during the lease and upon lease termination.

VIII. Big Rivers entered into a note payable with LEM for $19,676 (the "LEM Settlement Note") to be repaid over the term of the Lease Agreement, which bears interest at 8% per annum, in consideration for LEM's assumption of the risk related to unforeseen costs with respect to power to be supplied to the Aluminum Smelters and the increased responsibility for financing capital improvements. The Company recorded this obligation as a component of deferred charges with the related payable recorded as long-term debt in the accompanying balance sheets. This deferred charge is being amortized on a straight-line basis over the lease term.

IX. On the Effective Date, Big Rivers paid a nonrefundable marketing payment of $5,933 to LEM, which has been recorded as a component of deferred charges. This amount is being amortized on a straight-line basis over the lease term.

X. During the lease term, Big Rivers will be entitled to certain "billing credits" against amounts the Company owes LEM under the power purchase agreement. Each month during the first 55 months of the lease term, Big Rivers received a credit of $89. For the year 2011, Big Rivers will receive a credit of $2,611 and for the years 2012 through 2023, the Company will receive a credit of $4,111 annually.

In accordance with the power purchase agreement with LEM, the Company is allowed to purchase power in the open market rather than from LEM, incurring penalties when the power purchased from LEM does not meet certain minimum levels, and to sell excess power (power not needed to supply its jurisdictional load) in the open market (collectively referred to as "Arbitrage"). Pursuant to the New RUS Promissory Note and the RUS ARVP Note, the benefit, net of tax, as defined, derived from Arbitrage must be divided as follows: one-third, adjusted for capital expenditures, will be used to make principal payments on the New RUS Promissory Note; one-third will be used to make principal payments on the RUS ARVP Note; and the remaining value may be retained by the Company.

Management is of the opinion that the Company is in compliance with all covenants of the Lease Agreement.

3. UTILITY PLANT

At December 31, 2006 and 2005, utility plant is summarized as follows:

	2006	2005
Classified plant in service:		
Electric plant—leased	$1,506,822	$1,497,039
Transmission plant	208,760	202,925
General plant	15,581	14,819
Other	67	67
	1,731,230	1,714,850
Less accumulated depreciation	826,647	798,684
	904,583	916,166
Construction in progress	13,085	12,706
Utility plant—net	$ 917,668	$ 928,872

Interest capitalized for the years ended December 31, 2006, 2005, and 2004 was $236, $160, and $221, respectively.

The Company has not identified any material legal obligations, as defined in SFAS No. 143, *Accounting for Asset Retirement Obligations*, which was further interpreted by FASB Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations*. In accordance with regulatory treatment, the Company records an estimated net cost of removal of its utility plant through normal depreciation. As of December 31, 2006 and 2005, the Company had a regulatory liability of approximately $26,670 and $23,619, respectively, related to nonlegal removal costs included in accumulated depreciation.

4. SALE-LEASEBACK

On April 18, 2000, the Company completed a sale-leaseback of two of its utility plants, including the related facilities and equipment. The sale-leaseback provides Big Rivers a $1,089,000 fixed price purchase option, at the end of each lease term (25 and 27 years), which, together with future contractual interest receipts, will be fully funded.

This transaction has been recorded as a financing for financial reporting purposes and a sale for Federal income tax purposes. In connection therewith, Big Rivers received $866,676 of proceeds and incurred $791,626 of related obligations. Pursuant to a payment undertaking agreement with a financial institution, Big Rivers effectively extinguished $656,029 of these obligations with an equivalent portion of the proceeds. The Company also purchased investments with an initial value of $146,647 to fund the remaining $135,597 of the obligations. These amounts are reflected as restricted investments under long-term lease and obligations related to long-term lease in the accompanying balance sheets. Interest received and paid will be recorded to these accounts over the life of the lease. Currently, the Company is paying 7.57% interest on its obligations related to long-term lease and receiving 6.89% on its related investments. The Company made a $64,000 principal payment on the New RUS Promissory Note with the remaining proceeds. The $75,050 gain was deferred and will be amortized over the respective lease terms, of which the Company recognized $2,881, $2,856, and $2,824, in 2006, 2005, and 2004, respectively. Principal payments begin in 2009.

Amounts recognized in the statement of financial position related to the sale-leaseback as of December 31, 2006 and 2005, are as follows:

	2006	2005
Restricted investments under long-term lease	$ 186,690	$ 180,650
Obligations related to long-term lease	177,310	170,954
Deferred gain on sale-leaseback	56,380	59,262

Amounts recognized in the statement of operations related to the sale-leaseback for the years ended December 31, 2006, 2005, and 2004, are as follows:

	2006	2005	2004
Power contracts revenue (revenue discount adjustment—see Note 6)	$ (3,680)	$ (3,680)	$ (3,680)
Interest on obligations related to long-term lease:			
Interest expense	12,386	11,965	11,548
Amortize gain on sale-leaseback	(2,881)	(2,856)	(2,823)
Net interest on obligations related to long-term lease	9,505	9,109	8,725
Interest income on restricted investments under long-term lease	12,069	11,670	11,278
Interest income and other (CoBank patronage allocation)	777	772	661

5. DEBT AND OTHER LONG-TERM OBLIGATIONS

A detail of long-term debt at December 31, 2006 and 2005, is as follows:

	2006	2005
New RUS Promissory Note, stated amount of, $803,601, stated interest rate of 5.75%, with an interest rate of 5.81%, maturing July 2021	$ 799,789	$ 808,094
RUS ARVP Note, stated amount of $251,215, no stated interest rate, with interest imputed at 5.81%, maturing December 2023	94,391	90,347
LEM Settlement Note, interest rate of 8.0%, payable in monthly installments through July 2023	16,707	17,173
County of Ohio, Kentucky, promissory note, variable interest rate (average interest rate of 3.49% and 2.46% in 2006 and 2005, respectively), maturing in October 2022	83,300	83,300
County of Ohio, Kentucky, promissory note, variable interest rate (average interest rate of 3.49% and 2.46% in 2006 and 2005, respectively), maturing in June 2013	58,800	58,800
Total long-term debt	1,052,987	1,057,714
Current maturities	11,912	465
Voluntary prepayment	-	10,403
Total long-term debt—net of current maturities and prepayment	$1,041,075	$1,046,846

The following are scheduled maturities of long-term debt at December 31:

Year	Amount
2007	$ 11,912
2008	39,178
2009	39,230
2010	41,286
2011	47,345
Thereafter	874,036
Total	$1,052,987

RUS Notes—On July 15, 1998, Big Rivers recorded the New RUS Promissory Note and the RUS ARVP Note at fair value using the applicable market rate of 5.81%. The RUS Notes are collateralized by substantially all assets of the Company.

Pollution Control Bonds—The County of Ohio, Kentucky, issued $83,300 of Pollution Control Periodic Auction Rate Securities, Series 2001, the proceeds of which are supported by a promissory note from Big Rivers, which bears the same interest rate. These bonds bear interest at a variable rate and mature in October 2022.

The County of Ohio, Kentucky, issued $58,800 of Pollution Control Variable Rate Demand Bonds, Series 1983, the proceeds of which are supported by a promissory note from Big Rivers, which bears the same interest rate as the bonds. These bonds bear interest at a variable rate and mature in June 2013.

The Series 1983 bonds are supported by a liquidity facility issued by Credit Suisse First Boston, which was assigned to Dexia Credit in 2006. Both Series are supported by municipal bond insurance and surety policies issued by Ambac Assurance Corporation. Big Rivers has agreed to reimburse Ambac Assurance Corporation for any payments under the municipal bond insurance policies or the surety policies.

LEM Settlement Note—On the Effective Date, Big Rivers executed the Settlement Note with LEM. The Settlement Note requires Big Rivers to pay to LEM $19,676, plus interest at 8% per annum over the lease term. The principal and interest payment is approximately $1,822 annually. This payment is consideration for LEM's assumption of the risk related to unforeseen costs with respect to power to be supplied to the Aluminum Smelters and the increased responsibility for financing capital improvements.

Other Long-Term Obligations—During 1997, Big Rivers terminated two unfavorable coal contracts. In connection with that settlement, the Company paid $345, $351, and $351 during 2006, 2005, and 2004, respectively. At December 31, 2006, the Company has a remaining liability of $92 payable over the next two years, of which $47 is included in current maturities of long-term obligations.

Notes Payable—Notes payable represent the Company's borrowing on its line of credit with the National Rural Utilities Cooperative Finance Corporation. The maximum borrowing capacity on the line of credit is $15,000. There were no amounts outstanding on the line of credit at December 31, 2006. The line of credit bears interest at a variable rate. Each advance on the line of credit is payable within one year.

6. RATE MATTERS

The rates charged to Big Rivers' members consist of a demand charge per kW and an energy charge per kWh consumed as approved by the KPSC. The rates include specific rate designs for its members' two classes of customers, the large industrial customers and the rural customers under its jurisdiction. For the large industrial customers, the demand charge is generally based on each customer's maximum demand during the current month. The remaining customers demand charge is based upon the maximum coincident demand of each member's delivery points. The demand and energy charges are not subject to adjustments for increases or decreases in fuel or environmental costs. Big Rivers' current rates will remain in effect until changed by the KPSC.

Effective since September 1, 2000, the KPSC has approved Big Rivers' request for a $3,680 annual revenue discount adjustment for its members through August 31, 2006, effectively passing the benefit of the sale-leaseback transaction (see Note 4) to them. The extent to which Big Rivers requests KPSC approval to continue the adjustment depends upon its planned environmental compliance costs and its overall financial condition. In March 2007, Big Rivers plans to request the KPSC's approval to extend the adjustment through August 31, 2008.

7. INCOME TAXES

The components of the net deferred tax assets as of December 31, 2006 and 2005, were as follows:

	2006	2005
Deferred tax assets:		
Net operating loss carryforward	$ 68,696	$ 80,769
Alternative minimum tax credit carryforwards	4,790	4,283
Sale-leaseback	136,598	130,568
Other accruals	2,465	2,066
Total deferred tax assets	212,549	217,686
Deferred tax liabilities:		
Lease agreement	(21,270)	(15,395)
Fixed asset basis difference	(827)	(10,178)
Total deferred tax liabilities	(22,097)	(25,573)
Net deferred tax asset (pre-valuation allowance)	190,452	192,113
Valuation allowance	(185,662)	(187,830)
Net deferred tax asset	$ 4,790	$ 4,283

Big Rivers was formed as a tax-exempt cooperative organization described in Internal Revenue Code Section 501(c)(12). To retain tax-exempt status under this section, at least 85% of the Big Rivers' receipts must be generated from transactions with the Company's members. In 1983, sales to nonmembers resulted in Big Rivers failing to meet the 85% requirement. Until Big Rivers can meet the 85% member income requirement, the Company is a taxable cooperative. Big Rivers is also subject to Kentucky income tax.

Under the provisions of SFAS No. 109, *Accounting for Income Taxes*, Big Rivers is required to record deferred tax assets and liabilities for temporary differences between amounts reported for financial reporting purposes and amounts reported for income tax purposes. The Company has not recorded any income tax expense for the years ended December 31, 2006, 2005 and 2004 as the Company has utilized federal net operating losses to offset any taxable income during those years. Had the Company not had the benefit of a net operating loss carryforward, the Company would have recorded $10,599, $7,995, and $6,759 in current tax expense for the years ended December 31, 2006, 2005 and 2004, respectively. Deferred tax assets and liabilities are determined based upon these temporary differences using enacted tax rates for the year in which these differences are expected to reverse. Deferred income tax expense or benefit is based on the change in assets and liabilities from period to period, subject to an ongoing assessment of realization.

At December 31, 2006 and 2005, Big Rivers had a nonpatron net operating loss carryforward of approximately $167,551 and $196,998, respectively, for tax reporting purposes expiring through 2013, and an alternative minimum tax credit carryforward at December 31, 2006 and 2005, of approximately $4,790 and $4,283, respectively, which carries forward indefinitely.

Big Rivers has a net deferred tax asset, against which a valuation allowance has been provided, in part, based upon the fact that it is presently uncertain whether such asset will be realized. The resulting net deferred tax asset at December 31, 2006 and 2005, is approximately $4,790 and $4,283, respectively, which represents the alternative minimum tax credit carryforward, against which no allowance has been provided.

8. POWER PURCHASED

In accordance with the Lease Agreement, Big Rivers supplies all of the members' requirements for power to serve their customers, other than the Aluminum Smelters. Contract limits were established in the Lease Agreement and include minimum and maximum hourly and annual power purchase amounts. Big Rivers cannot reduce the contract limits by more than 12 MW in any year or by more than a total of 72 MW over the lease term. In the event Big Rivers fails to take the minimum requirement during any hour or year, Big Rivers is liable to LEM for a certain percentage of the difference between the amount of power actually taken and the applicable minimum requirement.

Although Big Rivers will be required by the Lease Agreement to purchase minimum hourly and annual amounts of power from LEM, the lease does not prevent Big Rivers from paying the associated penalty in certain hours to purchase lower cost power, if available, in the open market or reselling a portion of its purchased power to a third party. The power purchases made under this agreement for the years ended December 31, 2006, 2005, and 2004, were $97,999, $96,795, and $89,696, respectively, and are included in power purchased and interchanged on the statement of operations.

9. PENSION PLANS

Big Rivers has noncontributory defined benefit pension plans covering substantially all employees who meet minimum age and service requirements. The plans provide benefits based on the participants' years of service and the five highest consecutive years' compensation during the last ten years of employment. Big Rivers' policy is to fund such plans in accordance with the requirements of the Employee Retirement Income Security Act of 1974. The plans are measured as of December 31, 2006 and 2005.

At December 31, 2006 and 2005, the following is an assessment of the Company's noncontributory defined benefit pension plans:

	2006	2005
Projected benefit obligation	$ (17,464)	$ (16,550)
Fair value of plan assets	16,416	11,868
Funded status	$ (1,048)	$ (4,682)

The accumulated benefit obligation for all defined benefit pension plans was $12,421 and $11,426 at December 31, 2006 and 2005, respectively.

At December 31, 2006 and 2005, amounts recognized in the statement of financial position are as follows:

	2006	2005
Prepaid benefit cost	$ 3,520	$ 110
Accrued benefit liability	-	(108)
Net amount recognized	$ 3,520	$ 2

Net periodic pension costs, which are calculated based on actuarial assumptions at January 1, for the years ended December 31, 2006, 2005, and 2004, were as follows:

	2006	2005	2004
Benefit cost	$ 1,167	$ 1,158	$ 954
Employer contribution	4,684	921	843
Benefits paid or transferred	852	1,757	103

Assumptions used to develop the projected benefit obligation were as follows:

	2006	2005	2004
Discount rates	5.75 %	5.75 %	5.75 %
Rates of increase in compensation levels	4.00	4.00	4.00
Expected long-term rate of return on assets	7.25	7.25	7.50

The expected long-term rate of return on plan assets for determining net periodic pension cost for each fiscal year is chosen by the Company from a best estimate range determined by applying anticipated long-term returns and long-term volatility for various asset categories to the target asset allocation of the plans, as well as taking into account historical returns.

Using the asset allocation policy adopted by the Company noted in the paragraph below, we determined the expected rate of return at a 50% probability of achievement level based on (a) forward-looking rate of return expectations for passively-managed asset categories over a 20-year time horizon and (b) historical rates of return for passively-managed asset categories. Applying an approximately 80%/20% weighting to the rates determined in (a) and (b), respectively, produced an expected rate of return of 7.28%, which was rounded to 7.25%.

The general investment objectives are to invest in a diversified portfolio, comprised of both equity and fixed income investments, which are further diversified among various asset classes. The diversification is designed to minimize the risk of large losses while maximizing total return within reasonable and prudent levels of risk. The investment objectives specify a targeted investment allocation for the pension plans of up to 55% equities. The remaining 45% may be allocated among fixed income or cash equivalent investments. Objectives do not target a specific return by asset class. These investment objectives are long-term in nature. As of December 31, 2006 and 2005, the investment allocation was 0% and 56%, respectively, in equities and 100% and 44%, respectively, in fixed income. This temporary departure from the above investment objectives reflects the process of transferring to a new investment advisor.

Expected retiree pension benefit payments projected to be required during the years following 2006 are as follows:

Years Ending December 31	Amount
2007	$ 488
2008	1,104
2009	803
2010	1,346
2011	1,220
2012–2016	12,343
Total	$ 17,304

In 2007, the Company expects to contribute $1,111 to its pension plan trusts.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of cash and cash equivalents, accounts receivable, and accounts payable approximate fair value due to their short maturity.

The fair value of restricted investments is determined based upon quoted market prices and rates. The carrying value of the investments is recorded at accreted value and the terms of the investment are within Note 4. The estimated fair values of the restricted investments are as follows:

	2006		2005	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Restricted investments	$ 186,690	$ 233,418	$ 180,650	$ 236,571

It was not practical to estimate the fair value of patronage capital included within other deposits and investments due to these being untraded companies.

It was not practical to estimate the fair value of long-term debt due to Big Rivers' inability to obtain long-term debt from outside parties.

11. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

Big Rivers provides certain postretirement medical benefits for retired employees and their spouses. As of July 1, 2001, Big Rivers pays 85% of the cost from age 62 to 65 for all retirees. For salaried employees who retired prior to December 31, 1993, Big Rivers pays 100% of Medicare supplemental costs. For salaried employees who retire after December 31, 1993, Big Rivers pays 25% plus $25 per month of the Medicare supplemental costs.

On December 8, 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Medicare Act") was enacted. The Medicare Act created Medicare Part D, a new prescription drug benefit that is available to all Medicare-eligible individuals, effective January 1, 2006. National Rural Electric Cooperative Association ("NRECA"), the provider of Big Rivers' health plan coverage through the NRECA Group Benefits Trust, chose to become a Medicare Part D provider. Effective January 1, 2006, Part D coverage is the only drug coverage available to Big Rivers' Medicare-eligible retirees.

The discount rate used in computing the postretirement obligation was 5.75% for 2006 and 2005. A health care cost trend rate of 9% in 2006 declining to 5.5% in 2011 was utilized.

An assessment of the Company's postretirement plan at December 31, 2006 and 2005, is as follows:

	2006	2005
Total benefit obligation	$ (2,695)	$ (3,339)
Unfunded accrued postretirement cost	(3,787)	(3,755)

The components of net periodic postretirement benefit costs for the years ended December 31, 2006, 2005, and 2004, which are calculated based on actuarial assumptions at January 1, were as follows:

	2006	2005	2004
Benefit cost	$ 241	$ 286	$ 310
Benefits paid	171	216	188

Expected retiree benefit payments projected to be required during the years following 2006 are as follows:

Year	Amount
2007	$ 153
2008	142
2009	162
2010	184
2011	199
2012–2016	1,246
Total	$ 2,086

In addition to the postretirement plan discussed above, in 1992 Big Rivers began a postretirement benefit plan which vests a portion of accrued sick leave benefits to salaried employees upon retirement or death. To the extent an employee's sick leave hour balance exceeds 480 hours such excess hours are paid at 20% of the employee's base hourly rate at the time of retirement or death. The accumulated obligation recorded for the postretirement sick leave benefit is $294 and $270 at December 31, 2006 and 2005, respectively. The postretirement expense recorded was $44, $27, and $28 for 2006, 2005, and 2004, respectively, and the benefits paid were $20, $16, and $-0- for 2006, 2005, and 2004, respectively.

12. BENEFIT PLAN—401(k)

Big Rivers has two defined contribution retirement plans covering bargaining and salaried employees. Big Rivers matches up to 60% of the first 6% of eligible employees' wages contributed. Employees generally become vested in Company matching contributions based upon years of service as follows:

Years of Vesting Service	Vested Percentage
1	20 %
2	40
3	60
4	80
5 or more	100

Employees are also permitted to make pre-tax contributions of up to 75% of eligible wages. Big Rivers' expense under this plan was $193, $178, and $168 for the years ended December 31, 2006, 2005, and 2004, respectively.

13. RELATED-PARTIES

For the years ended December 31, 2006, 2005, and 2004 Big Rivers had tariff sales to its members of $108,737, $109,439, and $105,004, respectively. In addition, for the years ended December 31, 2006, 2005, and 2004, Big Rivers had certain sales to Kenergy for the Aluminum Smelters and Weyerhaeuser loads of $57,374, $46,372, and $43,017, respectively.

At December 31, 2006 and 2005, Big Rivers had accounts receivable from its members of $13,015 and $12,872, respectively.

In October 2005, Big Rivers made a lump sum payment of $221 to Kenergy for the lease of office space in a building owned by Kenergy. The charge for the lump sum payment was deferred and is being amortized over the life of the agreement.

14. COMMITMENTS AND CONTINGENCIES

Big Rivers is involved in litigation arising in the normal course of business. While the results of such litigation cannot be predicted with certainty, management, based upon advice of counsel, believes that the final outcome will not have a material adverse effect on the financial statements.

15. SUBSEQUENT EVENT

The Big Rivers board of directors adopted resolutions on February 23, 2007, authorizing management, among other things, to execute a Transaction Termination Agreement Among Big Rivers Electric Corporation, LG&E Energy Marketing Inc., and Western Kentucky Energy Corp. (the "Termination Agreement"). The Termination Agreement establishes the terms on which Big Rivers, on the one hand, and LG&E Energy Marketing Inc. and Western Kentucky Energy Corp. on the other hand, agree to terminate a series of contractual relationships established in 1998 under which, among other things, LG&E Energy Marketing Inc. and Western Kentucky Energy Corp. currently lease and operate the generating units owned or previously operated by Big Rivers, and sell power to Big Rivers to use in meeting the requirements of its system. Those resolutions additionally authorize management to sign various agreements under which Big Rivers agrees to sell its member, Kenergy Corp., 850 MW in the aggregate for resale to Alcan Primary Products Corporation and Century Aluminum of Kentucky General Partnership, contingent upon the closing of the transaction contemplated in the Termination Agreement.

* * * * * *

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

THE APPLICATIONS OF BIG RIVERS ELECTRIC CORPORATION FOR: (I) APPROVAL OF WHOLESALE TARIFF ADDITIONS FOR BIG RIVERS ELECTRIC CORPORATION, (II) APPROVAL OF TRANSACTIONS, (III) APPROVAL TO ISSUE EVIDENCES OF INDEBTEDNESS, AND (IV) APPROVAL OF AMENDMENTS TO CONTRACTS; AND	)	CASE NO. 2007-00455
E.ON-U.S., LLC, WESTERN KENTUCKY ENERGY CORP. AND LG&E ENERGY MARKETING, INC. FOR APPROVAL OF TRANSACTIONS	)	

EXHIBIT 38

Kentucky Public Service Commission
Financial and Statistical Report
(Annual Report)
For Year Ending
December 31, 2006

December 2007

Big Rivers Electric Corporation

Kentucky Public Service Commission
Financial and Statistical Report
(Annual Report)

For Year Ended
December 31, 2006

OATH

Commonwealth of Kentucky)
) ss
County of Henderson)

C. William Blackburn makes oath and says
(Name of Officer)

that he/she is CFO and Vice President of Financial Services of
(Official title of officer)

Big Rivers Electric Corporation
(Exact legal title or name of respondent)

that it is her/her duty to have supervision over the books of account of the respondent and to control the manner in which such books are kept; that he/she knows that such books have, during the period covered by the foregoing report, been kept in good faith in accordance with the accounting and other orders of the Public Service Commission of Kentucky, effective during the said period; that he/she has carefully examined the said report and to have the best of his/her knowledge and belief the entries contained in the said report have, so far as they relate to matters of account, been accurately taken from the said books of account and are in exact accordance therewith; that he/she believes that all other statements of fact contained in the said report are true; and that the said report is a correct and complete statement of the business and affairs of the above-named respondent during the period of time from and including

January 1, , 20 06 , to and including December 31, , 20 06

C William Blackburn
(Signature of Officer)

subscribed and sworn to before me, a Notary Public , in and for the State and County named in the above this 16th day of April , 20 07.

(Apply Seal Here)

My Commission expires March 03, 2010

Vickie G. King
(Signature of officer authorized to administer oath)

[Persons making willful false statements in this report may be punished by fine or imprisonment under KRS 523.040 and 523.100.]

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Principal Payment and Interest Information

	Amount	Yes/No
Amount of Principal Payment During Calendar Year	$23,926,880.76	
Is Principal Current?		Y
Is Interest Current?		Y

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Services Performed by Independent CPA

	Yes/No	A/C/R
Are your financial statements examined by a Certified Public Accountant?		
Enter Y for Yes or N for No	Y	
If yes, which service is performed?		
Enter an X on each appropriate line		
Audit		X
Compilation		
Review		

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Additional Information - Part 1

	Total	Amount
Please furnish the following information, for Kentucky Operations only		
Number of Rural Customers (other than farms)		
Number of Farms Served (A farm is any agricultural operating unit consisting of 3 acres or more)		
Number of KWH sold to all Rural Customers		
Total Revenue from all Rural Customers		
LINE DATA		
Total Number of Miles of Wire Energized (located in Kentucky)	1,232	
Total number of Miles of Pole Line (Located in Kentucky)	1,232	

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Additional Information - Counties

Ballard, Breckinridge, Caldwell, Carlisle, Crittenden, Daviess, Graves, Grayson, Hancock, Hardin, Henderson, Hopkins, Livingston, Lyon, McCracken, McLean, Marshall, Meade, Muhlenberg, Ohio, Union, Webster

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Supplemental Electric Information

	Revenues	KWHs Sold	Customers
Residential (440)			
Commercial and Industrial Sales			
Small (or Comercial)			
Large (or Industrial)			
Public St and Hwy Lighting (444)			
Other Sales to Public Authorities (445)			
Sales to Railroads and Railways (446)			
Interdepartmental Sales (448)			
Total Sales to Ultimate Customers			
Sales For Resale (447)	$190,834,379.00	5,250,342	3
Total Sales of Electricity	$190,834,379.00	5,250,342	3

Identification (Ref Page: 1)

	Name	Address1	Address2	City	State	Zip	Phone
Exact Legal Name of Respondent							
	Big Rivers Electric Corporation						
Previous Name and Date of change (if name changed during the year)							
	N/A						
Name Address and Phone number of the contact person							
	Ralph A. Ashworth Mgr. of Accounting	201 Third Street		Henderson	KY	42420	2708272561
Note File: Attestation and signature via Electronic Filing							

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

General Information - (1) (Ref Page: 101)

	Name	Address	City	State	Zip
Provide name and title of the Officer having custody of the general corporate books of account	Ralph A. Ashworth Manager of Accounting	201 Third Street	Henderson	KY	42420
Provide Address of Office where the general Corporate books are kept	Same As Above				
Provide the Address of any other offices where other coprorate books are kept if different from where the general corporate books are kept					

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

General Information (2,3,4) (Ref Page: 101)

	Explain
Provide the name of the State under the laws which respondent is incorporated and date If incorporated under a special law give reference to such law If not incorporated state that fact and give the type of organization and the date organized	Kentucky, June 14, 1961
If at any time during the year the property of respondent was held by a receiver or trustee give (a) the name of receiver or trustee (b) date such receiver or trustee took possession (c) the authority by which the receivership or trusteeship was created and (d) date when possession by receiver or trustee ceased.	N/A
State the classes or utility and other services furnished by respondent during the year in each State in which the respondent operated.	Class "A' Utility - Generation and Transmission Cooperative - Wholesale Supplier of Electrical Energy - Transmission of Electrical Energy

General Information - (5) (Ref Page: 101)

	Yes/No	Date
Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal account for the previous years certified financial statements?		
Enter Y for Yes or N for No	N	
If yes, Enter the date when such independent accountant was initially engaged		

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Control Over Respondent (Ref Page: 102)

	Explain
If any corporation, business trust or similar organization or combination of such organizations jointly held control over respondent at end of year	
state name of controlling corporation or organization	
manner in which control was held and extent of control.	
If control was in a holding company organization , show the chain of ownership or control to the main parent company or organization.	
If control was held by a trustee(s), state name of trustee(s), name of beneficiary or benficiaries for whom trust was maintained and purpose of the trust.	
	Big Rivers Electric Corporation is a generation and transmission cooperative owned by its three member distribution cooperatives. Each member distribution cooperative has two representatives on the Big Rivers' Board. Big Rivers' members are: Jackson Purchase Energy Corporation, Kenergy Corp., and Meade County RECC.

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Corporations Controlled by Respondent (Ref Page: 103)

Name of Company	Business	Percent Voting Stock
Big Rivers Leasing Corporation	Investment Company	100.00000000

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Officers (Ref Page: 104)

	Title	Name	first	Salary
Report name,title and salary for each executive officer whose salary is $50,000 or more				
	President & CEO	Core	Michael	$0.00

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Directors (Ref Page: 105)

Name (and Title)	Principal Bus. Addr.	City	State	Zip
Bill Denton, Chair	12633 Hwy 351	Henderson	KY	42420
Dr. James Sills, Vice Chair	362 Tuels Creek Rd	Hardinsburg	KY	40143
John B. Myers, Secretary/Treasurer	12918 Wickliffe Rd	Kevil	KY	42053
Lee Bearden	211 Green Oaks Ln	Benton	KY	42025
Paul Edd Butler	183 Davison Lane	Falls Of Rough	KY	40119
Larry Elder	2245 Hayden Bridge Road	Owensboro	KY	42301

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Important Changes During the Year (Ref Page: 108)

	Explain
Give particulars concerning the matters indicated below.	
1 Changes in and important additions to franchise rights:	None
2. Acquisition of ownership in other companies by reorganization, merger or consolidation with other companies:	None
3. Purchase or sale of an operating unit or system:	None
4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given assigned or surrendered:	See Notes to Financial Statements, Pages 123.3-123.6 in Hard Copy of Annual Report.
5. Important extension or reduction of transmission or distribution system:	None
6. Obligations incurred as a result of issuance of securities or assumption of liabilities or guarantees.	None
7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.	None
8. State the estimated annual effect and nature of any important wage scale changes during the year.	None
9. State briefly the status of any materially important legal proceedings pending at the end of the year and the results.	See Note 14 to Financial Statements, Page 123.14 in Hard Copy of Annual Report
10. Describe briefly any materially important transactions not disclosed elsewhere in this report in which an officer, director, or associated company was a party or had a material interest.	None
(Reserved)	
12. If the important changes appear in the annual report to stockholders are applicable and furnish data required by instructions 1 - 11 such notes may be included.	See Notes to Financial Statements, Pages 123-123.14 in Hard Copy of Annual Report

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Balance Sheet - Assets and Other Debits (Ref Page: 110)

	Balance Beginning of Year	Balance End of Year
1. UTILITY PLANT		
2. Utility Plant (101-106,114)	$1,714,850,002.00	$1,731,229,629.00
3. Construction Work in Progress (107)	$12,705,754.00	$13,084,602.00
4. TOTAL UTILITY PLANT	$1,727,555,756.00	$1,744,314,231.00
5. (Less) Accum. Prov. for Depr. Amort. Depl. (108,111,115)	$798,684,011.00	$826,646,679.00
6. Net Utility Plant	$928,871,745.00	$917,667,552.00
7 Nuclear Fuel (120.1-120.4,120.6)		
8. (Less) Accum. Prov. for Amort. of Nucl. Assemblies (120.5)		
9. Net Nuclear Fuel		
10. Net Utility Plant (Enter Total of Line 6 and Line 9)	$928,871,745.00	$917,667,552.00
11. Utility Plant Adjustments (116)		
12. Gas Stored Underground - Non Current (117)		
13. OTHER PROPERTY AND INVESTMENTS		
14. Nonutility Property (121)		
15. (Less) Accum. Prov. for Depr and Amort. (122)		
16. Investment in Associated Companies (123)	$2,878,184.00	$3,272,943.00
17 Investments in Subsidiary Companies (123.1)		
18.		
19. Noncurrent Portion of Allowances		
20. Other Investments (124)	$15,334.00	$15,334.00
21. Special Funds (125-128)	$169,103,742.00	$174,951,808.00
22. TOTAL Other Property and Investments	$171,997,260.00	$178,240,085.00
23. CURRENT AND ACCRUED ASSETS		
24. Cash (131)	$2,090.00	$2,707.00
25. Special Deposits (132-134)	$503,390.00	$527,369.00
26. Working Fund (135)	$3,725.00	$3,725.00
27 Temporary Cash Investments (136)	$67,257,752.00	$95,933,824.00

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Balance Sheet - Assets and Other Debits (Ref Page: 110)

	Balance Beginning of Year	Balance End of Year
28. Notes Receivable (141)		
29. Customer Accounts Receivable (142)	$15,368,161.00	$15,597,895.00
30 Other Accounts Receivable (143)	$926,903.00	$1,859,288.00
31. (Less) Accum. Prov. for Uncollectible Acct. Credit (144)		
32. Notes Receivable from Associated Companies (145)		
33. Accounts Receivable from Assoc. Companies (146)		
34. Fuel Stock (151)		
35. Fuel Stock Expenses Undistributed (152)		
36. Residuals (Elec) and Extracted Products (153)		
37 Plant Materials and Operating Supplies (154)	$667,054.00	$810,996.00
38. Merchandise (155)		
39. Other Materials and Supplies (156)		
40. Nuclear Materials Held for Sale (157)		
41. Allowances (158.1 and 158.2)		
42. (Less) Noncurrent Portion of Allowances		
43. Stores Expense Undistributed (163)		
44. Gas Stored Underground - Current (164.1)		
45. Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		
46. Prepayments (165)	$5,197,098.00	$8,293,993.00
47 Advances for Gas (166-167)		
48. Interest and Dividends Receivable (171)	$11,601,747.00	$12,183,005.00
49. Rents Receivable (172)		
50. Accrued Utility Revenues (173)	$0.00	$49,324.00
51. Miscellaneous Current and Accrued Assets (174)	$2,000.00	$2,000.00
52. Derivative Instrument Assets (175)		
53. Derivative Instrument Assets - Hedges (176)		

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Balance Sheet - Assets and Other Debits (Ref Page: 110)

	Balance Beginning of Year	Balance End of Year
54. TOTAL Current and Accrued Assets	$101,529,920.00	$135,264,126.00
55. DEFERRED DEBITS		
56. Unamortized Debt Expenses (181)	$895,739.00	$842,291.00
57. Extraordinary Property Losses (181.1)		
58. Unrecovered Plant and Regulatory Study Costs (182.2)		
59. Other Regulatory Assets (182.3)		
60. Prelim. Survey and Investigation Charges (Electric) (183)	$80,706.00	$166,742.00
61. Prelim. Sur. and Invest. Charges (Gas) (183.1,183.2)		
62. Clearing Accounts (184)	$24,913.00	$26,803.00
63. Temporary Facilities (185)		
64. Miscellaneous Deferred Debits (186)	$18,296,150.00	$17,391,259.00
65. Def. Losses from Disposition of Utility Plt. (187)		
66. Research, Devel. and Demonstration Expend. (188)		
67. Unamortized Loss on Reaquired Debt (189)		
68. Accumulated Deferred Income Taxes (190)	$4,283,117.00	$4,789,974.00
69. Unrecovered Purchased Gas Costs (191)		
70. TOTAL Deferred Debits	$23,580,625.00	$23,217,069.00
71. Total Assets and other Debits (Total Lines 10,11,12,22,54,70)	$1,225,979,550.00	$1,254,388,832.00

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Balance Sheet - Liabilities and Other Credits (Ref Page: 112)

	Balance Beginning of Year	Balance End of Year
1 PROPRIETARY CAPITAL		
2. Common Stock Issued (201)	$75.00	$75.00
3. Preferred Stock Issued (204)		
4. Capital Stock Subscribed (202,205)		
5. Stock Liability for Conversion (203,206)		
6. Premium on Capital Stock (207)		
7. Other Paid-in Capital Stock (208-211)	$4,444,502.00	$4,444,502.00
8. Installments Received on Capital stock (212)		
9. (Less) Discount on Capital Stock (213)		
10. (Less) Capital Stock Expense (214)		
11. Retained Earnings (215,215.1,216)	($256,357,272.00)	($221,814,975.00)
12. Unappropriated Undistributed Subsidiary Earnings (216.1)		
13. (Less) Reacquired Capital Stock (217)		
14. Accumulated Other Comprehensive Income (219)		
15. TOTAL Proprietary Capital	($251,912,695.00)	($217,370,398.00)
16. LONG TERM DEBT		
17 Bonds (221)		
18. (Less) Reacquired Bonds (222)		
19. Advances from Associated Companies (223)		
20. Other Long-Term Debt (224)	$1,217,266,694.00	$1,218,135,347.00
21. Unamortized Premium on Long-Term Debt (225)		
22. (Less) Unamortized Discount on LongTerm Debt (226)		
23. TOTAL Long Term Debt	$1,217,266,694.00	$1,218,135,347.00
24. OTHER NONCURRENT LIABILITIES		
25. Obligations Under Capital Leases-NonCurrent (227)		
26. Accumulated Provision for Property Insurance (228.1)		
27 Accumulated Provision for Injuries and Damages (228.2)		

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Balance Sheet - Liabilities and Other Credits (Ref Page: 112)

	Balance Beginning of Year	Balance End of Year
28. Accumulated Provision for Pensions and Benefits (228.3)	$4,203,289.00	$4,183,441.00
29. Accumulated Miscellaneous Operating Provisions (228.4)		
30. Accumulated Provision for Rate Refunds (229)		
31. Asset Retirement Obligations (230)		
32. TOTAL OTHER Noncurrent Liabilities	$4,203,289.00	$4,183,441.00
33. CURRENT AND ACCRUED LIABILITIES		
34. Notes Payable (231)		
35. Accounts Payable (232)	$13,126,006.00	$12,585,111.00
36. Notes Payable to Associated Companies (233)		
37 Account Payable to Associated Companies (234)		
38. Customer Deposits (235)	$646,922.00	$678,025.00
39. Taxes Accrued (236)	$441,450.00	$296,659.00
40. Interest Accrued (237)	$19,379,886.00	$19,886,077.00
41. Dividends Declared (238)		
42. Matured Long-Term Debt (239)		
43. Matured Interests (240)		
44. Tax Collections Payable (241)	$48,269.00	$66,506.00
45. Miscellaneous current and Accrued Liabilities (242)	$1,035,445.00	$1,120,147.00
46. Obligations Under Capital Leases - Current (243)		
47 Derivative Instrument Liabilities (244)		
48. Derivative Instrument Liabilities - Hedges (245)		
49. TOTAL Current and Accrued Liabilities	$34,677,978.00	$34,632,525.00
50. DEFERRED CREDITS		
51. Customer Advances for Construction (252)		
52. Accumulated Deferred Investment Tax Credits (255)		
53. Deferred Gains from Disposition of Utility Plant (256)		
54. Other Deferred Credits (253)	$221,744,284.00	$214,807,917.00

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Balance Sheet - Liabilities and Other Credits (Ref Page: 112)

	Balance Beginning of Year	Balance End of Year
55 Other Regulatory Liabilities (254)		
56. Unamortized gain on Reacquired Debt (257)		
57 Accmulated Deferred Income Taxes (281-283)	$221,744,284.00	$214,807,917.00
58. TOTAL Deferred Credits	$1,225,979,550.00	$1,254,388,832.00
59. TOTAL Liabilities and Other Credits (Total Lines 14,22,30,48 and 57)		

Note:
Ref. Page 112 Line No: 2
Big Rivers Electric Corporation does not issue stock. The amount reported for account 201 is for membership fees.

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Statement of Income for the Year (Ref Page: 114)

	Total (b)	Total - Prev Yr (c)	Electric (d)	Gas (e)	Other (f)
1..UTILITY OPERATING INCOME					
2. Operating Revenues (400)	$257,584,266.00	$247,951,377.00	$200,692,404.00	$0.00	$56,891,862.00
3. Operating Expenses					
4. Operation Expenses (401)	$132,488,968.00	$131,108,875.00	$132,148,095.00	$0.00	$340,873.00
5. Maintenance Expenses (402)	$3,677,447.00	$3,204,691.00	$3,607,833.00	$0.00	$69,614.00
6. Depreciation Expense (403)	$30,407,863.00	$30,191,661.00	$5,052,777.00	$0.00	$25,355,086.00
7 Depreciation Expense for Asset Retirement Costs (403.1)					
8. Amort and Depl of Utility Plant (404-405)	$1,582,122.00	$1,572,789.00	$0.00	$0.00	$1,582,122.00
9. Amort of Utility Plant Acq. Adj (406)					
10. Amort of Property Losses, Unrecovered Plant and Regulatory Study Costs (407)					
11. Amort. of Conversion Expenses (407)					
12. Regulatory Debits (407.3)					
13. (Less) Regulatory Credits (407.4)					
14. Taxes Other than Income Taxes (408.1)	$1,099,793.00	$1,113,872.00	$1,099,793.00	$0.00	$0.00
15. Income Taxes - Federal (409.1)	$506,857.00	$318,618.00	$506,857.00	$0.00	$0.00
16. Income Taxes - Other (409.1)					
17 Provision for Deferred Income Taxes (410.1)					

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Statement of Income for the Year (Ref Page: 114)

	Total (c)	Total Prev Yr (d)	Electric (e)	Gas (g)	Other (i)
18. (Less) Provision for Deferred Income Taxes (411.1)	$506,857.00	$318,618.00	$506,857.00	$0.00	$0.00
19. Investment Tax Credit Adj. - Net (411.4)					
20. (Less) Gains from Disp. of Utility Plant (411.6)					
21. Losses from Disp. of Utility Plant (411.7)					
22. (Less) Gains from Disposition of Allowances (411.8)					
23. Losses from Disposition of Allowances (411.9)					
24. Accretion Expense (411.10)					
25. Total Utility Operating Expenses (Enter Total of Lines 4 - 24)	$169,256,193.00	$167,191,888.00	$141,908,498.00	$0.00	$27,347,695.00
26. Net Utility Operating Income (Line 2 less line 25 - Carry forward to pg 117 line 25)	$88,328,073.00	$80,759,489.00	$58,783,906.00	$0.00	$29,544,167.00

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Statement of Income (continued) (Ref Page: 117)

	Current Year	Previous Year
27. Net Utility Operating Income (Carried from pg 114)	$88,328,073.00	$80,759,489.00
28. Other Income and Deductions		
29. Other Income		
30. Nonutility Operating Income		
31. Revenues From Merchandising, Jobbing and Contract Work (415)		
32. (Less) Costs and Exp. of Merchandising,Job. and Contract Work (416)		
33. Revenues From Nonutility Operations (417)		
34. (Less) Expenses of Nonutility Operations (417.1)		
35. Nonoperating Rental Income (418)		
36. Equity in Earnings of Subsidiary Companies (418.1)		
37 Interest and Dividend Income (419)	$15,799,831.00	$13,681,062.00
38. Allowance for Other Funds Used During Construction (419.1)		
39 Miscellaneous Nonoperating Income (421)	$784,056.00	$775,370.00
40. Gain on Disposition of Property (421.1)		
41. TOTAL Other Income	$16,583,887.00	$14,456,432.00
42. Other Income Deductions		
43. Loss on Disposition of Property (421.2)		
44. Miscellaneous Amortization (425)	($2,880,973.00)	($2,830,828.00)
45. Miscellaneous Income Deductions (426.1 - 426.5)	$55,883.00	$45,075.00
46.TOTAL Other Income Deductions	($2,825,090.00)	($2,785,753.00)
47 Taxes Applic. to Other Income and Deductions		
48. Taxes Other Than Income Taxes (408.2)		
49. Income Taxes - Federal (409.2)		
50. Income Taxes - Other (409.2)	$1,455.00	$950.00
51 Provision for Deferred Inc. Taxes (410.2)		

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Statement of Income (continued) (Ref Page: 117)

Title	Current Year	Previous Year
52. (Less) Provision for Deferred Income Taxes CR (411.2)		
53. Investment Tax Credit Adj. Net (411.5)		
54. (Less) Investment Tax Credits (420)		
55. TOTAL Taxes on Other Income and Deduct.	$1,455.00	$950.00
56. Net Other Income and Deductions (Lines 41,46,55)	$19,407,522.00	$17,241,235.00
57. Interest Charges		
58. Interest on Long Term Debt (427)	$73,108,747.00	$71,583,764.00
59. Amort of Debt Disc. and Expense (428)	$53,448.00	$53,448.00
60. Amortization of Loss on Reacquired Debt (428.1)		
61 (Less) Amort. of Premium on Debt - CR (429)		
62. (Less) Amortization of Gain on Reacquired Debt - CR (429.1)		
63. Interest on Debt to Assoc. Companies (430)		
64. Other Interest Expense (431)	$31,103.00	$20,016.00
65. (Less) Allowance for Borrowed Funds Used During Construction CR (432)		
66. Net Interest Charges	$73,193,298.00	$71,657,228.00
67. Income Before Extraordinary Items (Lines 25,54 and 64)	$34,542,297.00	$26,343,496.00
68. Extraordinary Items		
69. Extraordinary Income (434)		
70. (Less) Extraordinary Deductions (435)		
71. Net Extraordinary Items (Lines 67 less 68)		
72. Income Taxes - Federal and Other (409.3)		
73. Extraordinary Items After Taxes (Lines 69 less 70)		
74. Net Income (Lines 67 and 73)	$34,542,297.00	$26,343,496.00

Statement of Retained Earnings for the Year (Ref Page: 118)

Item (a)	Acct (b)	Amount (c)
UNAPPROPRIATED RETAINED EARNINGS (216)		
State balance and purpose of each appropriated retained earnings amount at end of year		
Balance - Beginning of the Year		($256,357,272.00)
Changes (Identify by prescribed retained earnings accounts)		
give accounting entries for any applications of appropriated retained earnings during the year.		
Adjustments to Retained Earnings (439)		
Credit:		
TOTAL Credits to Retained Earnings (439)		
Debit:		
TOTAL Debits to Retained Earnings (439)		
Balance Transferred from Income (433 less 418.1)		$34,542,297.00
Appropriations of Retained Earnings (436)		
TOTAL appropriations of Retained Earnings (436)		
Dividents Declared - Preferred stock (437)		
TOTAL Dividends Declared - Preferred Stock (437)		
Dividends Declared - Common Stock (438)		
TOTAL Dividends Declared - Common Stock (438)		
Transfers from Acct 216.1, Unappropriated Undistributed Subsidary Earnings		

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Statement of Retained Earnings for the Year (Ref Page: 118)

Item (a)	Acct (b)	Amount (c)
Balance End of Year (Total Lines 01, 09,15,16,22,29,36,37)		($221,814,975.00)
APPROPRIATED RETAINED EARNINGS (215)		
(215)		
TOTAL Appropriated Retained Earnings (215)		
APPROPRIATED RETAINED EARNINGS - AMORTIZATION RESERVE, FEDERAL		
TOTAL Appropriated Retained Earnings - Amortization Reserve, Federal (215.1)		
TOTAL Appropriated Retained Earnings (total lines 45 and 46) (214,215.1)		
TOTAL Retained Earnings (215, 215.1, 216)		($221,814,975.00)
UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (216.1)		
Balance - Beginning of Year (Debit or Credit)		
Equity in Earnings for Year (Credit) (418.1)		
(Less) Dividends Received (Debit)		
Other Charges (explain)		
Balance - End of Year		

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Statement of Cash Flows (Ref Page: 120)

Description		Amounts
Net Cash Flow From Operating Activities:		
Net Income (Line 72 c on page 117)		$34,542,297.00
Noncash Charges (Credits) to Income:		
Depreciation and Depletion		$33,591,967.00
Amortization of (Specify)		
	Amort. Deferred Gain on Sale/Leaseback	($2,880,973.00)
	Deferred Lease Revenue	($4,438,562.00)
	Increase in Restricted Investments Under LT Lease	($6,040,034.00)
	Increase in Long-Term Debt	$19,200,150.00
	Increase in Obligations Under LT Lease	$6,357,031.00
	Decrease in Residual Value Payment Obligation	($6,187,384.00)
Deferred Income Taxes (Net)		
Investment Tax Credit Adjustment (Net)		
Net (Increase) Decrease in Receivables		($1,398,404.00)
Net (Increase) Decrease in Inventory		($143,943.00)
Net (Increase) Decrease in Allowances Inventory		
Net Increase (Decrease) in Payables and Accrued Expenses		($461,859.00)
Net (Increase) Decrease in Other Regulatory Assets		
Net Increase (Decrease) in Other Regulatory Liabilities		
(Less) Allowance for Other Funds Used During Construction		
(Less) Undistributed Earnings from Subsidiary Companies		
Other:		
	Net Decrease in Prepaid Expenses	($3,517,520.00)
	Net Decrease in Deferred Charges	($694,228.00)
	Increase in Other, Net	($1,170,095.00)
Net Cash Provided by (Used in) Operating Activities (Total lines 2 thru 21)		$66,758,443.00

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Statement of Cash Flows (Ref Page: 120)

Description	Amounts
Cash Flows from Investment Activities:	
Construction and Acquisition of Plant (Including Land):	
Gross Additions to Utility Plant (Less nuclear fuel)	($13,188,560.00)
Gross Additions to Nuclear Fuel	
Gross Additions to Common Utility Plant	
Gross Additions to Nonutility Plant	
(Less) Allowance for Other Funds Used During Construction	
Other	
Cash Outflows for Plant (Total lines 26-33)	($13,188,560.00)
Acquisition of Other Noncurrent Assets (d)	
Proceeds from Disposal of Noncurrent Assets (d)	
Investments in and Advances to Assoc. and Subsidiary Companies	
Contributions and Advances from Assoc. and Subsidiary Companies	
Disposition of Investments in (and Advances to) Associated and Subsidiary Companies	
Associated and Subsidiary Companies	
Purchase of Investment Securities (a)	
Proceeds from Sales of Investment Securities (a)	
Loans Made or Purchased	
Collections on Loans	
Net (Increase) Decrease in Receivables	
Net (Increase) Decrease in Inventory	
Net (Increase) Decrease in Allowances Held for Speculation	
Net Increase (Decrease) in Payables and Accrued Expenses	

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Statement of Cash Flows (Ref Page: 120)

Description		Amounts
Other:	Other Deposits & Investments	($418,738.00)
Net Cash Provided by (used in) investing Activities (Lines 34-55)		($13,607,298.00)
Cash Flows from Financing Activities:		
Proceeds from Issuance of:		$0.00
Long - Term Debt (b)		
Preferred Stock		
Common Stock		
Other		
Net Increase in Short-Term Debt (c)		
Other		$0.00
Cash Provided by Outside Sources (Total lines 61 thru 69)		
Payments for Retirement of		($24,272,122.00)
Long-Term Debt (b)		
Preferred Stock		
Common Stock		
Other		
Net Decrease in Short-Term Debt (c)		
Dividends on Preferred Stock		
Dividends on Common Stock		($24,272,122.00)
Net Cash Provided by (used in) Financing Activities (Lines 70 - 81)		$28,879,023.00
Net Increase (Decrease) in Cash and Cash Equivalents (Total Lines 22, 57, 83)		

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Statement of Cash Flows (Ref Page: 120)

Description	Amounts
Cash and Cash Equivalents at Beginning of Year	$67,263,567.00
Cash and Cash Equivalents at End of Year	$96,142,590.00

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Statement Accumulated Comprehensive Income, Comprehensive Income and Hedging Activities (Ref Page: 122)

	Item (a)	Unrealized Gain + Loss	Min Pension Liability adj	Foreign Currency Hedges (d)	Other Adjustments (e)

NOT APPLICABLE

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Statement Accumulated Comprehensive Income, Comprehensive Income and Hedging Activities (Ref Page: 122) (Part Two)

	Item (a)	Other Cash Flow Hedges (f)	Other Cash Flow Hedges (g)	Totals for Each Category Acct 219 (h)	Net Income (i)	Total Comprehensive Income (j)

NOT APPLICABLE

BIG RIVERS ELECTRIC CORPORATION

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2006, 2005, AND 2004
(Dollars in thousands)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information—Big Rivers Electric Corporation ("Big Rivers" or the "Company"), an electric generation and transmission cooperative, supplies wholesale power to its three member distribution cooperatives (Kenergy Corp., Jackson Purchase Energy Corporation, and Meade County Rural Electric Cooperative Corporation) under all requirements contracts, excluding the power needs of two large aluminum smelters (the "Aluminum Smelters"), sells surplus power under separate contracts to Kenergy Corp. for a portion of the Aluminum Smelters load, and markets power to nonmember utilities and power marketers. The members provide electric power and energy to industrial, residential, and commercial customers located in portions of 22 western Kentucky counties. The wholesale power contracts with the members extend to January 1, 2023. Rates to Big Rivers' members are established by the Kentucky Public Service Commission ("KPSC") and are subject to approval by the Rural Utilities Service ("RUS"). The financial statements of Big Rivers include the provisions of Statement of Financial Accounting Standards ("SFAS") No. 71, *Accounting for the Effects of Certain Types of Regulation*, which was adopted by the Company in 2003, and gives recognition to the ratemaking and accounting practices of these agencies.

In 1999, Big Rivers Leasing Corporation ("BRLC") was formed as a wholly-owned subsidiary of Big Rivers. BRLC's principal assets are the restricted investments acquired in connection with the 2000 sale-leaseback transaction discussed in Note 4.

Principles of Consolidation—The financial statements of Big Rivers include the accounts of Big Rivers and its wholly owned subsidiary, BRLC. All significant intercompany transactions have been eliminated.

Estimates—The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from those estimates.

System of Accounts—Big Rivers' accrual basis accounting policies follow the Uniform System of Accounts as prescribed by the RUS Bulletin 1767B-1, as adopted by the KPSC. The regulatory agencies retain authority and periodically issue orders on various accounting and ratemaking matters.

Revenue Recognition—Revenues generated from the Company's wholesale power contracts are based on month-end meter readings and are recognized as earned. In accordance with SFAS No. 13, *Accounting for Leases*, Big Rivers' revenue from the Lease Agreement is recognized on a straight-line basis over the term of the lease. The major components of this lease revenue include the annual lease payments and the Monthly Margin Payments (described in Note 2).

In conjunction with the Lease Agreement, Big Rivers expects to realize the minimum lease revenue for the years ending December 31, as follows:

	Amount
2007	$ 52,332
2008	52,332
2009	52,332
2010	52,332
2011	41,291
Thereafter	420,908
	$ 671,527

Utility Plant and Depreciation—Utility plant is recorded at original cost, which includes the cost of contracted services, materials, labor, overhead, and an allowance for borrowed funds used during construction. Replacements of depreciable property units, except minor replacements, are charged to utility plant.

Allowance for borrowed funds used during construction is included on projects with an estimated total cost of $250 or more before consideration of such allowance. The interest capitalized is determined by applying the effective rate of Big Rivers' weighted-average debt to the accumulated expenditures for qualifying projects included in construction in progress.

In accordance with the terms of the Lease Agreement, the Company generally records capital additions for Incremental Capital Costs and Nonincremental Capital Costs expenditures funded by E.ON U.S (formerly LG&E Energy Corporation) as utility plant to which the Company maintains title. A corresponding obligation to E.ON U.S. is recorded for the estimated portion of these additions attributable to the Residual Value Payments (see Note 2). A portion of this obligation is amortized to lease revenue over the useful life of those assets during the remaining lease term. For the years ended December 31, 2006 and 2005, the Company has recorded $7,221 and $6,986, respectively, for such additions in utility plant. The Company has recorded $6,187, $5,969, and $5,077 in 2006, 2005, and 2004, respectively, as related lease revenue in the accompanying financial statements.

In accordance with the Lease Agreement, and in addition to the capital costs funded by E.ON U.S (see Note 2) that are recorded by the Company as utility plant and lease revenue, E.ON U.S also incurs certain Nonincremental Capital Costs and Major Capital Improvements (as defined in the Lease Agreement) for which they forego a Residual Value Payment by Big Rivers upon lease termination. Such amounts are not recorded as utility plant or lease revenue by the Company. At December 31, 2006, the cumulative Nonincremental Capital Costs amounted to $6,618 (unaudited).

E.ON U.S is also in the process of constructing a scrubber (Major Capital Improvement) on Big Rivers' Coleman plant. First operation at the Coleman units occurred in February 2006, while commercial acceptance is anticipated to occur in March 2007. The project is expected to be completed in the third quarter of 2007 at a cost of $98,000 (unaudited), none of which is expected to be recorded as utility plant or lease revenue.

Depreciation of utility plant in service is recorded using the straight-line method over the estimated remaining service lives, as approved by the RUS and KPSC. The annual composite depreciation rates used to compute depreciation expense were as follows:

Electric plant-leased	1.60%–2.47%
Transmission plant	1.76%–3.24%
General plant	1.11%–5.62%

For 2006, 2005, and 2004, the average composite depreciation rates were 1.86%, respectively. At the time plant is disposed of, the original cost plus cost of removal less salvage value of such plant is charged to accumulated depreciation, as required by the RUS.

Impairment Review of Long-Lived Assets—Long-lived assets are reviewed as facts and circumstances indicate that the carrying amount may be impaired. This review is performed in accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. SFAS No. 144 establishes one accounting model for all impaired long-lived assets and long-lived assets to be disposed of by sale or otherwise. SFAS No. 144 requires the evaluation for impairment involve the comparison of an asset's carrying value to the estimated future cash flows the asset is expected to generate over its remaining life. If this evaluation were to conclude that the carrying value of the asset is impaired, an impairment charge would be recorded based on the difference between the asset's carrying amount and its fair value (less costs to sell for assets to be disposed of by sale) as a charge to operations or discontinued operations.

Restricted Investments—Investments are restricted under contractual provisions related to the sale-leaseback transaction discussed in Note 4. These investments have been classified as held-to-maturity and are carried at amortized cost.

Cash and Cash Equivalents—Big Rivers considers all short-term, highly-liquid investments with original maturities of three months or less to be cash equivalents.

Income Taxes—As a taxable cooperative, Big Rivers is entitled to exclude the amount of patronage allocations to members from taxable income. Income and expenses related to nonmember operations are taxable to Big Rivers. Big Rivers and BRLC file a consolidated Federal income tax return and Big Rivers files a separate Kentucky income tax return.

Patronage Capital—As provided in the bylaws, Big Rivers accounts for each year's patronage-sourced income, both operating and nonoperating, on a patronage basis. Notwithstanding any other provision of the bylaws, the amount to be allocated as patronage capital for a given year shall not be less than the greater of regular taxable patronage-sourced income or alternative minimum taxable patronage-sourced income. During 2006, the Company made a patronage allocation to its three member distribution cooperatives in accordance with its bylaws of $8,602. During 2005, the Company was not required to make a patronage allocation to its three member cooperatives in accordance with its bylaws. In 2007, the Company anticipates making a patronage allocation to its members based on such calculations for tax year 2006 of approximately $27,760.

Derivatives—Management has reviewed the requirements of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended and interpreted, and has determined that all contracts meeting the definition of a derivative also qualify for the normal purchases and sales exception under SFAS No. 133. The Company has elected the Normal Purchase and Normal Sale exception for these contracts and, therefore, the contracts are not required to be recognized at fair value in the financial statements.

New Accounting Pronouncements— In June 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109* ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the financial statements. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosures and transition. The cumulative effects, if any, of applying FIN 48 will be recorded as an adjustment to retained earnings as of the beginning of the period of adoption. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company is currently evaluating the effect that the adoption of FIN 48 will have on its results of operations and financial condition but has not yet determined the impact the adoption will have on the Company.

In September 2006, the FASB issued FASB Statement No. 157, *Fair Value Measurements* ("SFAS No. 157"). SFAS No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measures. It applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the effect that the adoption of SFAS No. 157 will have on its results of operations and financial condition and does not expect the adoption will have a significant impact on the Company.

In September 2006, the FASB issued FASB Statement No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* ("SFAS No. 158"). SFAS No. 158 improves financial reporting by requiring an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position and to recognize changes in the funded status in the year in which the change occurs through comprehensive income of a business entity. It also requires an employer to measure the funded status of a plan as of its year-end statement of financial position, with limited exceptions. SFAS No. 158 is effective for fiscal years ending after June 15, 2007. The Company is currently evaluating the effect that the adoption of SFAS No. 158 will have on its results of operations and financial condition but cannot readily determine whether the adoption will have a significant impact on the Company.

2. LG&E LEASE AGREEMENT

On July 15, 1998 ("Effective Date"), a lease was consummated ("Lease Agreement"), whereby Big Rivers leased its generating facilities to Western Kentucky Energy Corporation ("WKEC"), a wholly owned subsidiary of E.ON U.S. Pursuant to the Lease Agreement, WKEC operates the generating facilities and maintains title to all energy produced. Throughout the lease term, in order for Big Rivers to fulfill its obligation to supply power to its members, the Company purchases substantially all of its power requirements from LG&E Energy Marketing Corporation ("LEM"), a wholly owned subsidiary of E.ON U.S., pursuant to a power purchase agreement.

Big Rivers continues to operate its transmission facilities and charges LEM tariff rates for delivery of the energy produced by WKEC and consumed by LEM's customers. The significant terms of the Lease Agreement are as follows:

I. WKEC leases and operates Big Rivers' generation facilities through 2023.

II. Big Rivers retains ownership of the generation facilities both during and at the end of the lease term.

III. WKEC pays Big Rivers an annual lease payment of $30,965 over the lease term, subject to certain adjustments.

IV. On the Effective Date, Big Rivers received $69,100 representing certain closing payments and the first two years of the annual lease payments. In accordance with SFAS No. 13, *Accounting for Leases*, the Company amortizes these payments to revenue on a straight-line basis over the life of the lease.

V. Big Rivers continues to provide power for its members, excluding the member loads serving the Aluminum Smelters, through its power purchase agreements with LEM and the Southeastern Power Administration, based on a pre-determined maximum capacity. When economically feasible, the Company also obtains the power necessary to supply its member loads, excluding the Aluminum Smelters, in the open market. Kenergy Corp.'s retail service for the Aluminum Smelters is served by LEM and other third-party providers that may include Big Rivers. To the extent the power purchased from LEM does not reach pre-determined minimums, the Company is required to pay certain penalties. Also, to the extent additional power is available to Big Rivers under the LEM contract, Big Rivers may sell to nonmembers.

VI. LEM will reimburse Big Rivers an additional $75,870 for the margins expected from the Aluminum Smelters through 2011, being defined as the net cash flows that Big Rivers anticipated receiving if the Company had continued to serve the Aluminum Smelters' load, as filed in the Rate Hearing (the "Monthly Margin Payments").

VII. WKEC is responsible for the operating costs of the generation facilities; however, Big Rivers is partially responsible for ordinary capital expenditures ("Nonincremental Capital Costs") for the generation facilities over the term of the Lease Agreement, generally up to predetermined annual amounts. This cumulative amount is not expected to exceed $148,000 over the entire 25-1/2 year Lease Agreement. At the end of the lease term, Big Rivers is obligated to fund a "Residual Value Payment" to E.ON U.S. for such capital additions during the lease, currently estimated to be $125,880 (see Note 1). Adjustments to the Residual Value Payment will be made based upon actual capital expenditures. Additionally, WKEC will make required capital improvements to the facilities to comply with a new law or a change to existing law ("Incremental Capital Costs") over the lease life (the Company is partially responsible for such costs: 20% through 2010) and the Company will be required to submit another Residual Value Payment to LEC for the undepreciated value of WKEC's 80% share of these costs, at the end of the lease, currently estimated to be $15,677. The Company will have title to these assets during the lease and upon lease termination.

VIII. Big Rivers entered into a note payable with LEM for $19,676 (the "LEM Settlement Note") to be repaid over the term of the Lease Agreement, which bears interest at 8% per annum, in consideration for LEM's assumption of the risk related to unforeseen costs with respect to power to be supplied to the Aluminum Smelters and the increased responsibility for financing capital improvements. The Company recorded this obligation as a component of deferred charges with the related payable recorded as long-term debt in the accompanying balance sheets. This deferred charge is being amortized on a straight-line basis over the lease term.

IX. On the Effective Date, Big Rivers paid a nonrefundable marketing payment of $5,933 to LEM, which has been recorded as a component of deferred charges. This amount is being amortized on a straight-line basis over the lease term.

X. During the lease term, Big Rivers will be entitled to certain "billing credits" against amounts the Company owes LEM under the power purchase agreement. Each month during the first 55 months of the lease term, Big Rivers received a credit of $89. For the year 2011, Big Rivers will receive a credit of $2,611 and for the years 2012 through 2023, the Company will receive a credit of $4,111 annually.

In accordance with the power purchase agreement with LEM, the Company is allowed to purchase power in the open market rather than from LEM, incurring penalties when the power purchased from LEM does not meet certain minimum levels, and to sell excess power (power not needed to supply its jurisdictional load) in the open market (collectively referred to as "Arbitrage"). Pursuant to the New RUS Promissory Note and the RUS ARVP Note, the benefit, net of tax, as defined, derived from Arbitrage must be divided as follows: one-third, adjusted for capital expenditures, will be used to make principal payments on the New RUS Promissory Note; one-third will be used to make principal payments on the RUS ARVP Note; and the remaining value may be retained by the Company.

Management is of the opinion that the Company is in compliance with all covenants of the Lease Agreement.

3. UTILITY PLANT

At December 31, 2006 and 2005, utility plant is summarized as follows:

	2006	2005
Classified plant in service:		
Electric plant—leased	$1,506,822	$1,497,039
Transmission plant	208,760	202,925
General plant	15,581	14,819
Other	67	67
	1,731,230	1,714,850
Less accumulated depreciation	826,647	798,684
	904,583	916,166
Construction in progress	13,085	12,706
Utility plant—net	$ 917,668	$ 928,872

Interest capitalized for the years ended December 31, 2006, 2005, and 2004 was $236, $160, and $221, respectively.

The Company has not identified any material legal obligations, as defined in SFAS No. 143, *Accounting for Asset Retirement Obligations*, which was further interpreted by FASB Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations*. In accordance with regulatory treatment, the Company records an estimated net cost of removal of its utility plant through normal depreciation. As of December 31, 2006 and 2005, the Company had a regulatory liability of approximately $26,670 and $23,619, respectively, related to nonlegal removal costs included in accumulated depreciation.

4. SALE-LEASEBACK

On April 18, 2000, the Company completed a sale-leaseback of two of its utility plants, including the related facilities and equipment. The sale-leaseback provides Big Rivers a $1,089,000 fixed price purchase option, at the end of each lease term (25 and 27 years), which, together with future contractual interest receipts, will be fully funded.

This transaction has been recorded as a financing for financial reporting purposes and a sale for Federal income tax purposes. In connection therewith, Big Rivers received $866,676 of proceeds and incurred $791,626 of related obligations. Pursuant to a payment undertaking agreement with a financial institution. Big Rivers effectively extinguished $656.029 of these obligations with an equivalent portion of the proceeds. The Company also purchased investments with an initial value of $146.647 to fund the remaining $135.597 of the obligations. These amounts are reflected as restricted investments under long-term lease and obligations related to long-term lease in the accompanying balance sheets. Interest received and paid will be recorded to these accounts over the life of the lease. Currently, the Company is paying 7.57% interest on its obligations related to long-term lease and receiving 6.89% on its related investments. The Company made a $64.000 principal payment on the New RUS Promissory Note with the remaining proceeds. The $75.050 gain was deferred and will be amortized over the respective lease terms, of which the Company recognized $2.881, $2.856, and $2.824, in 2006, 2005, and 2004, respectively. Principal payments begin in 2009.

Amounts recognized in the statement of financial position related to the sale-leaseback as of December 31, 2006 and 2005, are as follows:

	2006	2005
Restricted investments under long-term lease	$ 186,690	$ 180,650
Obligations related to long-term lease	177,310	170,954
Deferred gain on sale-leaseback	56,380	59,262

Amounts recognized in the statement of operations related to the sale-leaseback for the years ended December 31, 2006, 2005, and 2004, are as follows:

	2006	2005	2004
Power contracts revenue (revenue discount adjustment—see Note 6)	$ (3,680)	$ (3,680)	$ (3,680)
Interest on obligations related to long-term lease:			
Interest expense	12,386	11,965	11,548
Amortize gain on sale-leaseback	(2,881)	(2,856)	(2,823)
Net interest on obligations related to long-term lease	9,505	9,109	8,725
Interest income on restricted investments under long-term lease	12,069	11,670	11,278
Interest income and other (CoBank patronage allocation)	777	772	661

5. DEBT AND OTHER LONG-TERM OBLIGATIONS

A detail of long-term debt at December 31, 2006 and 2005, is as follows:

	2006	2005
New RUS Promissory Note, stated amount of, $803,601, stated interest rate of 5.75%, with an interest rate of 5.81%, maturing July 2021	$ 799,789	$ 808,094
RUS ARVP Note, stated amount of $251,215, no stated interest rate, with interest imputed at 5.81%, maturing December 2023	94,391	90,347
LEM Settlement Note, interest rate of 8.0%, payable in monthly installments through July 2023	16,707	17,173
County of Ohio, Kentucky, promissory note, variable interest rate (average interest rate of 3.49% and 2.46% in 2006 and 2005, respectively), maturing in October 2022	83,300	83,300
County of Ohio, Kentucky, promissory note, variable interest rate (average interest rate of 3.49% and 2.46% in 2006 and 2005, respectively), maturing in June 2013	58,800	58,800
Total long-term debt	1,052,987	1,057,714
Current maturities	11,912	465
Voluntary prepayment	-	10,403
Total long-term debt—net of current maturities and prepayment	$1,041,075	$1,046,846

The following are scheduled maturities of long-term debt at December 31:

Year	Amount
2007	$ 11,912
2008	39,178
2009	39,230
2010	41,286
2011	47,345
Thereafter	874,036
Total	$1,052,987

RUS Notes—On July 15, 1998, Big Rivers recorded the New RUS Promissory Note and the RUS ARVP Note at fair value using the applicable market rate of 5.81%. The RUS Notes are collateralized by substantially all assets of the Company.

Pollution Control Bonds—The County of Ohio, Kentucky, issued $83,300 of Pollution Control Periodic Auction Rate Securities, Series 2001, the proceeds of which are supported by a promissory note from Big Rivers, which bears the same interest rate. These bonds bear interest at a variable rate and mature in October 2022.

The County of Ohio, Kentucky, issued $58,800 of Pollution Control Variable Rate Demand Bonds, Series 1983, the proceeds of which are supported by a promissory note from Big Rivers, which bears the same interest rate as the bonds. These bonds bear interest at a variable rate and mature in June 2013.

The Series 1983 bonds are supported by a liquidity facility issued by Credit Suisse First Boston, which was assigned to Dexia Credit in 2006. Both Series are supported by municipal bond insurance and surety policies issued by Ambac Assurance Corporation. Big Rivers has agreed to reimburse Ambac Assurance Corporation for any payments under the municipal bond insurance policies or the surety policies.

LEM Settlement Note—On the Effective Date, Big Rivers executed the Settlement Note with LEM. The Settlement Note requires Big Rivers to pay to LEM $19,676, plus interest at 8% per annum over the lease term. The principal and interest payment is approximately $1,822 annually. This payment is consideration for LEM's assumption of the risk related to unforeseen costs with respect to power to be supplied to the Aluminum Smelters and the increased responsibility for financing capital improvements.

Other Long-Term Obligations—During 1997, Big Rivers terminated two unfavorable coal contracts. In connection with that settlement, the Company paid $345, $351, and $351 during 2006, 2005, and 2004, respectively. At December 31, 2006, the Company has a remaining liability of $92 payable over the next two years, of which $47 is included in current maturities of long-term obligations.

Notes Payable—Notes payable represent the Company's borrowing on its line of credit with the National Rural Utilities Cooperative Finance Corporation. The maximum borrowing capacity on the line of credit is $15,000. There were no amounts outstanding on the line of credit at December 31, 2006. The line of credit bears interest at a variable rate. Each advance on the line of credit is payable within one year.

6. RATE MATTERS

The rates charged to Big Rivers' members consist of a demand charge per kW and an energy charge per kWh consumed as approved by the KPSC. The rates include specific rate designs for its members' two classes of customers, the large industrial customers and the rural customers under its jurisdiction. For the large industrial customers, the demand charge is generally based on each customer's maximum demand during the current month. The remaining customers demand charge is based upon the maximum coincident demand of each member's delivery points. The demand and energy charges are not subject to adjustments for increases or decreases in fuel or environmental costs. Big Rivers' current rates will remain in effect until changed by the KPSC.

Effective since September 1, 2000, the KPSC has approved Big Rivers' request for a $3,680 annual revenue discount adjustment for its members through August 31, 2006, effectively passing the benefit of the sale-leaseback transaction (see Note 4) to them. The extent to which Big Rivers requests KPSC approval to continue the adjustment depends upon its planned environmental compliance costs and its overall financial condition. In March 2007, Big Rivers plans to request the KPSC's approval to extend the adjustment through August 31, 2008.

7. INCOME TAXES

The components of the net deferred tax assets as of December 31, 2006 and 2005, were as follows

	2006	2005
Deferred tax assets:		
Net operating loss carryforward	$ 68,696	$ 80,769
Alternative minimum tax credit carryforwards	4,790	4,283
Sale-leaseback	136,598	130,568
Other accruals	2,465	2,066
Total deferred tax assets	212,549	217,686
Deferred tax liabilities:		
Lease agreement	(21,270)	(15,395)
Fixed asset basis difference	(827)	(10,178)
Total deferred tax liabilities	(22,097)	(25,573)
Net deferred tax asset (pre-valuation allowance)	190,452	192,113
Valuation allowance	(185,662)	(187,830)
Net deferred tax asset	$ 4,790	$ 4,283

Big Rivers was formed as a tax-exempt cooperative organization described in Internal Revenue Code Section 501(c)(12). To retain tax-exempt status under this section, at least 85% of the Big Rivers' receipts must be generated from transactions with the Company's members. In 1983, sales to nonmembers resulted in Big Rivers failing to meet the 85% requirement. Until Big Rivers can meet the 85% member income requirement, the Company is a taxable cooperative. Big Rivers is also subject to Kentucky income tax.

Under the provisions of SFAS No. 109, *Accounting for Income Taxes*, Big Rivers is required to record deferred tax assets and liabilities for temporary differences between amounts reported for financial reporting purposes and amounts reported for income tax purposes. The Company has not recorded any income tax expense for the years ended December 31, 2006, 2005 and 2004 as the Company has utilized federal net operating losses to offset any taxable income during those years. Had the Company not had the benefit of a net operating loss carryforward, the Company would have recorded $10,599, $7,995, and $6,759 in current tax expense for the years ended December 31, 2006, 2005 and 2004, respectively. Deferred tax assets and liabilities are determined based upon these temporary differences using enacted tax rates for the year in which these differences are expected to reverse. Deferred income tax expense or benefit is based on the change in assets and liabilities from period to period, subject to an ongoing assessment of realization.

At December 31, 2006 and 2005, Big Rivers had a nonpatron net operating loss carryforward of approximately $167,551 and $196,998, respectively, for tax reporting purposes expiring through 2013, and an alternative minimum tax credit carryforward at December 31, 2006 and 2005, of approximately $4,790 and $4,283, respectively, which carries forward indefinitely.

Big Rivers has a net deferred tax asset, against which a valuation allowance has been provided, in part, based upon the fact that it is presently uncertain whether such asset will be realized. The resulting net deferred tax asset at December 31, 2006 and 2005, is approximately $4,790 and $4,283, respectively, which represents the alternative minimum tax credit carryforward, against which no allowance has been provided.

8. POWER PURCHASED

In accordance with the Lease Agreement, Big Rivers supplies all of the members' requirements for power to serve their customers, other than the Aluminum Smelters. Contract limits were established in the Lease Agreement and include minimum and maximum hourly and annual power purchase amounts. Big Rivers cannot reduce the contract limits by more than 12 MW in any year or by more than a total of 72 MW over the lease term. In the event Big Rivers fails to take the minimum requirement during any hour or year, Big Rivers is liable to LEM for a certain percentage of the difference between the amount of power actually taken and the applicable minimum requirement.

Although Big Rivers will be required by the Lease Agreement to purchase minimum hourly and annual amounts of power from LEM, the lease does not prevent Big Rivers from paying the associated penalty in certain hours to purchase lower cost power, if available, in the open market or reselling a portion of its purchased power to a third party. The power purchases made under this agreement for the years ended December 31, 2006, 2005, and 2004, were $97,999, $96,795, and $89,696, respectively, and are included in power purchased and interchanged on the statement of operations.

9. PENSION PLANS

Big Rivers has noncontributory defined benefit pension plans covering substantially all employees who meet minimum age and service requirements. The plans provide benefits based on the participants' years of service and the five highest consecutive years' compensation during the last ten years of employment. Big Rivers' policy is to fund such plans in accordance with the requirements of the Employee Retirement Income Security Act of 1974. The plans are measured as of December 31, 2006 and 2005.

At December 31, 2006 and 2005, the following is an assessment of the Company's noncontributory defined benefit pension plans:

	2006	2005
Projected benefit obligation	$ (17,464)	$ (16,550)
Fair value of plan assets	16,416	11,868
Funded status	$ (1,048)	$ (4,682)

The accumulated benefit obligation for all defined benefit pension plans was $12,421 and $11,426 at December 31, 2006 and 2005, respectively.

At December 31, 2006 and 2005, amounts recognized in the statement of financial position are as follows:

	2006	2005
Prepaid benefit cost	$ 3,520	$ 110
Accrued benefit liability	-	(108)
Net amount recognized	$ 3,520	$ 2

Net periodic pension costs, which are calculated based on actuarial assumptions at January 1, for the years ended December 31, 2006, 2005, and 2004, were as follows:

	2006	2005	2004
Benefit cost	$1,167	$1,158	$954
Employer contribution	4,684	921	843
Benefits paid or transferred	852	1,757	103

Assumptions used to develop the projected benefit obligation were as follows:

	2006	2005	2004
Discount rates	5.75 %	5.75 %	5.75 %
Rates of increase in compensation levels	4.00	4.00	4.00
Expected long-term rate of return on assets	7.25	7.25	7.50

The expected long-term rate of return on plan assets for determining net periodic pension cost for each fiscal year is chosen by the Company from a best estimate range determined by applying anticipated long-term returns and long-term volatility for various asset categories to the target asset allocation of the plans, as well as taking into account historical returns.

Using the asset allocation policy adopted by the Company noted in the paragraph below, we determined the expected rate of return at a 50% probability of achievement level based on (a) forward-looking rate of return expectations for passively-managed asset categories over a 20-year time horizon and (b) historical rates of return for passively-managed asset categories. Applying an approximately 80%/20% weighting to the rates determined in (a) and (b), respectively, produced an expected rate of return of 7.28%, which was rounded to 7.25%.

The general investment objectives are to invest in a diversified portfolio, comprised of both equity and fixed income investments, which are further diversified among various asset classes. The diversification is designed to minimize the risk of large losses while maximizing total return within reasonable and prudent levels of risk. The investment objectives specify a targeted investment allocation for the pension plans of up to 55% equities. The remaining 45% may be allocated among fixed income or cash equivalent investments. Objectives do not target a specific return by asset class. These investment objectives are long-term in nature. As of December 31, 2006 and 2005, the investment allocation was 0% and 56%, respectively, in equities and 100% and 44%, respectively, in fixed income. This temporary departure from the above investment objectives reflects the process of transferring to a new investment advisor.

Expected retiree pension benefit payments projected to be required during the years following 2006 are as follows:

Years Ending December 31	Amount
2007	$ 488
2008	1,104
2009	803
2010	1,346
2011	1,220
2012–2016	12,343
Total	$ 17,304

In 2007, the Company expects to contribute $1,111 to its pension plan trusts

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of cash and cash equivalents, accounts receivable, and accounts payable approximate fair value due to their short maturity.

The fair value of restricted investments is determined based upon quoted market prices and rates. The carrying value of the investments is recorded at accreted value and the terms of the investment are within Note 4. The estimated fair values of the restricted investments are as follows:

	2006		2005	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Restricted investments	$ 186,690	$ 233,418	$ 180,650	$ 236,571

It was not practical to estimate the fair value of patronage capital included within other deposits and investments due to these being untraded companies.

It was not practical to estimate the fair value of long-term debt due to Big Rivers' inability to obtain long-term debt from outside parties.

11. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

Big Rivers provides certain postretirement medical benefits for retired employees and their spouses. As of July 1, 2001, Big Rivers pays 85% of the cost from age 62 to 65 for all retirees. For salaried employees who retired prior to December 31, 1993, Big Rivers pays 100% of Medicare supplemental costs. For salaried employees who retire after December 31, 1993, Big Rivers pays 25% plus $25 per month of the Medicare supplemental costs.

On December 8, 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Medicare Act") was enacted. The Medicare Act created Medicare Part D, a new prescription drug benefit that is available to all Medicare-eligible individuals, effective January 1, 2006. National Rural Electric Cooperative Association ("NRECA"), the provider of Big Rivers' health plan coverage through the NRECA Group Benefits Trust, chose to become a Medicare Part D provider. Effective January 1, 2006, Part D coverage is the only drug coverage available to Big Rivers' Medicare-eligible retirees.

The discount rate used in computing the postretirement obligation was 5.75% for 2006 and 2005. A health care cost trend rate of 9% in 2006 declining to 5.5% in 2011 was utilized.

An assessment of the Company's postretirement plan at December 31, 2006 and 2005, is as follows.

	2006	2005
Total benefit obligation	$(2,695)	$(3,339)
Unfunded accrued postretirement cost	(3,787)	(3,755)

The components of net periodic postretirement benefit costs for the years ended December 31, 2006, 2005, and 2004, which are calculated based on actuarial assumptions at January 1, were as follows

	2006	2005	2004
Benefit cost	$ 241	$ 286	$ 310
Benefits paid	171	216	188

Expected retiree benefit payments projected to be required during the years following 2006 are as follows:

Year	Amount
2007	$ 153
2008	142
2009	162
2010	184
2011	199
2012–2016	1,246
Total	$ 2,086

In addition to the postretirement plan discussed above, in 1992 Big Rivers began a postretirement benefit plan which vests a portion of accrued sick leave benefits to salaried employees upon retirement or death. To the extent an employee's sick leave hour balance exceeds 480 hours such excess hours are paid at 20% of the employee's base hourly rate at the time of retirement or death. The accumulated obligation recorded for the postretirement sick leave benefit is $294 and $270 at December 31, 2006 and 2005, respectively. The postretirement expense recorded was $44, $27, and $28 for 2006, 2005, and 2004, respectively, and the benefits paid were $20, $16, and $-0- for 2006, 2005, and 2004, respectively.

12. BENEFIT PLAN—401(k)

Big Rivers has two defined contribution retirement plans covering bargaining and salaried employees. Big Rivers matches up to 60% of the first 6% of eligible employees' wages contributed. Employees generally become vested in Company matching contributions based upon years of service as follows:

Years of Vesting Service	Vested Percentage
1	20 %
2	40
3	60
4	80
5 or more	100

Employees are also permitted to make pre-tax contributions of up to 75% of eligible wages. Big Rivers' expense under this plan was $193, $178, and $168 for the years ended December 31, 2006, 2005, and 2004, respectively.

13. RELATED-PARTIES

For the years ended December 31, 2006, 2005, and 2004 Big Rivers had tariff sales to its members of $108,737, $109,439, and $105,004, respectively. In addition, for the years ended December 31, 2006, 2005, and 2004, Big Rivers had certain sales to Kenergy for the Aluminum Smelters and Weyerhaeuser loads of $57,374, $46,372, and $43,017, respectively.

At December 31, 2006 and 2005, Big Rivers had accounts receivable from its members of $13,015 and $12,872, respectively.

In October 2005, Big Rivers made a lump sum payment of $221 to Kenergy for the lease of office space in a building owned by Kenergy. The charge for the lump sum payment was deferred and is being amortized over the life of the agreement.

14. COMMITMENTS AND CONTINGENCIES

Big Rivers is involved in litigation arising in the normal course of business. While the results of such litigation cannot be predicted with certainty, management, based upon advice of counsel, believes that the final outcome will not have a material adverse effect on the financial statements.

15. SUBSEQUENT EVENT

The Big Rivers board of directors adopted resolutions on February 23, 2007, authorizing management, among other things, to execute a Transaction Termination Agreement Among Big Rivers Electric Corporation, LG&E Energy Marketing Inc., and Western Kentucky Energy Corp. (the "Termination Agreement"). The Termination Agreement establishes the terms on which Big Rivers, on the one hand, and LG&E Energy Marketing Inc. and Western Kentucky Energy Corp. on the other hand, agree to terminate a series of contractual relationships established in 1998 under which, among other things, LG&E Energy Marketing Inc. and Western Kentucky Energy Corp. currently lease and operate the generating units owned or previously operated by Big Rivers, and sell power to Big Rivers to use in meeting the requirements of its system. Those resolutions additionally authorize management to sign various agreements under which Big Rivers agrees to sell its member, Kenergy Corp., 850 MW in the aggregate for resale to Alcan Primary Products Corporation and Century Aluminum of Kentucky General Partnership, contingent upon the closing of the transaction contemplated in the Termination Agreement.

* * * * * *

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Summary of Utility Plant and Accumulated Provisions for Depreciation Amortization and Depletion (Ref Page: 200)

	Total (b)	Electric (c)	Gas (d)	Other (Total)	Common (h)
Utility Plant					
In Service					
3. Plant in Service (Classified)	$221,175,503.00	$221,175,503.00	$0.00	$0.00	$0.00
4. Property under Capital Leases					
5. Plant Purchased or Sold					
6. Completed Construction not Classified	$3,232,555.00	$3,232,555.00	$0.00	$0.00	$0.00
7. Experimental Plant Unclassifed					
8. Total - In Service	$224,408,058.00	$224,408,058.00	$0.00	$0.00	$0.00
9. Leased to Others	$1,506,821,571.00	$1,506,821,571.00	$0.00	$0.00	$0.00
10. Held for Future Use					
11. Construction Work in Progress	$13,084,602.00	$13,084,602.00	$0.00	$0.00	$0.00
12. Acquisition Adjustments					
13. Total Utility Plant (Lines 8 - 12)	$1,744,314,231.00	$1,744,314,231.00	$0.00	$0.00	$0.00
14. Accum. Prov. for Depr, Amort, And Depl.	$826,646,679.00	$826,646,679.00	$0.00	$0.00	$0.00
15. Net Utility Plant (Line 13 less 14)	$917,667,552.00	$917,667,552.00	$0.00	$0.00	$0.00
16. Detail of Accumulated Provisions for Depreciation Amortization and Depletion					
17. In Service					
18. Depreciation	$98,126,250.00	$98,126,250.00	$0.00	$0.00	$0.00
19. Amort. and Depl. of Production Natural Gas Land and Land Rights					

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Summary of Utility Plant and Accumulated Provisions for Depreciation Amortization and Depletion (Ref Page: 200)

	Total (b)	Electric (c)	Gas (d)	Other (Total)	Common (h)
20. Amort of Underground Storage Land and Land Rights					
21. Amort of Other Utility Plant					
22. Total In Service (Lines 18-21)	$98,126,250.00	$98,126,250.00	$0.00	$0.00	$0.00
23. Leased to Others					
24. Depreciation	$712,647,096.00	$712,647,096.00	$0.00	$0.00	$0.00
25. Amortization and Depletion	$15,873,333.00	$15,873,333.00	$0.00	$0.00	$0.00
26. Total Leased to Others (Lines 24 and 25)	$728,520,429.00	$728,520,429.00	$0.00	$0.00	$0.00
27. Held for Future Use					
28. Depreciation					
29. Amortization					
30. Total Held for Future Use (Lines 28 and 29)					
31. Abandonment of Leases (Natural Gas)					
32. Amort. Of Plant Aquision Adj.					
33. Total Accumulated Provisions (Should agree with Line 14, Total 22,26,30,31 and 32)	$826,646,679.00	$826,646,679.00	$0.00	$0.00	$0.00

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Nuclear Fuel Materials (Ref Page: 202)

	Balance Beg of Yr (b)	Additions (c)	Amortization (d)	Other Reductions (note)	Other Reductions (e)	Balance End of Yr (f)
1. Nuclear Fuel in process of Refinement, Conv, Enrichment + Fab (120.1)						
2. Fabrication						
3. Nuclear Materials						
4. Allowance for Funds Used during Construction						
5. (Other Overhead Construction Cost, details in notes)						
6. Subtotal (Lines 2-5)						
7 Nuclear Fuel Materials and Assemblies						
8. In Stock (120.2)						
9. In Reactor (120.3)						
10. Subtotal (lines 8 and 9)						
11. Spent Nuclear Fuel (120.4)						
12. Nuclear Fuel Under Capital Leases (120.6)						
13. (Less) Accum Prov for Amortization of Nuclear Fuel Assem (120.5)						
Total Nuclear Fuel Stock (Lines 6,10,11,12 less 13)						
15. Estimated net Salvage Value of Nuclear Materials in line 9						

NOT APPLICABLE

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Nuclear Fuel Materials (Ref Page: 202)

	Balance Beg of Yr (b)	Additions (c)	Amortization (d)	Other Reductions (note)	Other Reductions (e)	Balance End of Yr (f)
16. Estimated net Salvage Value of Nuclear Materials in Line 11						
17. Est Net Salvage Value of Nuclear Materials in Chemical Processing						
18. Nuclear Materials held for Sale (157)						
19. Uranium						
20. Plutonium						
21. Other (provide details in note)						
22 Total Nuclear Materials held for Sale (Total 19, 20, 21)						

NOT APPLICABLE

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Electric Plant in Service - Intangible and Production Plant (Ref Page: 204)

	Bal Beg Yr (b)	Addition (c)	Retirements (d)	Adjustments (e)	Transfers (f)	Bal End Yr (g)
1 Intangible Plant						
Organization (301)	$420.00	$0.00	$0.00	$0.00	$0.00	$420.00
Franchises and Consents (302)	$66,476.00	$0.00	$0.00	$0.00	$0.00	$66,476.00
Miscellaneous Intangible Plant (303)						
5. Total Intangible Plant	$66,896.00	$0.00	$0.00	$0.00	$0.00	$66,896.00
2. Production Plant						
A. Steam Production Plant						
Land and Land Rights (310)						
Structures and Improvements (311)						
Boiler Plant Equipment (312)	$31,094,505.00	$0.00	$0.00	$0.00	($31,094,505.00)	$0.00
Engines and Engine Driven Generators (313)						
Turbogenerator Units (314)						
Accessory Electric Equipment (315)						
Misc. Power Plant Equipment (316)						
Asset Retirement Costs for Steam Production (317)						
16. Total Steam Production Plant	$31,094,505.00	$0.00	$0.00	$0.00	($31,094,505.00)	$0.00
B. Nuclear Production Plant						
Land and Land Rights (320)						

Electric Plant in Service - Intangible and Production Plant (Ref Page: 204)

	Bal Beg Yr (b)	Addition (c)	Retirements (d)	Adjustments (e)	Transfers (f)	Bal End Yr (g)
Structures and Improvements (321)						
Reactor Plant Equipment (322)						
Turbo generator Units (323)						
Accessory Electric Equipment (324)						
Misc. Power Plant Equipment (325)						
Asset Retirement Costs for Nuclear Production (326)						
25. Total Nuclear Production Plant						
C. Hydraulic Production Plant						
Land and Land Rights (330)						
Structures and Improvements (331)						
Reservoirs, Dams and Waterways (332)						
Water Wheels, Turbines, and Generators (333)						
Accessory Electric Equipment (334)						
Misc. Power Plant equipments (335)						
Roads, Railroads and Bridges (336)						
Asset Retirement Costs for Hydraulic Production (337)						

Electric Plant in Service - Intangible and Production Plant (Ref Page: 204)

	Bal Beg Yr (b)	Addition (c)	Retirements (d)	Adjustments (e)	Transfers (f)	Bal End Yr (g)
35. Total Hydraulic Production Plant						
D Other Production Plant						
Land and Land Rights (340)						
Structures and Improvements (341)						
Fuel Holders, Products and Accessories (342)						
Prime Movers (343)						
Generators (344)						
Accessory Electric Equipment (345)						
Misc. Power Plant Equipment (346)						
Asset Retirement Costs for Other Production (347)						
45. Total Other Production Plant						
46. Total Production Plant (Lines 16,25,35 and 45)	$31,094,505.00	$0.00	$0.00	$0.00	($31,094,505.00)	$0.00

Note:
Account 312 - Coleman F, Boiler Plant Equipment

The ($31,094,505.00) represents assets transferred from account 106, Completed Construction not Classified, to account 104, Electric Plant Leased to Others.

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Electric Plant in Service - Transmission, Distribution and General Plant (Ref Page: 206)

	Bal Beg Yr (b)	Addition (c)	Retirements (d)	Adjustments (e)	Transfers (f)	Bal End Yr (g)
3. Transmission Plant						
Land and Land Rights (350)	$11,831,716.00	$299,153.00	$0.00	$0.00	$0.00	$12,130,869.00
Structures and Improvements (352)	$6,224,182.00	$273,626.00	$1,834.00	$0.00	$0.00	$6,495,974.00
Station Equipments (353)	$105,447,192.00	$4,833,409.00	$1,165,164.00	$0.00	$0.00	$109,115,437.00
Towers and Fixtures (354)	$7,334,440.00	$0.00	$0.00	$0.00	$0.00	$7,334,440.00
Poles and Fixtures (355)	$34,992,310.00	$1,086,570.00	$69,584.00	$0.00	$0.00	$36,009,296.00
Overhead Conductors and Devices (356)	$37,095,961.00	$578,183.00	$140.00	$0.00	$0.00	$37,674,004.00
Underground Conduit (357)						
Underground Conductors and Devices (358)						
Roads and Trails (359)						
Asset Retirement Costs for Transmission Plant (359.1)						
58. Total Transmission Plant	$202,925,801.00	$7,070,941.00	$1,236,722.00	$0.00	$0.00	$208,760,020.00
4. Distribution Plant						
Land and Land Rights (360)						
Structures and Improvements (361)						
Station equipments (362)						
Storage Battery Equipments (363)						
Poles, Towers and Fixtures (364)						
Overhead Conductors and Devices (365)						

Electric Plant in Service - Transmission, Distribution and General Plant (Ref Page: 206)

	Bal Beg Yr (b)	Addition (c)	Retirements (d)	Adjustments (e)	Transfers (f)	Bal End Yr (g)
Underground Conduit (366)						
Underground Conductors and Devices (367)						
Lines Transformers (368)						
Services (369)						
Meters (370)						
Installations on Customer Premises (371)						
Leased Property on Customer Premises (372)						
Street Lighting and Signal Systems (373)						
Asset Retirement Costs for Distribution Plant (374)						
75. Total Distribution Plant						
5. General Plant						
Land and Land Rights (389)	$345,456.00	$0.00	$0.00	$0.00	$0.00	$345,456.00
Structures and Improvements (390)	$3,661,038.00	$10,205.00	$2,514.00	$0.00	$0.00	$3,668,729.00
Office Furniture and Equipment (391)	$5,752,733.00	$683,216.00	$85,958.00	$0.00	$0.00	$6,349,991.00
Transportation Equipment (392)	$2,200,645.00	$86,265.00	$67,321.00	$0.00	$0.00	$2,219,589.00
Stores Equipment (393)	$96,873.00	$1,893.00	$0.00	$0.00	$0.00	$98,766.00
Tools, shop and Garage Equipments (394)	$427,558.00	$2,925.00	$3,356.00	$0.00	$0.00	$427,127.00
Laboratory Equipment (395)	$193,151.00	$33,333.00	$5,205.00	$0.00	$0.00	$221,279.00

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Electric Plant in Service - Transmission, Distribution and General Plant (Ref Page: 206)

	Bal Beg Yr (b)	Addition (c)	Retirements (d)	Adjustments (e)	Transfers (f)	Bal End Yr (g)
Power Operated Equipment (396)	$482,716.00	$0.00	$0.00	$0.00	$0.00	$482,716.00
Communication Equipment (397)	$1,573,416.00	$164,622.00	$57,984.00	$0.00	$0.00	$1,680,054.00
Miscellaneous Equipment (398)	$84,969.00	$5,603.00	$3,136.00	$0.00	$0.00	$87,436.00
Subtotal General Plant (Lines 71 thru 80)	$14,818,555.00	$988,062.00	$225,474.00	$0.00	$0.00	$15,581,143.00
Other Tangible Property (399)						
Asset Retirement Costs for General Plant (399.1)						
90. Total General Plant	$14,818,555.00	$988,062.00	$225,474.00	$0.00	$0.00	$15,581,143.00
Total (Accts 101 and 106) (Lines 5,16,25,35,45,58,75,90)	$248,905,757.00	$8,059,003.00	$1,462,196.00	$0.00	($31,094,505.00)	$224,408,059.00
Electric Plant Purchased (See Instr. 8) (102)						
(Less Electric Plant Sold (See Instr. 8) (102)						
Experimental Plant Unclassified (103)						
Total Electric Plant in Service	$248,905,757.00	$8,059,003.00	$1,462,196.00	$0.00	($31,094,505.00)	$224,408,059.00

Note:
Account 353 - Column C, Station Equipment

Additions for Account 353 include $3,232,229 from Account 106, Completed Construction Not Classified.

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Electric Plant Leased to Others (104) (Ref Page: 213)

Name of Lessee (Indicate [illegible]) (a)	Description of Property (b)	Commission Authorization (c)	Exp Date of Lease (d)	Balance End of Yr (e)
Western Kentucky Energy Corp.	Production Plant	07/14/1998	12/31/2023 12:00:00 AM	$1,506,821,571.00

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Electric Plant Held for Future Use (Acct 105) (Ref Page: 214)

No.	Description	Date Orig. Included (b)	Date Exp. in Use (c)	Balance (d)
	Land and Rights:			
	Other Property			
	TOTAL			

NOT APPLICABLE

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Construction Work in Progress - Electric (107) (Ref Page: 216)

	Description (a)	Acct 107 (b)
	Construction Assoc w/Electric Plt Leased to Others	$7,461,889.00
	Skillman Tap/Meade County 161 kV Line	$2,375,493.00
	Burna/Cumberland Resource 69 kV Line	$821,969.00
	High-Speed Digital Microwave Radio System	$707,480.00
	Daviess Co EHV Substation	$354,223.00
	Meade County 161 kV Line Terminal	$283,279.00
	South Hansen Alternate Control Center	$172,008.00
	Digital Microwave Radio System	$145,703.00
	Oil Spill Prevention Controls	$108,252.00
	Other - Minor Projects	$654,306.00
Total		$13,084,602.00

Note:
See hard copy of annual report for a detail explanation of construction associated with electric plant leased to others.

FOOTNOTE FOR CONSTRUCTION WORK IN PROGRESS - ELECTRIC (107)

Construction Projects Associated with Electric Plant Leased to Others **Reference Page: 216**

On July 17, 1998 (effective date of July 15, 1998), Big Rivers Electric Corporation completed a transaction to lease its generating capacity to E.ON U.S. (E.ON). In addition, Big Rivers' capacity rights in the Henderson Municipal Power and Light (HMP&L) Station Two facility (under an operating agreement with HMP&L) was assigned to E.ON. As part of the E.ON lease transaction, Big Rivers, Western Kentucky Energy Corporation (WKEC-a subsidiary of E.ON which operates the generating facilities owned by Big Rivers) and WKE Station Two Inc. (a subsidiary of E.ON responsible for the operation of HMP&L Station Two) share in the cost of capital assets based on established guidelines and budget limits. However, Big Rivers retains ownership of all assets but WKEC and WKE Station Two Inc. are responsible for overseeing construction activities associated with the leased assets.

Projects greater than $175,000 are shown below:	
SCR Environmental	995,386
Coleman #3 Rotor Bucket	282,130
Reid Ash Pond Dry Flyash System	389,952
Green Mill Roll Wheel Brackets	348,305
Coleman Pantleg/Seg Gates	235,506
Green Wall Panels and Overlays	667,314
Green Boiler Reheat Outlet Tubes	366,718
Green 1A Mill Gearbox	423,550
Green Roll Wheel Brackets	358,559
Green Precipitator Field	373,191
Green Turbine Controls	519,382
Green #1 Scrubber Controls	364,018
Green #1 Cold End Air Heater Baskets	292,253
Green #1 Cooling Tower MCC	279,483
Green A Filter Drum and Gear Box	253,190
Station Two Burner Management System	192,926
HMPL #1 Particulate Matter Monitor	199,197
Wilson 6.9 kV Breakers	194,173
Other	726,656

Total Construction Projects Associated with Electric Plant Leased to Others	7,461,889
	==========

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Accumulated Provision for Depreciation of Electric Utility Plant (108) (Ref Page: 219)

Item (a)		Total (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
SECTION A BALANCES AND CHARGES DURING THE YEAR					
Balance Beginning of Year		$784,216,192.00	$94,444,198.00	$0.00	$689,771,994.00
Depreciation Provisions for Year Charged to					
Depreciation Expense (403)		$5,052,777.00	$5,052,777.00	$0.00	
Depreciation Expense for Asset Retirement Costs (403.1)					
Exp of Elec Plant Leased to Others (413)		$25,355,086.00			$25,355,086.00
Transportation Expenses - Clearing		$123,573.00	$123,573.00		
Other Clearing Accounts					
Other Accounts (Specify)					
	Shared Asset Accum. Provision	$37,647.00	$0.00	$0.00	$37,647.00
Total Depreciation Prov for Year		$30,569,083.00	$5,176,350.00	$0.00	$25,392,733.00
Net Charges for Plant Retired					
Book Cost of Plant Retired		($3,982,727.00)	($1,462,196.00)	$0.00	($2,520,531.00)
Cost of Removal		($52,082.00)	($52,082.00)	$0.00	$0.00
Salvage (Credit)		($22,880.00)	($19,980.00)	$0.00	($2,900.00)
Total Net Charges for Plant Retired		($4,011,929.00)	($1,494,298.00)	$0.00	($2,517,631.00)
Other Debit or Credit Items					
Balance End of Year		$810,773,346.00	$98,126,250.00	$0.00	$712,647,096.00

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Accumulated Provision for Depreciation of Electric Utility Plant (108) (Ref Page: 219)

Item (a)	Total (b)	Electric Plant In Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
SECTION B BALANCES AT END OF YEAR ACCORDING TO FUNCTIONAL CLASSIFICATION				
Steam Production	$707,796,461.00	$0.00	$0.00	$707,796,461.00
Nuclear Production				
Hydraulic Production - Conventional				
Hydraulic Production - Pumped Storage	$4,850,635.00	$0.00	$0.00	$4,850,635.00
Other Production	$92,258,156.00	$92,258,156.00	$0.00	$0.00
Transmission				
Distribution				
General	$5,868,094.00	$5,868,094.00	$0.00	$0.00
Total	$810,773,346.00	$98,126,250.00	$0.00	$712,647,096.00

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Investments in Subsidiary Companies (123.1) (Ref Page: 224)

Description	Date Acquired (b)	Date Maturity (c)	Investment Beg of Yr (d)	Equity in Subsidiary (e)	Revenues (f)	Investment End Yr (g)	Invest Disposed of (h)
TOTAL							

NOT APPLICABLE

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Materials and Supplies (Ref Page: 227)

Account (a)	Bal Beg of Year (b)	Bal End of Year (c)	Dept (d)
Fuel Stock (151)			
Fuel stock Expenses Undistributed (152)			
Residuals and Extracted Products (153)			
Plant Materials and Operating Supplies (154)			
Assigned to - Construction (Estimated)			
Assigned to - Operations and Maintenance			
Production Plant (Estimated)			
Transmission Plant (Estimated)	$667,054.00	$810,996.00	TRANSMISSION
Distribution Plant			
Assigned to Other			
Total Plant Materials and Operating Supplies (154)	$667,054.00	$810,996.00	
Merchandise (155)			
Other Materials and Supplies (156)			
Nuclear Materials Held for Sale (Not applicable to Gas Utilities) (157)			
Stores Expense Undistributed (163)			
Total Materials and Supplies	$667,054.00	$810,996.00	

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Allowances (158.1 and 158.2) (Ref Page: 228)

Allowances Inventory	Current Year No (b)	Current Year Amt (c)	Year + 1 No (d)	Year + 1 Amt (e)	Year + 2 No (f)	Year + 2 Amt (g)
Balance-Beginning of Year						
Acquired During Year						
Issued (Less Withheld Allow)						
Returned by EPA						
Purchases/Transfers						
Total						
Relinquished During Year						
Charges to Account 509						
Other:						
Cost of Sales/Transfers						
Transfers						
Adjustments						
Total						
Balance at End of Year						
Sales						
Net sales Proceeds (Assoc. Co)						
Net Sales Proceeds (Other)						
Gains						

NOT APPLICABLE

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Allowances (158.1 and 158.2) (Ref Page: 228)

Allowances Inventory	Current Year No (b)	Current Year Amt (c)	Year + 1 No (d)	Year + 1 Amt (e)	Year + 2 No (f)	Year + 2 Amt (g)
Losses						
Allowances Withheld (158.2)						
Balance Beginning of Year						
Add: Withheld by EPA						
Deduct: Returned by the EPA						
Cost of Sales						
Balance - End of Year						
Sales						
Net Sales Proceeds (Assoc. Co.)						
Net Sales Proceeds (Other)						
Gains						
Losses						

NOT APPLICABLE

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Allowances (158.1 and 158.2) (Ref Page: 228) (Part Two)

Allowances Inventory	Year 3 No (h)	Year 3 Amt (i)	Future Years (j)	Future Years Amt (k)	Total No (l)	Total Amt (m)
Balance-Beginning of Year						
Acquired During Year						
Issued (Less Withheld Allow)						
Returned by EPA						
Purchases/Transfers						
Total						
Relinquished During Year						
Charges to Account 509						
Other:						
Cost of Sales/Transfers						
Transfers						
Adjustments						
Total						
Balance at End of Year						
Sales						
Net sales Proceeds (Assoc. Co)						
Net Sales Proceeds (Other)						
Gains						

NOT APPLICABLE

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Allowances (158.1 and 158.2) (Ref Page: 228) (Part Two)

Allowances Inventory	Year 1-3 No (h)	Year 1-3 Amt (i)	Future Years (j)	Future Years Amt (k)	Total No (l)	Total Amt (m)
Losses						
Allowances Withheld (158.2)						
Balance Beginning of Year						
Add: Withheld by EPA						
Deduct: Returned by the EPA						
Cost of Sales						
Balance - End of Year						
Sales						
Net Sales Proceeds (Assoc. Co.)						
Net Sales Proceeds (Other)						
Gains						
Losses						

NOT APPLICABLE

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Extraordinary Property Losses (182.10) (Ref Page: 230)

Description	Total Loss (b)	Losses During Yr	Acct (d)	Written Off (e)	Balance (f)
TOTAL					

NOT APPLICABLE

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Other Regulatory Assets (182.3) (Ref Page: 232)

Desc and Purpose of Other (a)	Debits (b)	Credit Acct (c)	Credit Amount (d)	Balance (e)
Total				

NOT APPLICABLE

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Miscellaneous Deferred Debits (186) (Ref Page: 233)

	Description	Bal Beg of Yr (b)	Debits (c)	Acct (d)	Amount (e)	Balance (f)
	Deferred Cost to Reflect SEPA Purch. Power Expense	$0.00	$1,713,551.00	555	$1,608,543.00	$104,968.00
	Deferred Cost-LEM Settlement Note & Marketing Pymt	$18,078,031.00	$0.00	412	$1,004,335.00	$17,073,696.00
	Deferred Cost-Hanson Site Lease	$218,119.00	$0.00	567/931	$5,524.00	$212,595.00
Misc Work in Progress						
Deferred Regulatory Commission Expenses						
TOTAL		$18,296,150.00				$17,391,259.00

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Accumulated Taxes (Ref Page: 234)

	Acct Subdivisions	Bal Beg of Yr	Bal End of Yr (c)
Electric			
	Accumulated Deferred Income Tax	$4,283,117.00	$4,789,974.00
Other			
Total Electric		$4,283,117.00	$4,789,974.00
Gas			
Other			
Total Gas			
Other			
Total (Acct 190)		$4,283,117.00	$4,789,974.00

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Capital Stock (Accounts 201 and 204) (Ref Page: 250)

Class, Series and Name of ...	Num Shares Auth (b)	Par or Stated Val (c)	Call Price (d)	Outstanding Shares (e)
Common Stock				
Total Common Stock				
Preferred Stock				
Total Preferred Stock				
Other				

NOT APPLICABLE

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Capital Stock (Accounts 201 and 204) (Ref Page: 250) (Part Two)

Class, Series, and Name	Outstanding Amt (f)	Num Held Rqd 217 (g)	Cost Held Rqd 217 (h)	Num Held Sinking (i)	Num Held Amount (j)
Common Stock					
Total Common Stock					
Preferred Stock					
Total Preferred Stock					
Other					

NOT APPLICABLE

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Other Paid-In Capital (Ref Page: 253)

	Description	Amount
	Kenergy	$163,564.00
	Meade County RECC	$81,782.00
	Jackson Purchase Energy Corp.	$82,810.00
	Consumers Donated Capital	$435,819.00
	Consumers Cont. for Debt Service Account 211	$3,680,527.00
Total		$4,444,502.00

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Capital Stock Expense (214) (Ref Page: 254)

Class and Series of Stock (a)	Balance End of Year
Total	

NOT APPLICABLE

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Long Term Debt (221,222,223,224) (Ref Page: 256)

	Class, Series, and Coupon (a)	Principle Amt (b)	Expense (c)	Issue Date (d)	Maturity Date (e)
Acct 221					
Total Acct 221					
Acct 222					
Total Acct 222					
Acct 223					
Total Acct 223					
Acct 224					
	RUS Promissory Note - New RUS Note	$1,022,583,000.00	$0.00	07/15/1998	07/01/2021
	RUS ARVP Note	$265,000,000.00	$0.00	07/15/1998	12/31/2023
	Ohio County of Kentucky Note, Series 1983	$58,800,000.00	$444,843.00	06/30/1983	06/01/2013
	Ohio County of Kentucky Note, Series 2001A	$83,300,000.00	$1,132,084.00	08/01/2001	10/01/2022
	Green River Coal Settlement	$5,706,979.00	$0.00		
	LEM Settlement Promissory Note	$19,675,603.00	$0.00	07/15/1998	07/25/2023
	Defeased Sale/Leaseback Obligations	$135,597,133.00	$0.00	04/18/2000	12/15/2027
Total Acct 224		$1,590,662,715.00	$1,576,927.00		

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Long Term Debt (221,222,223,224) (Ref Page: 256) (Part Two)

	Class, Series of obligation	Amort Date From (f)	Amort Date To (g)	Outstanding (h)	Interest (i)
Acct 221					
Total Acct 221					
Acct 222					
Total Acct 222					
Acct 223					
Total Acct 223					
Acct 224					
	RUS Promissory Note - New RUS Note			$799,788,656.00	$46,214,367.00
	RUS ARVP Note			$94,391,092.00	$7,558,421.00
	Ohio County of Kentucky Note, Series 1983	07/10/1983	09/30/1987	$58,800,000.00	$2,468,094.00
	Ohio County of Kentucky Note, Series 2001A	08/01/2001	10/01/2022	$83,300,000.00	$3,361,340.00
	Green River Coal Settlement			$92,218.00	$0.00
	LEM Settlement Promissory Note			$16,707,630.00	$1,356,502.00
	Defeased Sale/Leaseback Obligations			$165,055,751.00	$12,385,760.00
Total Acct 224				$1,218,135,347.00	$73,344,484.00

Note:
See Long Term Debt footnote insert with hard copy.

FOOTNOTES:

RUS Promissory Note - New RUS Note: Column b

On July 15, 1998, Big Rivers Electric Corporation and the Rural Utilities Service (RUS) executed a New RUS Agreement restructuring Big Rivers' RUS long-term debt obligations This agreement discharged and released Big Rivers from all prior debt obligations and established the New RUS Note and RUS ARVP Note as Big Rivers' only RUS debt obligations This restructuring of Big Rivers' RUS debt was approved by the Kentucky Public Service Commission (KPSC) on July 14, 1998

RUS Promissory Note - New RUS Note: Column l

Interest Expense in Account 427, Interest on Long-Term Debt, includes a deduction for interest capitalized on major construction projects

RUS ARVP Note: Column b

See Footnote for RUS Promissory Note - New RUS Note, Column b

Ohio County of Kentucky Note, Series 1983: Column b

On July 15, 1998, the irrevocable standby letter of credit issued by the Bank of New York (Series 1983) was replaced by a liquidity facility issued by Credit Suisse First Boston and a municipal bond insurance policy by Ambac Assurance Corporation This change was approved by the KPSC on July 14, 1998 Effective May 1, 2006, an Assigned Agreement between Credit Suisse and Dexia Credit Local assigned all of the rights and obligations of the liquidity facility from Credit Suisse to Dexia Credit Local

Ohio County of Kentucky Note, Series 1983: Column g

Amortized over the life of the initial letter of credit

Ohio County of Kentucky Note, Series 2001A: Column b

On August 1, 2001, the Ohio County of Kentucky Note Series 1985 was refunded and the Ohio County of Kentucky Note, Series 2001A was issued The refunding of the Series 1985 Note and the issuance of the Series 2001A Note was approved by the KPSC, in Case No 2002-102, on June 18, 2001

Ohio County of Kentucky Note, Series 2001A: Column g

Amortized over the life of the bonds

Green River Coal Settlement: Column b

Long-term debt obligation incurred due to settlement reached on early termination of a long-term unfavorable contract with Green River Coal Company

LEM Settlement (Promissory) Note: Column b

On July 15, 1998, in conjunction with implementing the E ON U.S lease transaction, Big Rivers Electric Corporation and LG&E Energy Marketing (LEM) executed the LEM Settlement Note This Note is payment in consideration for LEM's assumption of the risk of unforeseen costs with respect to power to be supplied to or for the use of the Aluminum Smelters (Century and Alcan) and increased responsibility for financing capital improvements The LEM Settlement Note was approved by the KPSC on July 14, 1998

Defeased Sale/Leaseback Obligations: Column b

Big Rivers completed a sale-leaseback transaction of two of its utility plants, including the related facilities and equipment, on April 18 2000 The sale-leaseback transaction was approved by the KPSC, in Case No 99-450 on January 28, 2000

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Reconciliation of Reported Net Income with Taxable for Federal Income (Ref Page: 261)

Particulars (a)		Amount (b)
Net Income for the Year		$34,542,297.00
Taxable Income Not Reported on Books		
	Disallowed Member Loss Carryforward	$104,271,168.00
	Interest Income-Defeased Sale Leaseback-Leasing Co	$64,059,188.00
	ACES Power Marketing Ownership Interest	$201,793.00
Deductions Recorded on Books not Deducted for Return		
	Depreciation	$23,475,275.00
	Interest Expense - Defeased Sale Leaseback	$12,385,760.00
	Section 263A Capitalized Costs	$400,000.00
	Section 263A Capitalized Interest - WKEC 2001	$235,008.00
	Section 263A Capitalized Interest - BREC 2001	$20,765.00
	Reverse Book Amortization of Marketing Payment	$233,085.00
	Post Retirement Medical Benefit	$31,360.00
	Reverse Pollution Control Bond Refunding Cost	$245,668.00
	Meals & Entertainment	$46,810.00
	Lobbying	$17,930.00
	Dues and Penalties	$37,821.00
	Self-Insurance Reserve Provision	$173.00
	Retirement Sick Leave Benefit	$4,890.00
Income Recorded on Books not Included in Return		
	Interest Income - Defesaed Sale Leaseback	$12,068,762.00
	Lease Income - WKEC	$4,438,561.00
	Amortization of Gain-Defeased Sale Leaseback	$2,880,973.00
	WKEC Capital Contribution/Const.- Non Incremental	$1,603,278.00
	WKEC Capital Contribution/Const.-Incremental	$4,584,106.00
Deductions on Return Not Charged Against Book Income		
	Member Loss Carryforward	$104,693,093.00

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Reconciliation of Reported Net Income with Taxable for Federal Income (Ref Page: 261)

	Particulars (b)	Amount (b)
	Rent Expense - Defeased Sale Leaseback	$48,868,382.00
	Patronage Allocation	$27,760,014.00
	Interest Espense - ARVP Note	$6,958,724.00
	Post Employment Benefits	$1,803.00
	Loss on Disposal of Property	$500,000.00
Federal Tax net Income		$25,851,295.00
Show Computation of Tax		
	See Hard Copy for Detail of Tax Computation	$504,363.00

Note:
Ref. Page: 261
Show Computation of Tax:
See hard Copy of annual report for detail of Tax Computation.

REGULAR TAXABLE INCOME CALCULATION:

		Consolidated	Patron	Non-patron
Taxable Income before Patronage Deduction, NOL and Member Loss Carryforward		54,033,234	28,181,938	25,851,296
Regular Tax Member Loss Carryforward Utilization		(28,181,938)	(28,181,938)	-
Regular Tax Baseline for Current Year Patronage Deduction		25,851,296	....	25,851,296
Non-Patronage NOL Utilization		(25,851,296)		(25,851,296)
Taxable Income				

Allocated Income	Allocation		Tax Rate	Total	Tax
Income Subject to 50,000 bracket	50,000	15%		-	-
Income Subject to 25,000 bracket	25,000	25%		-	-
Income Subject to 25,000 bracket	25,000	34%		-	-
Income Subject to 235,000 bracket	235,000	39%		-	-
Income Subject to 9,665,000 bracket	9,665,000	34%		-	-
Income Subject to 5,000,000 bracket	5,000,000	35%		-	-
Income Subject to 3,333,333 bracket	3,333,333	38%		-	-
Remaining Income	N/A	35%			

		Consolidated	Patron	Non-patron
Total Regular Tax				-
Total AMT				504,363
Total Minimum Tax Credit				-
Total Tax Due				504,363

AMT CALCULATION:

			Consolidated	Patron	Non-patron
	Regular Tax Baseline for Current Year Patronage Deduction		25,851,296		25,851,296
	Addback Regular Tax Member Loss Carryforward Utilization		28,181,938	28,181,938	
	Less: ACE Adjustment		(1,406,758)	(562,580)	(844,183)
	ACE (before patronage deduction)		52,626,476	27,619,372	25,007,103
			54,033,234	28,181,938	25,851,296
AMT FORM LINE 3	Preadjustment AMTI (before patronage deduction)	52,626,476			
AMT FORM LINE 4a	Corporation's ACE (before patronage deduction)	(1,406,758)			
AMT FORM LINE 4b	Subtract line 3 from 4a	1,055,069			
AMT FORM LINE 4c	Line 4b * 75		(1,055,069)	(421,924)	(833,145)
AMT FORM LINE 4e	ACE ADJUSTMENT		52,978,168	27,760,014 ...	25,218,151
AMT FORM LINE 5	AMTI Before Patronage Deduction		(27,760,014)	(27,760,014)	0
	Patronage Deduction (Greater of AMTI patronage income v. Regular taxable patronage income)		25,218,152	0	25,218,151
	AMT Income (Loss)		(22,696,336)	0	(22,696,336)
	AMT NOL Utilization (consolidated)		2,521,815	0	2,521,814
	AMTI				
	Exemption				2,521,814
					0.20
	Net AMTI	Tentative Minimum Tax			504,363
	Tax Rate				-
	Regular Tax Liability				504,363
	AMT Due				

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Taxes Accrued, Prepaid and Charged During Year (Ref Page: 262)

	Kind of Institution (a)	Prev Yr. Accr 236 (b)	Prev Yr. Prepd 165 (c)	Taxes Chrg (d)	Taxes Paid (e)	Adj (f)
	Federal Taxes:	$0.00	$0.00	$0.00	$0.00	$0.00
	Unemployment	$955.00	$0.00	$6,260.00	$6,013.00	$0.00
	FICA	$30,883.00	$0.00	$514,111.00	$511,289.00	$0.00
	Income	$70,118.00	$0.00	$506,857.00	$475,000.00	$0.00
	State Taxes:	$0.00	$0.00	$0.00	$0.00	$0.00
	Unemployment	$621.00	$0.00	$4,468.00	$4,293.00	$0.00
	Sales & Use	$18,386.00	$0.00	$79,212.00	$94,035.00	$0.00
	Income & Franchise	$0.00	$0.00	$1,105.00	$1,105.00	$0.00
	State and Local Taxes:	$0.00	$0.00	$0.00	$0.00	$0.00
	Property	$320,487.00	$0.00	$2,458,872.00	$2,347,553.00	$276,388.00
Total Taxes		$441,450.00	$0.00	$3,570,885.00	$3,439,288.00	$276,388.00

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Taxes Accrued, Prepaid and Charged During Year (Ref Page: 262) (Part Two)

	Kind of Instruction	Bal Accr - 236 (g)	Bal Prepaid - 165 (h)	Elec 408.1 409.1 (i)	Extraordinary 409.3	Adj to Ret Earn 439	Other (l)
	Federal Taxes:	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	Unemployment	$1,202.00	$0.00	$0.00	$0.00	$0.00	$6,260.00
	FICA	$33,705.00	$0.00	$0.00	$0.00	$0.00	$514,111.00
	Income	$101,975.00	$0.00	$506,857.00	$0.00	$0.00	$0.00
	State Taxes:	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	Unemployment	$796.00	$0.00	$0.00	$0.00	$0.00	$4,468.00
	Sales & Use	$3,563.00	$0.00	$0.00	$0.00	$0.00	$79,212.00
	Income & Franchise	$0.00	$0.00	$0.00	$0.00	$0.00	$1,105.00
	State and Local Taxes:	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	Property	$155,418.00	$0.00	$1,099,793.00	$0.00	$0.00	$1,359,079.00
Total Taxes		$296,659.00	$0.00	$1,606,650.00	$0.00	$0.00	$1,964,235.00

Accumulated Deferred Investment Tax Credit (255) (Ref Page: 266)

	Acct (a)	Bal Beg Yr (b)	Def. Acct (c)	Def. Amt (d)	Alloc Acct (e)	Alloc Amt (f)	Adj (g)	Bal End Yr (h)	Ave Pd of Alloc
Electric Utility									
3 percent									
4 percent									
7 percent									
10 percent									
TOTAL									
Other (List seperately and show 3, 4, 7 and 10 Percent and TOTAL)									
Total Other									
Total									

NOT APPLICABLE

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Other Deferred Credits (253) (Ref Page: 269)

Description (a)	Balance Beg Yr (b)	Debits Acct (c)	Debit Amt (d)	Credits (e)	Balance End Yr (f)
Deffered Cost to Reflect SEPA Purch Power Expense	$566,961.00	186	$566,961.00	$0.00	$0.00
Amort. Of Gain On Defeased Sale/Leaseback	$59,261,445.00	425	$2,880,973.00	$0.00	$56,380,472.00
Deferred Portion Of Lease Income	$21,754,809.00	412	$52,332,889.00	$47,894,326.00	$17,316,246.00
Def. Portion Of Res. Plt. Value for Non-Incr. Cap.	$40,198,558.00	107/412	$1,603,278.00	$6,690,000.00	$45,285,280.00
Def. Portion of Residual Plt. Value for Incr. Cap	$99,511,796.00	107/412	$8,205,040.00	$4,151,618.00	$95,458,374.00
Def. Excess Reactive Pwr. Pmt. By Century & Alcan	$450,715.00	456	$83,170.00	$0.00	$367,545.00
TOTAL	$221,744,284.00		$65,672,311.00	$58,735,944.00	$214,807,917.00

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Accumulated Deferred Income Taxes - Accelerated Amortization Property (281) (Ref Page: 272)

	Acct (a)	Balance Beg Yr (b)	Amt Acct 410.1 (c)	Amt Acct 411.1 (d)	Amt Acct 410.2 (e)	Amt Acct 411.2 (f)
Accelerated Amortization (281)						
Electric						
Defense Facilities						
Pollution Control Facilities						
Other						
Total Electric						
Gas						
Defense Facilities						
Pollution Control Facilities						
Other						
TOTAL Gas						
TOTAL (281)						
Classification of Total						
Federal Income Tax						
State Income Tax						
Local Income tax						
Other Specify						

NOT APPLICABLE

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Accumulated Deferred Income Taxes - Accelerated Amortization Property (281) (Ref Page: 272) (Part Two)

	Acct (a)	Debit Adj Acct (g)	Debit Adj Amt (h)	Credit Adj Acct (i)	Credit Adj Amt (j)	Balance End Yr
Accelerated Amortization (281)						
Electric						
Defense Facilities						
Pollution Control Facilities						
Other						
Total Electric						
Gas						
Defense Facilities						
Pollution Control Facilities						
Other						
TOTAL Gas						
TOTAL (281)						
Classification of Total						
Federal Income Tax						
State Income Tax						
Local Income tax						
Other Specify						

NOT APPLICABLE

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Accumulated Deferred Income Taxes - Other Property (282) (Ref Page: 274)

	Acct (a)	Balance Beg Yr (b)	Amt Acct 410.1 (c)	Amt Acct 411.1 (d)	Amt Acct 410.2 (e)	Amt Acct 411.2 (f)
Account 282						
Electric						
Gas						
Other (Define)						
Total						
Other (specify)						
TOTAL Acct 282						
Classification of Total						
Federal Income Tax						
State Income Tax						
Local Income tax						

NOT APPLICABLE

Accumulated Deferred Income Taxes - Other Property (282) (Ref Page: 274) (Part Two)

Acct (a)	Debit Adj Acct (g)	Debit Adj Amt (h)	Credit Adj. Acct (i)	Credit Adj. Amt (j)	Balance End Yr
Account 282					
Electric					
Gas					
Other (Define)					
Total					
Other (specify)					
TOTAL Acct 282					
Classification of Total					
Federal Income Tax					
State Income Tax					
Local Income tax					

NOT APPLICABLE

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Accumulated Deferred Income Taxes - Other (283) (Ref Page: 276)

	Acct (a)	Balance Beg Yr (b)	Amt Acct 410.1 (c)	Amt Acct 411.1 (d)	Amt Acct 410.2 (e)	Amt Acct 411.2 (f)
Account 283						
Electric						
Other						
Total Electric						
Gas						
Other						
TOTAL Gas						
Other (Specify)						
TOTAL (Acct 283)						
Classification of Total						
Federal Income Tax						
State Income Tax						
Local Income Tax						

NOT APPLICABLE

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Accumulated Deferred Income Taxes - Other (283) (Ref Page: 276) (Part Two)

	Acct (a)	Debit Adj Acct (g)	Debit Adj Amt (h)	Credit Adj. Acct (i)	Credit Adj. Amt (j)	Balance End Yr
Account 283						
Electric						
Other						
Total Electric						
Gas						
Other						
TOTAL Gas						
Other (Specify)						
TOTAL (Acct 283)						
Classification of Total						
Federal Income Tax						
State Income Tax						
Local Income tax						

NOT APPLICABLE

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Other Regulatory Liabilities (254) (Ref Page: 278)

Desc and Purpose (a)	Debit Acct (b)	Debit Amount (c)	Credits (d)	Balance (e)

NOT APPLICABLE

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Electric Operating Revenues (Ref Page: 300)

	Other (a)	Op Rev Year (b)	Op Rev Prev Yr (c)	MWH Sold (d)	MWH Sold Prev (e	Num Cus (f)	Num Cust Prev (g)
Sales of Electricity							
Residential Sales (440)							
Commercial and Industrial Sales (442)							
Small (or comm.) (See Instr. 4)							
Large (or Ind.) (See Instr 4)							
Public Street and Highway Lighting (444)							
Other Sales to Public Authorities (445)							
Sales to Railroads and Railways (446)							
Interdepartmental Sales (448)							
Total Sales to Ultimate Consumers							
Sales for Resale (447)		$190,834,379.00	$181,366,603.00	5,250,342	5,255,306	3	3
Total Sales of Electricity		$190,834,379.00	$181,366,603.00	5,250,342	5,255,306	3	3
(Less) Provision for Rate Refunds (449.1)							
Total Revenues Net of Prov. for Refunds		$190,834,379.00	$181,366,603.00	5,250,342	5,255,306	3	3
Other Operating Revenues							
Forfeited Discounts (450)							
Miscellaneous Service Revenues (451)							

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Electric Operating Revenues (Ref Page: 300)

Other (a)	Op Rev Year (b)	Op Rev Prev Yr (c)	MWH Sold (d)	MWH Sold Prev (e)	Num Cust (f)	Num Cust Prev (g)
Sales of Water and Water Power (453)						
Rent from Electric Property (454)	$28,560.00	$28,560.00	0	0	0	0
Interdepartmental Rents (455)						
Other Electric Revenues (456)						
	$9,829,465.00	$9,885,323.00	0	0	0	0
Total Other Operating Revenues	$9,858,025.00	$9,913,883.00	0	0	0	0
Total Electric Operating Revenues	$200,692,404.00	$191,280,486.00	5,250,342	5,255,306	3	3
*NOTE Line 12 Column b includes Total of unbilled Revenues						
**Note Line 12 Column d includes Total MWH relating to unbilled revenues						

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Sales of Electricity by Rate Schedules (Ref Page: 304)

	Rate Schedule (a)	MWh Sold (b)	Revenue (c)	Ave Customers (d)	KWh Sales Per Customer	Rev per KWH (f)
	All Sales of Electricity are sales for Resale.	0	$0.00	0	0	0.0000
Total Billed						0
Total Unbilled Rev (see Instr 6)						0
TOTAL						0

900 Big Rivers Electric Corporation 01/01/2006 - 12/31/2006

Sales for Resale (447) (Ref Page: 310)

	Name (a)	Stat Class (b)	FERC Number (c)	Ave Mon Bill Demand (d)	Act Ave Mon NCP Demand (e)	Act Ave Mon CP Demand (f)
Requirements Service						
	KENERGY	RQ		349	347	318
	JACKSON PURCHASE	RQ		124	124	120
	MEADE COUNTY	RQ		83	83	80
Total RQ				556	554	518
Non Requirements Service						
	KENERGY - CENTURY/ALCAN	IF		0	0	0
	KENERGY - WEYERHAEUSER	LF		0	0	0
	ALABAMA ELECTRIC COOPERATIVE	OS		0	0	0
	EAST KENTUCKY POWER COOP	OS		0	0	0
	OGLETHORPE POWER	OS		0	0	0
	SOUTHERN ILLINOIS POWER COOP	OS		0	0	0
	CARGILL POWER MGT	OS		0	0	0
	CONSTELLATION POWER SOURCE	OS		0	0	0
	DTE ENERGY TRADING, INC.	OS		0	0	0
	EAGLES ENERGY PARTNERS	OS		0	0	0
	LG&E ENERGY MARKETING	OS		0	0	0
	MISO	OS		0	0	0
	MORGAN STANLEY	OS		0	0	0
	PJM	OS		0	0	0

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Sales for Resale (447) (Ref Page: 310)

	Name (a)	Stat Class (b)	FERC Number (c)	Ave Mon Bill Demand (d)	Act Ave Mon NCP Demand (e)	Act Ave Mon CP Demand (f)
	PROGRESS ENERGY VENTURES	OS		0	0	0
	TENASKA POWER SERVICES	OS		0	0	0
	TENNESSEE VALLEY AUTHORITY	OS		0	0	0
	THE ENERGY AUTHORITY	OS		0	0	0
Total Non RQ				0	0	0
Total				556	554	518
EXPORT						
INTRASTATE						
TOTAL						