

EXHIBIT 70
ESCROW AGREEMENT (PBR-1)

ESCROW AGREEMENT (PBR-)

THIS ESCROW AGREEMENT (PBR-) (this "**Agreement**") is entered into as of _____, 2008, by and between **Bluegrass Leasing**, a New York general partnership (the "**Transferor**"), **[an E.ON U.S., LLC Cayman affiliate]** (the "**Purchaser**") and _____], as escrow agent (the "**Escrow Agent**") and for the purpose of Section 3 and 9 of this Agreement only, Big Rivers Electric Corporation, a Kentucky rural cooperative ("**Big Rivers**"), PBR- Statutory Trust, a Connecticut statutory trust (the "**OP Trust**"), PBR- OP Statutory Trust, a Connecticut statutory trust (the "**OP Statutory Trust**"), U.S. Bank, a national banking association organized and existing under the laws of the United States (the "**Trustee**"), AME Investments, LLC, a Delaware limited liability company ("**AME Investments**"), AME Asset Funding, LLC, a Delaware limited liability company ("**AME Asset Funding**"), CoBank, ACB, a government sponsored enterprise of the United States ("**CoBank**" and together with Big Rivers, the OP Trust, the OP Statutory Trust, the Trustee, AME Investments and AME Asset Funding and CoBank, the "**Consenting Parties**"), Ambac Credit Products, LLC, a Delaware limited liability company ("**Ambac**") and Ambac Assurance Corporation, a Wisconsin corporation ("**Ambac Assurance**"). Capitalized terms used but not defined herein shall, unless otherwise indicated, have the meaning set forth in the Put Agreement (as defined below).

WHEREAS, the Transferor and the Purchaser have entered into a Put Agreement dated as of the date hereof (the "**Put Agreement**") wherein, the Transferor has the right to sell and assign, upon a Trigger Event (as defined in the Put Agreement), the entire Beneficial Interest in the OP Trust to the Purchaser, and the Purchaser will have an obligation to purchase and assume such beneficial interest upon the Transferor's exercise of its rights and upon the other terms and conditions set forth in the Put Agreement.

WHEREAS, the Transferor and the Purchaser wish to execute and deliver certain closing documents under the Put Agreement to the Escrow Agent to be held and delivered according to the terms, provisions and conditions of this Agreement.

WHEREAS, Section 5.1 of that certain Participation Agreement, dated as of April 1, 2000 (the "**Participation Agreement**"), by and among the Transferor and the Consenting Parties requires that the Transferor obtain the prior written consent of Big Rivers, AME and CoBank in the event the Transferor desires transfer the Beneficial Interest to a party that does not meet certain requirements set forth in such Section 5.1 of the Participation Agreement;

WHEREAS, the Consenting Parties are willing to consent to the transfer of the Beneficial Interest to the Purchaser in the event of a Trigger Event.

It is therefore agreed as follows:

1. Deposit of Documents into Escrow. Contemporaneously herewith, the Transferor and Purchaser are delivering or causing to be delivered to the Escrow Agent [seven] original executed copies constituting the only existing duly executed copies of the following closing documents pursuant to the Put Agreement:

(a) that certain Assumption Agreement, dated as of the date hereof, by and between the Transferor and Purchaser (the "**Assumption Agreement**");

(b) a Credit Event Notice in the form of Exhibit A attached hereto (the "**Credit Event**

Notice”) executed by the OP Statutory Trust on behalf of the Purchaser;

(c) that certain Assignment Agreement by and between the Purchaser and Ambac Credit Products, LLC (the “**Assignment Agreement**”); and

(d) a guaranty (the “**Participation Agreement Guaranty**”) of Purchaser’s obligations under the Operative Documents (as set forth on Exhibit A to the Assumption Agreement and hereinafter referred to as the “**Operative Documents**”).

The Escrow Agent hereby acknowledges receipt of the foregoing documents (collectively, the “**Escrowed Documents**”). The Escrow Agent shall hold the Escrowed Documents and shall not release the Escrowed Documents except pursuant to the terms of this Agreement; and

2. Release of Escrowed Documents.

(a) Immediately upon (but not later than 24 hours after) the Escrow Agent’s receipt of the Put Notice in the form of Exhibit B attached hereto (the “**Put Notice**”) duly executed and completed in full by the Transferor, the Purchaser instructs Escrow Agent to deliver the Escrowed Documents as follows:

(i) an executed original copy of the Assumption Agreement to be dated by the Escrow Agent as of the Transfer Date (as certified by the Transferor in the Put Notice) to each of Transferor, Purchaser, Transferor Guarantor, Purchaser Guarantor, the Consenting Parties, Ambac and Ambac Assurance;

(ii) an executed original copy of the Participation Agreement Guaranty to the Consenting Parties (with a copy to Purchaser and Purchaser Guarantor) unless the Escrow Agent shall have received a written certification from the chief financial officer of the Purchaser Guarantor that the Purchaser has a Tangible Net Worth of \$75,000,000 or more; and

(iii) If the Trigger Event identified in the Put Notice referred to in Section 2(a) is a Trigger Event set forth in clause (a) through (o) of Section 1.3 of the Put Agreement, the Escrow Agent, upon its receipt of the Put Notice, is hereby instructed by the Purchaser to (A) complete the Credit Event Notice by (1) dating it the date of the Transfer Date, (2) inserting the appropriate subparagraph section of the paragraph in Section 2(a) above of the Credit Swap Transaction Confirmation captioned “Credit Event Defined” (to be determined by selecting the subparagraph(s) that corresponds to the Trigger Event(s) set forth in the Put Notice) and (3) inserting the dollar amount, if any, that the OP Statutory Trust previously received in respect of the Termination Value or the Equity Portion of the Termination Value (as specified in the Put Notice), as the case may be, in the fourth paragraph of the Credit Event Notice and inserting the Party A Fixed Amount in the fourth paragraph of the Credit Event Notice; (B) deliver the Credit Event Notice to the Beneficial Interest Purchaser with a copy to each of the Purchaser and the Transferor; and (C) deliver original executed copies of the Assignment Agreement and the Assumption Agreement to each of the Beneficial Interest Purchaser, the Transferor and the OP Statutory Trust (with a copy to the Purchaser), to be dated the Transfer Date.

The result of the delivery of such instruments and documents as contemplated in the preceding sentence shall be that the transactions contemplated by the Put Agreement and the transactions contemplated by the Assumption Agreement shall be deemed to have taken place as of the Transfer Date certified by the Transferor in the Put Notice. The Escrow Agent shall otherwise deliver or dispose of the Escrowed Documents in any manner as directed by any joint written notice signed by the Transferor and the Purchaser.

(b) If the Escrow Agent does not receive the Put Notice pursuant to the first sentence of Section 2(a) above by the close of business on [the applicable termination date of the Put Exercise Period], then the Escrow Agent shall mark the Escrowed Documents as “cancelled” and shall deliver the cancelled Escrowed Documents to Purchaser who shall furnish copies of such cancelled documents to Transferor and Purchaser for their records. Such cancelled Escrowed Documents shall be of no force and effect. Except as set forth in Section 2(c) below, unless, and only unless, the Escrow Agent timely receives the Put Notice pursuant to the first sentence of Section 2(a) above, the actions required to be taken by the Escrow Agent pursuant to the first sentence of this Section 2(b) shall be taken notwithstanding any written instructions to the contrary by the other parties hereto and notwithstanding any dispute in process.

(c) In the event that (i) the Purchase Price has been paid, (ii) the Transferor has not delivered the Put Notice to the Escrow Agent and (iii) the Purchaser delivers written notice to the Escrow Agent that the Purchase Price has been paid, then the Purchaser shall have the right to instruct the Escrow Agent to act pursuant to this Section 2 and the Escrow Agent shall deliver the Escrow Documents in the manner and with the effect set forth in Section 2(a) above.

3. Consent and Waiver.

(a) Consent. Each of Big Rivers, AME, CoBank, the Trustee, Ambac and Ambac Assurance (and each of their respective successors and assigns) hereby consents to as of the date hereof and as of the Transfer Date the Transferor’s sale and assignment of the Beneficial Interest to, and the purchase and assumption thereof by, the Purchaser pursuant to the terms, provisions and conditions set forth in the Assumption Agreement and all transactions and the execution of any additional documents contemplated thereunder.

(b) Waiver. In the event the Purchaser shall have a Tangible Net Worth, as of the Transfer Date, of less than \$75,000,000, the Purchaser shall cause the Escrow Agent to release the Participation Agreement Guaranty, provided, however, that the Purchaser may replace such Participation Agreement Guaranty with a guaranty on substantially the same terms and conditions from an affiliate of the Purchaser with a Tangible Net Worth of \$75,000,000 or more. Each of Big Rivers, AME, CoBank, the Trustee, Ambac and Ambac Assurance (and each of their respective successors and assigns) hereby waives any and all terms, covenants and provisions contained in any of the Operative Documents as necessary to permit the consummation of the transactions contemplated by the Assumption Agreement, including, without limitation, any notice requirements under any of the Operative Documents and any requirements set forth in Section 5.1 of the Participation Agreement (including, without limitation, sub-clauses (B), (C) and (D) of Section 5.1(a)(ii) of the Participation Agreement).

(c) Modification of Operative Documents; Replacement Parties. Big Rivers shall not consent to or cause to occur any material amendment, modification, restatement or termination of any Operative Document that could have or is reasonably likely to have a material adverse effect on the Owner Participant or the Purchaser (as though the Purchaser were the Owner Participant on the date of such amendment, modification, restatement or termination of the applicable Operative Document). Big Rivers shall cause any person that replaces any of the Series A Lender, Series B Lender, Beneficial Interest Purchaser, Qualifying Swap Provider or Qualifying Swap Surety Bond Provider (as each such term is defined in the Participation Agreement), to be bound by the terms, provisions and conditions hereof (including, without limitation, any consents and waivers set forth herein).

(d) Owner Participant. Each of the Consenting Parties, Ambac and Ambac Assurance (and each of their respective successors and assigns) hereby agree that (i) after the payment of the Purchase Price, as of the Transfer Date, the Purchaser shall be deemed the “Owner Participant” for all

purposes under the applicable Operative Documents, (ii) after the payment of the Purchase Price, any and all references to Bluegrass Leasing, a New York general partnership, contained in any of the Operative Documents on and after the Transfer Date shall be references to the Purchaser where the context permits and (iii) no further action shall be required by any party to any of the Operative Documents to consummate the transactions contemplated by the Assumption Agreement on the Transfer Date.

(e) Consent to Assignment. Each of the Consenting Parties, Ambac and Ambac Assurance consent to the assignment by the Transferor of its rights herein to a Permitted Transferee (as defined in the Participation Agreement), upon compliance by the Transferor and the Permitted Transferee of the requirements of Section 5.1 of the Participation Agreement and Section 8.5 of the Put Agreement, including, without limitation, assumption by the Permitted Transferee of the obligations of the Transferor set forth in this Agreement. In connection with such assignment, the parties hereto agree to execute such documents reasonably required by the Transferor and Purchaser to evidence such assignment.

(f) Termination of Guaranty. The parties hereto agree for the benefit of the Purchaser Guarantor that upon (i) a replacement of the Participation Agreement Guaranty as described in Section 3(b) above or (ii) the receipt of a written certification from the chief financial officer of the Purchaser Guarantor that the Purchaser has a Tangible Net Worth, as of the Transfer Date, of \$75,000,000 or more, provided, that such certification is delivered to the parties hereto within 10 Business Days of the Transfer Date, the original Participation Agreement Guaranty shall terminate and the agreements contained therein shall be null and void.

4. Status of the Escrow Agent: Reliance on Documents and Experts.

(a) The Escrow Agent is acting under this Agreement as an independent contractor with respect to the other parties hereto. No term or provision of this Agreement is intended to create, nor shall any such term or provision be deemed to have created, any principal-agent, trust, fiduciary, joint venture, partnership, debtor-creditor or attorney-client relationship between or among the Escrow Agent and the other parties. The Escrow Agent's only duties are those expressly set forth in this Agreement, and the parties authorize the Escrow Agent to perform those duties in accordance with its usual practices in holding documents of its own or those of other escrows. The Escrow Agent may exercise or otherwise enforce any of its rights, powers, privileges, remedies and interests under this Agreement and applicable law or perform any of its duties under this Agreement by or through its partners, shareholders (as applicable), employees, attorneys, agents or designees.

(b) The Escrow Agent shall be entitled to rely for all purposes upon any notice, consent, certificate, affidavit, statement, paper, document, writing or communication (which to the extent permitted hereunder may be by telecopier or e-mail) reasonably believed by it to be genuine and to have been signed, sent or made by the proper person or persons, and upon opinions and advice of legal counsel (including itself or counsel for any party hereto), independent public accountants or other experts selected by the Escrow Agent.

5. Exculpation of Escrow Agent

(a) The Escrow Agent, its designees and their respective shareholders, directors, officers, partners, employees, attorneys and agents shall not incur any liability whatsoever, whether to any of the other parties hereto or any other person, for the taking of any action in accordance with the terms and provisions of this Agreement, for compliance with any applicable law or any attachment, order or other directive of any court or other authority (irrespective of any conflicting term or provision of any other document), or for any mistake or error in judgment of the Escrow Agent or any act or omission of any other person engaged by the Escrow Agent in connection with this Agreement (other than for the Escrow

Agent's or such other person's mistakes, errors in judgment, acts or omissions amounting to gross negligence or willful misconduct).

(b) The Escrow Agent, its designees and their respective shareholders, directors, officers, partners, employees, attorneys and agents shall be indemnified, reimbursed, held harmless and, at the request of the Escrow Agent, defended by the Purchaser from and against any and all claims, liabilities, losses and expenses (including, without limitation, the disbursements, expenses and reasonable fees of their respective attorneys), except such as are occasioned by the indemnified person's own acts and omissions amounting to gross negligence or willful misconduct.

(c) The Purchaser shall pay any and all costs and expenses incurred by the Escrow Agent in connection with all waivers, releases, discharges, satisfactions, modifications and amendments of this Agreement, the administration and holding of the Escrowed Documents, and the enforcement, protection and adjudication of the parties' rights hereunder by the Escrow Agent, including, without limitation, the disbursements, expenses and reasonable fees of the Escrow Agent itself and those attorneys it may retain, if any.

6. Resignation of Escrow Agent. The Escrow Agent may, at any time, at its option, elect to resign its duties as Escrow Agent under this Agreement by providing notice thereof to the other parties hereto. In such event, the Escrow Agent shall deposit the Escrowed Documents with a successor escrow agent to be appointed by the other parties hereto within 14 days following the receipt by them of the Escrow Agent's notice of resignation.

7. Further Assurances. The parties hereto shall do such further acts and things and execute and deliver such statements, assignments, agreements, instruments and other documents as the Escrow Agent from time to time may reasonably request in connection with the administration, maintenance, enforcement or adjudication of this Agreement in order (a) to give the Escrow Agent confirmation and assurance of the Escrow Agent's rights, powers, privileges, remedies and interests under this Agreement and applicable law, (b) to better enable the Escrow Agent to exercise any such right, power, privilege, remedy or interest, or (c) to otherwise effectuate the purpose and the terms and provisions of this Agreement, each in such form and substance as may be reasonably acceptable to the Escrow Agent.

8. Governing Law: Consent to Jurisdiction: Waiver of Jury Trial: Service of Process.

(a) THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO ANY CHOICE OF LAW OR CONFLICT OF LAW PROVISION OR RULE THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK.

(b) Each of the parties hereto (i) hereby irrevocably submits to the nonexclusive jurisdiction of the Supreme Court of the State of New York, New York County (without prejudice to the right of any party to remove to the United States District Court for the Southern District of New York) and to the nonexclusive jurisdiction of the United States District Court for the Southern District of New York for the purposes of any suit, action or other proceeding arising out of this Agreement or the subject matter hereof or any of the transactions contemplated hereby brought by either of the parties hereto or its successors or assigns against the other party; (ii) hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such New York State court, or in such federal court; and (iii) to the extent permitted by Applicable Law, hereby irrevocably waives, and agrees not to assert, by way of motion, as a defense, or otherwise in any such suit, action or proceeding any claim that

is not personally subject to the jurisdiction of the above-named courts, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereby may not be enforced in or by such court.

(c) TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES THE RIGHT TO DEMAND A TRIAL BY JURY, IN ANY SUCH SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF THIS AGREEMENT OR THE SUBJECT MATTER HEREOF OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY BROUGHT BY EITHER OF THE PARTIES HERETO OR ITS SUCCESSORS OR ASSIGNS AGAINST THE OTHER PARTY.

(d) Each of the parties hereto hereby consents to service of process by registered mail, Federal Express, DHL or similar courier at the address to which notices to it are to be given, it being agreed that service in such manner shall constitute valid service upon such party or its respective successors or assigns in connection with any such action or proceeding; provided, however, that nothing in this Section 8 shall affect the right of any such parties or their respective successors and permitted assigns to service legal process in any other manner permitted by Applicable Law or affect the right of any such parties or their respective successors and assigns to bring any action or proceeding against any other one of such parties or its respective property in the courts of other jurisdictions.

9. Notices.

(a) All notices, claims and other communications hereunder shall be in writing and shall be deemed to have been duly given (i) when delivered by hand or by recognized overnight courier service or (ii) five (5) Business Days after being mailed by certified mail, return receipt requested, postage prepaid to the addresses of the parties set forth below or to such other address as any party may, from time to time, furnish to the other party by a notice given in accordance with the provisions of this Section 9.

Notice to Purchaser:

[]
[]

with a copy to:

E.ON U.S., LLC
220 West Main Street
Louisville, Kentucky 40202
Attention: Chief Financial Officer

and

Troutman Sanders LLP
The Chrysler Building
405 Lexington Avenue
New York, New York 10174
Attention: Craig Kline, Esq.

Notice to Transferor:

Bluegrass Leasing
c/o Philip Morris Capital Corporation
225 High Ridge Road, Suite 300
Stamford, CT 06905
Attention: Vice President, Leasing
Copy to: General Counsel

With a copy to:

Notice to Escrow Agent:

[]
[]
[]

With a copy to:

Notice to Big Rivers:

Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Attention: President and Chief Executive Officer []

With a copy to:

Notice to OP Trust:

PBR-__ Statutory Trust
U.S. Bank National Association under PBR-__ Statutory Trust
Goodwin Square
255 Asylum Street
Hartford, Connecticut 06103
Attention: Corporate Trust Administration

With a copy to:

Notice to OP Statutory Trust:

PBR-_ OP Statutory Trust
U.S. Bank National Association under PBR-_ OP Statutory Trust
Goodwin Square
255 Asylum Street
Hartford, Connecticut 06103
Attention: Corporate Trust Administration

With a copy to:

Notice to Trustee:

U.S. Bank National Association
Goodwin Square
255 Asylum Street
Hartford, Connecticut 06103
Attention: Corporate Trust Administration

With a copy to:

Notice to AME Investments:

AME Investments, LLC
c/o Ambac Capital Corporation
One State Street Plaza
New York, New York 10004
Attention: Managing Director

With a copy to:

Notice to AME Asset Funding:

AME Asset Funding, LLC
c/o Ambac Capital Corporation
One State Street Plaza
New York, New York 10004
Attention: Managing Director

With a copy to:

Notice to CoBank:

CoBank, ACB
101 Bullit Lane
Suite 304
Louisville, KY 40222-5495
Attention: Vice President

With a copy to:

Notice to Ambac:

Ambac Credit Products, LLC
One State Street Plaza
New York, New York 10004
Attention: Managing Director

With a copy to:

Notice to Ambac Assurance:

Ambac Assurance Corporation
One State Street Plaza
New York, New York 10004
Attention: General Counsel

With a copy to:

10. Entire Agreement. This Agreement and the agreements and documents referred to herein contain the entire understanding between the parties hereto concerning the subject matter hereof and may not be changed, modified, altered or terminated except by an agreement in writing executed by each of the parties hereto, including the Escrow Agent. Any waiver by any party hereto of any of its rights under this Agreement or of any breach of this Agreement shall not constitute a waiver of any other rights or of any other future breach.

11. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to physically form one document. It shall be necessary to account for only one fully executed counterpart in order to prove this Agreement.

[The remainder of this page is intentionally blank.]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement on or as of the day and year first above written.

[Purchaser]

By: _____
Name:
Title:

Bluegrass Leasing, a
New York general partnership

By: Philip Morris Capital Corporation, Its
General Partner

By: _____
Name:
Title:

For the purpose of Section 3 and 9 of this Agreement only:

Big Rivers Electric Corporation

By: _____
Name:
Title:

PBR- Statutory Trust

By: U.S. Bank, National Association, not in its individual capacity,
but solely as Trustee under the Trust Agreement

By: _____
Name:
Title:

PBR- OP Statutory Trust

By: U.S. Bank, National Association, not in its individual capacity,
but solely as OP Trustee under the OP Trust Agreement

By: _____
Name:
Title:

U.S. Bank, National Association,

in its individual capacity

By: _____
Name:
Title:

AME Investments, LLC

By: _____
Name:
Title:

AME Asset Funding, LLC

By: _____
Name:
Title:

CoBank, ACB

By: _____
Name:
Title:

Ambac Credit Products, LLC

By: _____
Name:
Title:

Ambac Assurance Corporation

By: _____
Name:
Title:

Exhibit A

Credit Event Notice

[To follow]

Exhibit B

[Date]

[Escrow Agent]

Re: Put Notice

Ladies and Gentlemen:

Reference is made to that certain Escrow Agreement dated _____, 2008 by and among [An E.ON U.S., LLC Cayman affiliate] (the "**Purchaser**"), Bluegrass Leasing, a New York general partnership (the "**Transferor**") and [_____], as escrow agent (the "**Escrow Agent**") and for the purpose of Section 3 and 9 of the Escrow Agreement only, Big Rivers Electric Corporation, a Kentucky rural cooperative, PBR- Statutory Trust, a Connecticut statutory trust, PBR- OP Statutory Trust, a Connecticut statutory trust, U.S. Bank, a national banking association organized and existing under the laws of the United States, AME Investments, LLC, a Delaware limited liability company, AME Asset Funding, LLC, a Delaware limited liability company, CoBank, ACB, a government sponsored enterprise of the United States, Ambac Credit Products, LLC, a Delaware limited liability company and Ambac Assurance Corporation, a Wisconsin corporation. Capitalized terms used but not defined herein shall, unless otherwise indicated, have the meaning set forth in the Escrow Agreement.

The Transferor hereby notifies the Escrow Agent, the Purchaser and the Purchaser Guarantor and certifies to the Purchaser, that: (i) a Trigger Event has occurred under the Put Agreement, which Trigger Event corresponds to subparagraph [] of Section 1.3 of the Put Agreement; (ii) the Transferor is hereby exercising the Put under the Put Agreement; (iii) this letter constitutes the notice of such Put; (iv) the Transfer Date is _____ (the "**Transfer Date**"); and (v) the amount, if any, that the OP Statutory Trust has previously received is \$[] in respect of [Termination Value] [the Equity Portion of Termination Value]; [accordingly the Party A Fixed Amount is \$[].]

In Witness Whereof, the undersigned has executed and delivered this Put Notice.

Bluegrass Leasing,
a New York general partnership

By: Philip Morris Capital Corporation,
Its General Partner

By: _____
Name:
Title:

cc: [Purchaser]

E.ON U.S., LLC
220 West Main Street
Louisville, Kentucky 40202
Attention: Chief Financial Officer

EXHIBIT 71

**FIRST AMENDMENT TO ISDA MASTER AGREEMENT
(PBR-1)**

**FIRST AMENDMENT
TO ISDA MASTER AGREEMENT (PBR-1)¹**

dated as of [_____], 200_

by and between

AMBAC CREDIT PRODUCTS, LLC,

AND

PBR-1² STATUTORY TRUST,

acting through U.S. Bank National Association, not in its individual capacity, but solely as the
respective Trustee,

¹ PBR-2, PBR-3, FBR-1 and FBR-2 in their respective ISDA Master Agreement Amendments.

² PBR-2, PBR-3, FBR-1 and FBR-2, respectively.

FIRST AMENDMENT TO ISDA MASTER AGREEMENT (PBR-1)³

This **FIRST AMENDMENT TO ISDA MASTER AGREEMENT** (this "Amendment"), dated as of [____], 2008, is entered into by and between **AMBAC CREDIT PRODUCTS, LLC**, a Delaware limited liability company ("Ambac Credit Products") and **PBR-1⁴ STATUTORY TRUST**, a Connecticut statutory trust, acting through **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized under the laws of the United States, not in its individual capacity but solely as Trustee of a Connecticut statutory trust created by the Trust Agreement (PBR-1)⁵ ("PBR-1⁶ Trust") (collectively, the "Parties" and each, a "Party").

RECITALS:

A. The Parties entered into an ISDA Master Agreement, dated April 18, 2000 (the "Original Swap").

B. Certain definitions of the Original SWAP refer to that certain First Mortgage (as defined in the Participation Agreement, as defined in the Original Swap).

C. The parties to the First Mortgage have agreed to replace the First Mortgage with that certain Indenture (the "Indenture") between Big Rivers Electric Corporation and [____], as the Indenture Trustee (the "Indenture Trustee").

D. The Parties desire to amend and restate the Original Swap, pursuant to Section 9(b) thereof, to reflect the replacement of the First Mortgage with the Indenture.

NOW, THEREFORE, the Parties agree as follows:

1.1 Definitions. Capitalized terms used in this Amendment and not otherwise defined shall have the meanings given them in the Original Swap.

1.2 Amendments. The Original Swap is hereby amended by the following amendments to the Credit Swap Transaction Confirmation:

(i) Section 1(b) (Early Swap Termination Date Defined), clause (iii) is hereby replaced in its entirety with the following:

“(iii) if the Indenture Trustee shall have declared the principal and interest on any obligations issued under the Indenture to be immediately due and payable or has given to Big Rivers notice of intent to, and has taken action to, commence foreclosure or any other dispossessory remedy under the Indenture or under Applicable Law;”

³ PBR-2, PBR-3, FBR-1 and FBR-2 in their respective ISDA Master Agreement Amendments.

⁴ PBR-2, PBR-3, FBR-1 and FBR-2, respectively.

⁵ PBR-2, PBR-3, FBR-1 and FBR-2, respectively.

⁶ PBR-2, PBR-3, FBR-1 and FBR-2, respectively.

(ii) Section 2(a) (Credit Event Defined), clause (g) is hereby replaced in its entirety with the following:

“(g) if the Indenture Trustee shall have declared the outstanding balance of any obligations issued under the Indenture to be immediately due and payable or has given to Big Rivers notice of intent to, and has taken action to, commence foreclosure or any other dispossessory remedy under the Indenture or under Applicable Law;”

1.3 Effective Date. This Amendment shall take effect upon execution and delivery hereof by the Parties.

1.4 Law Governing. This Amendment shall be governed by and construed in accordance with the laws of the State of New York without reference to choice of law provisions (except New York General Obligations Law Section 5-1401).

1.5 Counterparts. This Amendment may be executed in two or more counterparts, all of which taken together shall constitute a single agreement.

(Signature Pages Follow on Next Page)

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be properly executed by their duly authorized representatives as of the date first above written.

PBR-1 STATUTORY TRUST

By: U.S. Bank, National Association, not in its individual capacity, but solely as Trustee

By: _____
Name:
Title:

AMBAC CREDIT PRODUCTS, LLC

By: _____
Name:
Title:

EXHIBIT 72

AMENDED AND CONSOLIDATED LOAN CONTRACT

**Orrick Draft,
April 23, 2008**

**AMENDED AND CONSOLIDATED
LOAN CONTRACT**

Dated as of [], 2008

between

BIG RIVERS ELECTRIC CORPORATION

and

UNITED STATES OF AMERICA

**RUS Project Designation:
Big Rivers**

Schedules and Exhibits

Schedule 1 Wholesale Power Contracts

Exhibit A Lockbox Agreement

Exhibit B Equal Opportunity Contract Provisions

Exhibit C Description of Rating Agency Services

AMENDED AND CONSOLIDATED LOAN CONTRACT

THIS AMENDED AND CONSOLIDATED LOAN CONTRACT, dated as of [], 2008, is between BIG RIVERS ELECTRIC CORPORATION (together with any successors and assigns, the "Borrower"), a cooperative corporation organized and existing under the laws of the Commonwealth of Kentucky, and the UNITED STATES OF AMERICA (the "Government"), acting by and through the Administrator (together with any person succeeding to the powers and rights of the Administrator with respect to this Agreement, the "Administrator") of the Rural Utilities Service (together with any agency succeeding to the powers and rights of the Rural Utilities Service with respect to this Agreement, the "RUS");

RECITALS

WHEREAS, the Borrower previously incurred, pursuant to the Act (as defined in Article I) and under the Existing Loan Contract (as defined below), certain indebtedness and other obligations to, or guaranteed by, the Government, acting by and through the Administrator of the RUS, which indebtedness and other obligations are evidenced by the RUS Notes (as defined in Article I); and

WHEREAS, in connection with the loans and other obligations evidenced by the RUS Notes, the Borrower and the Government, acting by and through the Administrator of the RUS, have entered into that certain New RUS Agreement, dated as of July 15, 1998, (the "Existing Loan Contract"); and

WHEREAS, to secure the indebtedness and other obligations evidenced by the RUS Notes and to secure certain other indebtedness, the Borrower entered into that certain Third Restated Mortgage and Security Agreement, dated as of August 1, 2001, by and among the Borrower, as mortgagor, and the Government, acting by and through the Administrator of the RUS; Ambac Assurance Corporation; Dexia Bank (as successor to Credit Suisse First Boston); U.S. Bank Trust National Association as trustee; National Rural Utilities Cooperative Finance Corporation; PBR-1 Statutory Trust; PBR-2 Statutory Trust; PBR-3 Statutory Trust; FBR-1 Statutory Trust; FBR-2 Statutory Trust; and Ambac Credit Products, LLC, as mortgagees, the ("RUS Mortgage"); and

WHEREAS, the Borrower and the Government, acting by and through the Administrator of the RUS, have replaced the RUS Mortgage with the Indenture (as defined in Article I), pursuant to which the Borrower has granted a security title to and a security interest in substantially all of its real and personal property to secure the RUS Notes and the other obligations secured under the RUS Mortgage as to which it remains liable; and

WHEREAS, in connection with the substitution of the Indenture as a replacement for the RUS Mortgage, the Borrower and the Government intend to amend, restate and consolidate the Existing Loan Contract as herein set forth;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto amend and consolidate the Existing Loan Contract to read in its entirety, and agree and bind themselves, as follows:

ARTICLE I.

DEFINITIONS

Capitalized terms that are not defined herein shall have the meanings set forth in the Indenture. The terms defined herein include both the plural and the singular. Unless otherwise specifically provided, all accounting terms not otherwise defined herein shall have the meanings assigned to them, and all determinations and computations herein provided for shall be made, in accordance with Accounting Requirements.

“Accounting Requirements” shall mean the requirements of the system of accounts prescribed by the RUS.

“Act” shall mean the Rural Electrification Act of 1936, as amended.

“Agreement” shall mean this Amended and Consolidated Loan Contract, together with all schedules and exhibits hereto, and also all subsequent supplements or amendments hereto.

“ARVP Note” shall mean that certain Amended and Restated Promissory Note in the stated principal amount of \$265,000,000 executed by the Borrower and delivered to the Government on July 15, 1998.

“Business Day” shall mean any day that the RUS is open for business.

“Capital Assets” shall mean all tangible and intangible utility plant, SO₂ allowances, construction in progress, non-utility property, material supplies and equipment normally used in the Borrower’s system.

“Credit Rating” shall mean a rating assigned by a Rating Agency (i) to any long-term indebtedness (that is not subject to Credit Enhancement) (including, without limitation, indebtedness issued by any governmental authority with respect to which the Borrower is an obligor) and secured directly or indirectly under the Indenture or (ii) if a Rating Agency has not assigned a rating to indebtedness of the type described in clause (i) hereof, a “shadow rating” of the Borrower’s senior, secured long-term indebtedness (that is not subject to Credit Enhancement).

“Competitive Transition Charges” means amounts that the Company is authorized or permitted to collect, directly or indirectly, from the ultimate consumers of electric power and energy under state or federal statutes or regulations enacted or promulgated in connection with

the opening of the electric markets to retail competition, whether or not such consumers are taking energy supplied directly or indirectly by the Company. It is intended that this definition be broadly construed in order to take into consideration the changing nature of the electric utility industry resulting from the implementation of retail competition.

“Distributions” shall mean for the Borrower, in any calendar year, to declare or pay any dividends, or pay or determine to pay any patronage refunds, or retire any patronage capital or make any other Cash Distributions, to its members, stockholders or consumers; provided, however, that for the purposes of this Agreement a “Cash Distribution” shall be deemed to include any general cancellation or abatement of charges for electric energy or services furnished by the Borrower, including the rebate of an abatement of wholesale power costs previously incurred pursuant to an order of a state regulatory authority or a wholesale power cost adjustment clause or similar power pricing agreement between the Borrower and a power supplier, but not including the repayment of a membership fee upon termination of a membership.

“Equity” shall mean the Borrower’s total margins and equities computed in accordance with Accounting Requirements but excluding any Regulatory Created Assets.

“Event of Default” shall have the meaning as defined in Article VI of this Agreement.

“Existing Loan Contract” shall have the meaning set forth in the second WHEREAS clause of this Agreement.

“Fitch” shall mean Fitch IBCA, Inc., and any successor thereto.

“General Manager” shall mean the President and Chief Executive Officer of the Borrower or the person performing the duties of a chief executive officer if no person holds such title and, in the event of any dispute between the Borrower and the Government as to who is the General Manager, the Administrator may designate a person or position that shall be the General Manager for purposes of this Agreement.

“Indenture” shall mean the Indenture, dated as of [, 2008], entered into by the Borrower and [TBD] as trustee, and all amendments and supplements thereto.

“Interest Expense” shall mean the interest expense of the Borrower computed pursuant to Accounting Requirements.

“Investment” shall mean any loan or advance to, or any investment in, or purchase or commitment to purchase any stock, bonds, notes or other securities of, or guaranty, assumption or other obligation or liability with respect to the obligations of, any other person, firm or corporation, except investments in securities or deposits issued, guaranteed or fully insured as to payment by the Government or any agency thereof and except any other investments set forth in the RUS Regulations (7 C.F.R. § 1717.655) as excluded from computations of the amounts and types of investments for which RUS approval is required.

“Investment Grade” means a Credit Rating of BBB- (or its then current equivalent) or higher, if issued by S&P; Baa3 (or its then current equivalent) or higher, if issued by Moody’s; and any comparable investment grade rating if issued by any other Rating Agency.

“Laws” shall have the meaning as defined in Paragraph (e) of Article II of this Agreement.

“Loans” shall mean the loans and other obligations described in Article III of this Agreement.

“Loan Documents” shall mean, collectively, this Agreement, the Indenture and the RUS Notes.

“Material Adverse Effect” shall mean a material adverse effect on the condition, financial or otherwise, operations, properties or business of the Borrower or on the ability of the Borrower to perform its obligations under the Loan Documents.

“Moody’s” shall mean Moody’s Investors Service, and any successor thereto.

“Net Utility Plant” shall mean the amount constituting the Total Utility Plant of the Borrower, less depreciation, computed in accordance with Accounting Requirements.

“New RUS Note” shall mean that RUS 2008 Promissory Note Series A, dated [_____], 2008 in the stated principal amount of [\$_____] executed by the Borrower and delivered to the Government.

“Permitted Debt” shall have the meaning set forth in section 5.27.

“Prior Loan Contracts” shall mean have the meaning as defined in section 8.16.

“Prudent Utility Practice” shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts that, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at the lowest reasonable cost consistent with good business practices, reliability, safety and expedition. “Prudent Utility Practice” is not intended to be limited to the optimum practice, method or act, to the exclusion of all others, but rather to include a spectrum of possible practices, methods or acts generally in acceptance in light of the circumstances.

“Rating Agency” shall mean S&P, Moody’s, Fitch or, provided that it is acceptable to the RUS, any other nationally recognized statistical rating organization (within the meaning of the rules of the United States Securities and Exchange Commission).

“Regulatory Created Assets” shall mean the sum of any amounts properly recordable as unrecovered plant and regulatory study costs or as other regulatory assets, computed pursuant to Accounting Requirements.

“Restricted Rentals” shall mean all rentals required to be paid under finance leases and charged to income, exclusive of any amounts paid under any such lease (whether or not designated therein as rental or additional rental) for maintenance or repairs, insurance, taxes, assessments, water rates or similar charges. For the purpose of this definition the term “finance lease” shall mean any lease having a rental term (including the term for which such lease may be renewed or extended at the option of the lessee) in excess of three years and covering property having an initial cost of \$250,000 other than aircraft, ships, barges, automobiles, trucks, trailers, rolling stock and vehicles; office, garage and warehouse space; office equipment and computers. Restricted Rentals shall not include any amounts paid under any of the Facility Leases (as defined in the Indenture).

“RUS Notes” shall mean the ARVP Note and the New RUS Note.

“RUS Regulations” shall mean the rules, regulations and bulletins of general applicability published by the RUS from time to time as such rules, regulations and bulletins exist at the date of applicability thereof, including but not limited to the rules and regulations set forth at 7 C.F.R. 1700, and, unless the context clearly demonstrates a contrary intent, shall also include any rules and regulations of other Federal entities which the RUS is required by law to implement.

“Smelter Contracts” and each a “Smelter Contract” shall mean (i) the Wholesale Electric Service Agreement (Alcan) dated as of [_____], 2008 by and between the Borrower and Kenergy Corp., (ii) the Wholesale Electric Service Agreement (Century) dated as of [_____], 2008 by and between the Borrower and Kenergy Corp., (iii) the Retail Electric Service Agreement dated as of [_____], 2008 by and between Kenergy Corp. and Alcan Primary Products Corporation, (iv) the Retail Electric Service Agreement dated as of [_____], 2008 by and between Kenergy Corp. and Century Aluminum of Kentucky General Partnership, (v) the Coordination Agreement dated as of [_____], 2008 by and between the Borrower and Alcan Primary Products Corporation, and (vi) the Coordination Agreement dated as of [_____], 2008 by and between the Borrower and Century Aluminum of Kentucky General Partnership.

“Special Construction Account” shall have the meaning as defined in section 5.23.

“Subordinated Indebtedness” shall mean secured indebtedness of the Borrower subordinated to the prior payment of the RUS Notes.

“Subsidiary” shall mean a corporation that is a subsidiary of the Borrower and subject to the Borrower’s control, as defined by Accounting Requirements.

“S&P” shall mean Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., and any successor thereto.

“System” shall have the meaning as defined in the Indenture.

“Total Assets” shall mean an amount constituting the total assets of the Borrower as computed pursuant Accounting Requirements, but excluding any Regulatory Created Assets.

“Total Utility Plant” shall mean the amount constituting the total utility plant (gross) of the Borrower computed in accordance with Accounting Requirements.

“Unwind Transaction” shall mean the termination of the contractual relationships and property interests contemplated by the Transaction Termination Agreement dated as of March 26, 2007 among the Borrower, LG&E Energy Marketing Inc. and Western Kentucky Energy Corp.

“Wholesale Power Contracts” shall mean, collectively and individually, the wholesale power contracts in effect between the Borrower and each of its member distribution cooperatives, which are described in the attached Schedule 1, and all amendments, supplements or replacements thereto or thereof.

ARTICLE II.

REPRESENTATIONS AND WARRANTIES

Recognizing that the RUS is relying hereon, the Borrower represents and warrants, as of the date of this Agreement, as follows:

(a) *Organization; Power, Etc.* The Borrower: (i) is duly organized, validly existing, and in good standing under the laws of the Commonwealth of Kentucky; (ii) is duly qualified to do business and is in good standing in each jurisdiction in which the transaction of its business makes such qualification necessary; (iii) has all requisite corporate and legal power to own and operate its assets and to carry on its business and to enter into and perform its obligations under the Loan Documents; and (iv) has duly and lawfully obtained and maintained all licenses, certificates, permits, authorizations and approvals which are necessary to the conduct of its business or required by applicable Laws.

(b) *Authority.* The execution, delivery and performance by the Borrower of this Agreement and the other Loan Documents and the performance of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action and do not violate any provision of law or of the Articles of Incorporation or Bylaws of the Borrower or result in a breach of, or constitute a default under, any agreement, indenture or other instrument to which the Borrower is a party or by which it may be bound.

(c) *Consents.* No consent, permission, authorization, order or license of any governmental authority is necessary in connection with the execution, delivery or performance of the Loan Documents, except such as have been obtained and are in full force and effect.

(d) *Binding Agreement.* Each of the Loan Documents is, or when executed and delivered will be, the legal, valid, and binding obligation of the Borrower, enforceable in accordance with its terms, subject only to limitations on enforceability imposed in equity or by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally.

(e) *Compliance With Laws.* The Borrower is in compliance in all material respects with all federal, state and local laws, rules, regulations, ordinances, codes and orders (collectively, "Laws"), the failure to comply with which could reasonably be expected to have a Material Adverse Effect.

(f) *Litigation.* There are no pending legal, arbitration or governmental actions or proceedings to which the Borrower is a party or to which any of its property is subject which, if adversely determined, could have a Material Adverse Effect, and to the best of the Borrower's knowledge, no such actions or proceedings are threatened or contemplated, except as the Borrower has disclosed to the RUS in writing.

(g) *Financial Statements, No Material Adverse Change; Etc.* The financial statements submitted to RUS dated as of December 31, 2007 fairly and fully present the financial condition of the Borrower and the results of its operations for the periods covered thereby and were prepared in accordance with Accounting Requirements consistently applied. Since December 31, 2007, there has been no material adverse change in the financial condition or operations of the Borrower. The financial statements submitted to the Kentucky Public Service Commission in connection with Unwind Transaction (Case No. 2007-0045) fairly and fully presented the financial condition of the Borrower and the results of its operations at the time of their filing (subject to any final year end adjustments and footnotes) and any projections filed by the Borrower in the proceeding of the Kentucky Public Service Commission to approve the Unwind Transaction were based on assumptions which were commercially reasonable at the time any such projections were filed.

(h) *Budgets; Projections; Etc.* All budgets, projections, feasibility studies, appraisals, and other documentation submitted by the Borrower to the RUS and any Rating Agency then assigning a Credit Rating are based on assumptions that are reasonable and realistic, as of the date hereof, no fact has come to light, and no event or transaction has occurred, which would cause any assumption made therein not to be reasonable or realistic.

(i) *Location of Properties.* All property and interests therein of the Borrower are located in the states and counties identified in the Indenture.

(j) *Principal Place of Business; Records.* The principal place of business and chief executive office of the Borrower is at the address of the Borrower specified in Section 8.2.

(k) *Subsidiaries.* The Borrower has no Subsidiaries other than Big Rivers Leasing LLC, a Delaware limited liability company.

(l) *Defaults Under Other Agreements.* The Borrower is not in default under any agreement or instrument under which the Borrower is a party or to which any of its property is subject that could reasonably be expected to have a Material Adverse Effect.

(m) *Title to Property.* As to the property which is included in the description of the Trust Estate, the Borrower holds good and marketable title to all of its real property and owns all of its personal property free and clear of any lien or encumbrance other than Permitted Exceptions and liens permitted by Section 14.6 of the Indenture.

ARTICLE III.

THE LOANS

Section 3.1. The Existing Loans

The Borrower has borrowed funds from the Government, acting by and through the Administrator of the RUS, evidenced by the RUS Notes, has agreed to reimburse the Government, acting by and through the Administrator of the RUS, for the amounts borrowed pursuant to the terms of the RUS Notes.

Section 3.2. No Further Advances

The Borrower acknowledges and agrees that all amounts to be advanced to the Borrower under the RUS Notes have been advanced and the Government, acting by or through the Administrator of the RUS, is under no obligation to make any further advances to the Borrower under the RUS Notes.

Section 3.3. Interest Rates and Payment

(a) *Interest Rates.* The RUS Notes shall be payable and bear interest, as therein provided.

(b) *Application of Payments.* All payments made to RUS on the Borrower's behalf or for the account of the Borrower shall be accepted by the Government and shall be applied as follows: (i) first, if and only if, at the time of the Government's receipt of such amounts, any payments are then due and owing under the ARVP Note, then such amounts shall be applied to the ARVP Note to the extent, and only to the extent, of such payments then due and owing thereunder, (ii) second, to any amounts then due and owing under the New RUS Note, and (iii) third, as a prepayment of principal on the New RUS Note. In the absence of a written directive from Borrower, no amounts paid to the Government shall be applied as a prepayment on the

ARVP Note unless and until all other obligations of Borrower to the Government have been satisfied in full.

(c) *Electronic Funds Transfer.* Except as otherwise prescribed by the RUS, the Borrower shall make all payments on the RUS Notes utilizing electronic funds transfer procedures as specified by the RUS.

Section 3.4. Prepayment

The Borrower may prepay the RUS Notes in whole or in part in the sole discretion of the Borrower without penalty or prepayment premium.

Section 3.5 Limitation on Aggregate Principal Amount of the RUS Notes

Notwithstanding the terms of the RUS Notes, the aggregate amount payable under the RUS Notes upon any acceleration thereof shall be the lesser of (i) the beginning principal amount of the New RUS Note, or (ii) the amount payable upon acceleration under the terms of the RUS Notes.

Section 3.6 No Other Obligation of Borrower

The Government and RUS acknowledge and agree that, as of the date hereof, the Borrower owes no indebtedness or obligations to either the Government or RUS, except the indebtedness and obligations evidenced by the Loan Documents.

ARTICLE IV.

AFFIRMATIVE COVENANTS

Section 4.1. Generally

Unless otherwise agreed to in writing by the RUS, while this Agreement is in effect, the Borrower shall duly observe each of the affirmative covenants contained in this Article IV.

Section 4.2. Performance under Loan Documents

The Borrower shall duly observe and perform all of its obligations under each of the Loan Documents.

Section 4.3. Annual Certification

Within ninety (90) days after the close of each fiscal year (or, if the Borrower has delivered written notice to the RUS that the Borrower has determined in good faith that an additional thirty (30) days for such delivery is necessary or advisable, within one hundred twenty

(120) days after the close of the fiscal year with respect to which such notice has been delivered), the Borrower shall deliver to the RUS a written statement signed by its General Manager, stating that during such year the Borrower has fulfilled its obligations under the Loan Documents throughout such year in all material respects or, if there has been a material default in the fulfillment of such obligations, specifying each such default known to the General Manager and the nature and status thereof.

Section 4.4. Rates and Margins for Interest Ratios

(a) *Prospective Requirement.* The Borrower shall design and implement rates for utility service furnished by it to maintain, on an annual basis, the Margins for Interest Ratio specified in Section 13.14 of the Indenture.

(b) *Prospective Notice of Change in Rates.* The Borrower shall give the RUS sixty (60) days' prior written notice of any proposed change in the Borrower's general rate structure.

(c) *Routine Reporting of Margins for Interest Ratio.* The Borrower shall report to the RUS, no later than 45 days after December 31 of each year, in such written format as the RUS may require, the Margins for Interest Ratio that was achieved during the preceding 12-month period ending on December 31, respectively.

(d) *Reporting Non-achievement of Retrospective Requirement.* If the Borrower fails to achieve the Margins for Interest Ratio specified in Section 13.14 of the Indenture for any fiscal year, it must promptly notify RUS in writing to that effect.

(e) *Corrective Plans.* Within thirty (30) days of (i) sending a notice to the RUS under paragraph (d) above that shows the Margins for Interest Ratio specified by Section 13.14 of the Indenture was not achieved for any fiscal year, or (ii) being notified by the RUS that the Margins for Interest Ratio specified by Section 13.14 of the Indenture was not achieved for any fiscal year, whichever is earlier, the Borrower in consultation with the RUS shall provide a written plan satisfactory to the RUS setting forth the actions that shall be taken to achieve the specified Margins for Interest Ratio on a timely basis.

(f) *Noncompliance.* Failure to design and implement rates pursuant to paragraph (a) of this section and failure to develop and implement the plan called for in paragraph (e) of this section shall constitute an Event of Default under this Agreement in the event that RUS so notifies the Borrower to that effect under section 6.1(d) of this Agreement.

Section 4.5. Financial Books

The Borrower shall at all times keep, and safely preserve, proper books, records and accounts in which full and true entries shall be made of all of the dealings, business and affairs of the Borrower and its Subsidiaries, if any, in accordance with any applicable Accounting Requirements.

Section 4.6. Rights of Inspection

The Borrower shall afford the RUS, through its representatives, reasonable opportunity, at all times during business hours and upon prior notice, to have access to and the right to inspect the System, any other property encumbered by the Indenture, and any or all books, records, accounts, invoices, contracts, leases, payrolls, canceled checks, statements and other documents and papers of every kind belonging to or in the possession of the Borrower or in any way pertaining to its property or business, including its Subsidiaries, if any, and to make copies or extracts therefrom.

Section 4.7. Real Property Acquisition

In acquiring real property, the Borrower shall comply in all material respects with the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended by the Uniform Relocation Act Amendments of 1987, and 49 C.F.R. part 24, referenced by 7 C.F.R. part 21, to the extent applicable to such acquisition.

Section 4.8. Financial Reports

Within 120 days of the end of each fiscal year, the Borrower shall cause to be prepared and furnished to the RUS a full and complete annual report of its financial condition and of its operations in form and substance satisfactory to the RUS, audited and certified by an Independent certified public accountant satisfactory to the RUS and accompanied by a report of such audit in form and substance reasonably satisfactory to the RUS. The Borrower shall also furnish to the RUS from time to time such other reports concerning the financial condition or operations of the Borrower, including its Subsidiaries, as the RUS may request or RUS Regulations require.

Section 4.9. Miscellaneous Reports and Notices

The Borrower shall furnish to the RUS:

(a) *Notice of Default.* Promptly after becoming aware thereof, notice of: (i) the occurrence of any Event of Default under this Agreement or event which with the giving of notice or the passage of time, or both, would become an Event of Default; and (ii) the receipt of any notice given pursuant to the Indenture with respect to the occurrence of any event which with the giving of notice or the passage of time, or both, could become an "Event of Default" under the Indenture.

(b) *Notice of Non-Environmental Litigation.* Promptly after the commencement thereof, notice of the commencement of all actions, suits or proceedings before any court, arbitrator, or governmental department, commission, board, bureau, agency or instrumentality affecting the Borrower which, could reasonably be expected to have a Material Adverse Effect.

(c) *Notice of Environmental Litigation.* Without limiting the provisions of Section 4.9(b) above, promptly after receipt thereof, notice of the receipt of all pleadings, orders, complaints, indictments, or other communications alleging a condition that may require the Borrower to undertake or to contribute to a cleanup or other response under laws relating to environmental protection, or which seek penalties, damages, injunctive relief, or criminal sanctions related to alleged violations or such laws, or which claim personal injury or property damage to any person as a result of environmental factors or conditions for which the Borrower is not fully covered by insurance, or which could reasonably be expected to have a Material Adverse Effect.

(d) *Notice of Application for Competitive Transition Charges.* Promptly, but no later than 60 days prior to submission to any approval authority, including without limitation, any regulatory or legislative authority, written notice of an application for authority to collect Competitive Transition Charges. Without limiting the right of RUS to request other information, RUS has the right to request the Borrower to provide to RUS a written appraisal or other financial assessment of the Competitive Transition Charges.

(c) *Notice of Change of Place of Business.* Promptly in writing, notice of any change in location of its principal place of business or the office where its records concerning accounts and contract rights are kept.

(d) *Regulatory and Other Notices.* Promptly after receipt thereof, copies of any notices or other communications received from any governmental authority with respect to any matter or proceeding which could reasonably be expected to have a Material Adverse Effect.

(e) *Ratings.* Promptly after receipt thereof, copies of Credit Ratings and copies of any reports with respect to the Borrower or its Credit Rating issued by any Rating Agency.

(f) *Material Adverse Effect.* Promptly after becoming aware thereof, notice of any matter that has had or is likely to have a Material Adverse Effect.

(g) *Other Information.* Such other information regarding the condition, financial or otherwise, or operations, properties or business of the Borrower as the RUS may, from time to time, reasonably request.

Section 4.10. Variable Rate Indebtedness

In connection with the furnishing of its annual report to the RUS pursuant to Section 4.8, the Borrower shall report to the RUS, in such written format as may be acceptable to the RUS, the specific maturities of all of the Borrower's outstanding indebtedness and, the interest rates applicable thereto, including, without limitation, with respect to any indebtedness not bearing a fixed rate through the maturity of such indebtedness, the method and timing for adjustment and readjustment of the applicable interest rate.

Section 4.11. Compliance with Laws

The Borrower shall operate and maintain the System and its properties in compliance in all material respects with all applicable Laws.

Section 4.12. Separate Accounts

The Borrower shall execute and deliver, with a financial institution approved by the RUS, a lockbox agreement or agreements substantially in the form of Exhibit A attached hereto (“Lockbox Agreement”) and shall at all times maintain such Lockbox Agreement in full force and effect. The Borrower shall not, without first complying with the requirements of Section 8.1, amend, supplement or otherwise modify the Lockbox Agreement. In the event: (a) the Borrower’s Credit Rating is no longer Investment Grade; (b) the Administrator determines the System is incapable of providing reliable service to the members of the Borrower pursuant to the terms of the Wholesale Power Contracts; (c) the Administrator determines that as a consequence of any change in the condition, financial or otherwise, operations, properties or business of the Borrower, the Borrower will be unable to perform its material obligations under (i) this Agreement, (ii) the Wholesale Power Contracts, (iii) the RUS Notes, or (iv) the Indenture; or (d) there is an Event of Default under the Indenture, or any event that with the passage of time or giving of notice, or both, would constitute an Event of Default under the Indenture, the Borrower shall, if so directed in writing by the Administrator of the RUS, (a) deposit, pursuant to the Lockbox Agreement, all cash proceeds of the Trust Estate, including, without limitation, checks, money and the like (other than cash proceeds deposited or required to be deposited with the Trustee pursuant to the Indenture), which cash proceeds shall include, without limitation, all payments by members of the Borrower on account of the Wholesale Power Contracts, in separate deposit or other accounts, segregated from all other monies, revenues and investments of the Borrower, and (b) take all such other actions as the RUS shall request to continue perfection of the lien of the Indenture in such proceeds for the benefit of all Holders of the Outstanding Secured Obligations.

Section 4.13. Property Maintenance

The Borrower shall maintain and preserve its System in compliance in all material respects with the provisions of the Indenture, RUS Regulations and all applicable Laws.

Section 4.14. Load Forecast

The Borrower shall prepare and use load forecasts with respect to its electric loads and future energy and capacity requirements in conformance with RUS Regulations. The Borrower shall provide the RUS with copies of all such load forecasts promptly after receipt thereof.

Section 4.15. Long Range Engineering Plans and Construction Work Plans

The Borrower shall develop, maintain and use up-to-date long-range engineering plans and construction work plans in conformance with RUS Regulations.

Section 4.16. Design Standards, Construction Standards and List of Materials

The Borrower shall use design standards, construction standards, and lists of acceptable materials in conformance with RUS Regulations.

Section 4.17. Plans and Specifications

The Borrower shall submit plans and specifications for construction to RUS for review and approval, in conformance with RUS Regulations, if the construction will be financed in whole or in part by a loan made or guaranteed by RUS.

Section 4.18. Standard Forms of Construction Contracts, and Engineering and Architectural Services Contracts

The Borrower shall use the standard forms of contracts promulgated by the RUS for construction, procurement, engineering services and architectural services, in conformance with RUS Regulations, if the construction, procurement, or services will be financed in whole or in part by a loan made or guaranteed by the RUS.

Section 4.19. Contract Bidding Requirements

The Borrower shall follow the RUS contract bidding procedures in conformance with RUS Regulations when contracting for construction or procurement, if the construction or procurement will be financed in whole or in part by a loan made or guaranteed by the RUS.

Section 4.20. Nondiscrimination

(a) *Equal Opportunity Provisions in Construction Contracts.* The Borrower shall incorporate or cause to be incorporated into any construction contract, as defined in Executive Order 11246 of September 24, 1965 and implementing regulations, which is paid for in whole or in part with funds obtained from the RUS or borrowed on the credit of the United States pursuant to a grant, contract, loan, insurance or guarantee, or undertaken pursuant to any RUS program involving such grant, contract, loan, insurance or guarantee, the equal opportunity provisions set forth in Exhibit B attached hereto entitled Equal Opportunity Contract Provisions.

(b) *Equal Opportunity Contract Provisions Also Bind the Borrower.* The Borrower further agrees that it shall be bound by such equal opportunity clause in any federally assisted construction work which it performs itself other than through the permanent work force directly employed by an agency of government.

(c) *Sanctions and Penalties.* The Borrower agrees that it shall cooperate actively with the RUS and the Secretary of Labor in obtaining the compliance of contractors and subcontractors with the equal opportunity clause and the rules, regulations and relevant orders of the Secretary of Labor, that it shall furnish the RUS and the Secretary of Labor such information as they may require for the supervision of such compliance, and that it shall otherwise assist the

administering agency in the discharge of the RUS's primary responsibility for securing compliance. The Borrower further agrees that it shall refrain from entering into any contract or contract modification subject to Executive Order 11246 with a contractor debarred from, or who has not demonstrated eligibility for, Government contracts and federally assisted construction contracts pursuant to Part II, Subpart D of Executive Order 11246 and shall carry out such sanctions and penalties for violation of the equal opportunity clause as may be imposed upon contractors and subcontractors by the RUS or the Secretary of Labor pursuant to Part II, Subpart D of Executive Order 11246. In addition, the Borrower agrees that if it fails or refuses to comply with these undertakings the RUS may cancel, terminate or suspend in whole or in part this contract, may refrain from extending any further assistance under any of its programs subject to Executive Order 11246 until satisfactory assurance of future compliance has been received from the Borrower, or may refer the case to the Department of Justice for appropriate legal proceedings.

Section 4.21. "Buy American" Requirements

The Borrower shall use or cause to be used in connection with the expenditures of funds if such funds were obtained in whole or in part by a loan being made or guaranteed by the RUS only such unmanufactured articles, materials, and supplies as have been mined or produced in the United States or any eligible country, and only such manufactured articles, materials, and supplies as have been manufactured in the United States or any eligible country substantially all from articles, materials, and supplies mined, produced or manufactured, as the case may be, in the United States or any eligible country, except to the extent the RUS shall determine that such use shall be impracticable or that the cost thereof shall be unreasonable. For purposes of this section, an "eligible country" is any country that has with respect to the United States an agreement ensuring reciprocal access for United States products and services and United States suppliers to the markets of that country, as determined by the United States Trade Representative.

Section 4.22. Depreciation Plan

The Borrower shall adopt as its depreciation rates only those that have been previously approved for the Borrower by RUS (through RUS Regulation or by specific approval by RUS). The Borrower shall not file with or submit for approval of any regulatory bodies depreciation rates which are inconsistent with those approved for the Borrower by RUS.

Section 4.23. Maintenance of Credit Ratings

(a) *Maintenance of Credit Ratings.* As long as there remains any RUS Note, the Borrower shall (i) maintain a Credit Rating from at least two Rating Agencies and (ii) continuously subscribe with a Rating Agency for the services described in Exhibit C attached hereto.

(b) *Reporting Non-achievement of Investment Grade Credit Rating.* If the Borrower fails to maintain a Credit Rating of Investment Grade, it must notify RUS in writing to that effect within five (5) days after becoming aware of such failure.

(c) *Corrective Plans.* Within thirty (30) days of delivering a notice to the RUS under paragraph (b) of this Section 4.23 that the Borrower has failed to maintain a Credit Rating of Investment Grade, the Borrower in consultation with the RUS shall provide a written plan satisfactory to the RUS setting forth the actions that shall be taken that are reasonably expected to achieve a Credit Rating of Investment Grade.

(d) *Noncompliance.* Failure to implement a corrective plan developed in accordance with paragraph (c) of this section shall constitute an Event of Default under this Agreement in the event that RUS so notified the Borrower to that effect under section 6.1(d) of this Agreement.

ARTICLE V.

NEGATIVE COVENANTS

Section 5.1. General

Unless otherwise agreed to in writing by the RUS, while this Agreement is in effect, the Borrower shall duly observe each of the negative covenants set forth in this Article V.

Section 5.2. Acquisition of Capital Assets

The Borrower shall not, without first complying with the requirements of section 8.1, extend or add to its System by purchasing, constructing, leasing or otherwise acquiring Capital Assets, including Capital Assets that constitute utility or non-utility plant, with funds from sources other than loans made or guaranteed by RUS in the case of:

(a) Generating facilities if the total expenditures for the facilities to be built, procured, or leased, including any future facilities included in the planned project, will exceed the lesser of \$10 million or thirty percent (30%) of the Borrower's Equity; or

(b) Existing electric facilities or systems in service whose purchase price, or capitalized value in the case of a lease, exceeds ten percent (10%) of the Borrower's Net Utility Plant;

(c) Any new project to serve an end user whose annual Kwh purchases or maximum annual Kw demand is projected to exceed 25 percent of the Borrower's total Kwh sales or maximum Kw demand in the year immediately preceding the start of construction of facilities; provided, however, this Section 5.2(c) shall not preclude the Borrower from purchasing constructing, leasing or otherwise acquiring Capital Assets

without complying with the requirements of section 8.1 for a project intended to facilitate the providing of service to an end user in accordance with the provisions of a Smelter Contract, provided, further, however that the Borrower may not purchase, construct, lease or otherwise acquire Capital Assets pursuant to the preceding provision without first complying with the requirements of Section 8.1, if the estimated costs of any such project are estimated to exceed \$10,000,000.

Section 5.3. Disposition or Releases of Capital Assets

The Borrower shall not, without first complying with the requirements of section 8.1, voluntarily or involuntarily sell, convey, transfer, lease, as lessor, or otherwise dispose of any portion of its business or Capital Assets, or request the release of or release any Capital Assets from the lien of the Indenture or enter into contracts therefor in any calendar year except in compliance with all applicable RUS Regulations, including without limitation, RUS Bulletin 1717M-2, and any successor regulation. For purposes of measuring the Borrower's compliance with the preceding sentence of this Section 5.3, (i) Section 4(a)(1)(a) of RUS Bulletin 1717M-2 shall be deemed to be modified to read as follows: "The Borrower is not in default;" and (ii) Section 4(a)(1)(f) of RUS Bulletin 1717M-2 shall be deemed to be modified to increase the amount of "\$5 million" set forth therein to "\$10 million". To the extent Borrower receives the prior written approval of RUS to any of the foregoing, the use by Borrower of the proceeds of any such sale, conveyance, transfer, lease or other disposition shall be in compliance with the Indenture.

Section 5.4. Limitations on Mergers and Sale, Lease or Transfer of Capital Assets

The Borrower shall not consolidate or merge with, or sell all or substantially all of its business or assets to, another Person except to the extent it is expressly permitted under the Indenture.

Section 5.5. Limitations on Employment and Retention of General Manager

At any time an Event of Default, or an event which with the passage of time or the giving of notice, or both, would become an Event of Default, occurs and is continuing, the Borrower shall not, without the prior written approval of the RUS, enter into an employment relationship with any person to serve as General Manager of the System. If an Event of Default, or an event which with the passage of time or the giving of notice, or both, would become an Event of Default, occurs and is continuing and the RUS requests the Borrower to terminate the employment of its General Manager, the Borrower shall do so within thirty (30) days after the date of such request. All contracts in respect of the employment of the General Manager or for the operation of the Utility System or the Electric System, hereafter entered into shall contain provisions to permit compliance with this Section 5.5.

Section 5.6. Limitations on Certain Types of Contracts

(a) *Approval of Certain Contracts.* The Borrower shall not, without first complying with the requirements of section 8.1, enter into any of the following:

(i) Any contract for the management and operation of all or a material portion of its System;

(ii) Any contract for the purchase, exchange or sale of electric power or energy that has a term exceeding two (2) years;

(iii) Any contract for the purchase or sale of interconnection, interchange wheeling, transmission, pooling, ancillary services pooling or similar power supply arrangements that has a term exceeding two (2) years;

(iv) Any contract for construction or procurement or for architectural and engineering services in connection with the Borrower's System if the project is financed or will be financed, in whole or in part, by a loan made or guaranteed by the RUS;

(v) Any amendment or modification to any of the Wholesale Power Contracts, including the Schedules thereto, including the Wholesale Power Contracts listed in Schedule 2, except that the Borrower may amend or modify provisions specifying delivery points.

(b) *Terminations.* The Borrower shall not, without first complying with the requirements of Section 8.1, exercise any option to terminate any contract, including, without limitation, any Wholesale Power Contract, if such contract, based upon its nature, remaining term (not taking into account any option of the Borrower to terminate) and size, would be required to be approved by the RUS pursuant to paragraph (a) of this Section 5.6 if the Borrower were to have entered into such contract on the proposed termination date. The Borrower further agrees at the written direction of the RUS to exercise any option to terminate a contract if the exercise by the Borrower of that option would require compliance with the requirements of Section 8.1 pursuant to the immediately preceding sentence unless the exercise of such termination right could reasonably be expected to have a Material Adverse Effect..

(c) *Determination of Term.* For purposes of this Section 5.6, the term of any contract shall be determined in accordance with this Section 5.6(c). The term of any contract shall be the period during which performance (other than payment) is to occur and not the period commencing when such contract is executed. The term of any contract shall be based upon the period prior to the first date upon which the Borrower could, at its option, terminate the contract (taking into account any notice period required for termination).

(d) *Amendments; Extensions.* Any amendment or modification to an existing contract (including an extension thereof) shall be governed by this Section 5.6 only to the extent such specific amendment or modification (and not the contract as a whole), judged as if it were a

separate contract, would be required to be approved by the RUS pursuant to paragraph (a) of this Section 5.6.

Section 5.7. Limitations on Loans, Investments and Other Obligations

The Borrower shall not, without first complying with the requirements of section 8.1, make any loan or advance to, or make any Investment in, or purchase or make any commitment to purchase any stock, bonds, notes or other securities of, or guaranty, assume or otherwise become obligated or liable with respect to the obligations of, any other person, firm or corporation, except as permitted by the Act and RUS Regulations. In computing any permissible level of Investments in any person, firm or corporation in accordance with this Section 5.7 and the RUS Regulations, the Borrower's existing capital contribution to Big Rivers Leasing LLC (formerly Big Rivers Leasing Corporation) shall not be included as contributing to the level of aggregate permissible Investments.

Section 5.8. Rate Changes

The Borrower shall not, without the prior written approval of RUS, increase or reduce its rates if it has failed to comply with the provisions of Section 14.14 of the Indenture for the fiscal year prior to such increase or reduction.

Section 5.9. Indenture Restrictions

Notwithstanding the provisions of the Indenture, the Borrower shall not, without first complying with the requirements of Section 8.1:

(a) consolidate or merge with any other corporation or convey or transfer the Trust Estate under the Indenture substantially as an entirety, or otherwise reorganize its corporate structure to transfer functions or any substantial part of the Trust Estate to any other Person;

(b) elect pursuant to Section 1.1D of the Indenture to apply Accounting Requirements in effect as of the date of execution and delivery of the Indenture;

(c) include as Property Additions, under any provision of the Indenture, any property that would not qualify as Property Additions but for paragraph C of the definition of Property Additions, or sell, lease or sublease any portion of the Trust Estate pursuant to paragraph H of Section 6.1 of the Indenture;

(d) submit an Available Margins Certificate under Article V of the Indenture for the purpose of issuing Additional Obligations unless such Certificate is accompanied by an Independent Accountant's Certificate stating in substance that nothing came to the attention of such Accountant in connection with its unaudited review of the applicable period that would lead such Accountant to believe that there was any incorrect or inaccurate statement in such Certificate;

(e) enter into a Supplemental Indenture pursuant to Section 13.1H of the Indenture;

(f) enter into a Supplemental Indenture pursuant to Section 13.1B or 13.1C of the Indenture if (i) the Holders of the Obligations issued under such Supplemental Indenture are granted greater security rights in and to the Trust Estate than those security rights enjoyed by the Government in its capacity as a Holder of Obligations under the Indenture, provided, however, that neither (I) the existence of Credit Enhancement nor (II) the creation and maintenance of debt service or similar funds for the payment of the principal and interest on Obligations issued under such Supplemental Indenture (to the extent such debt service or other similar funds are funded from the proceeds of the issuance of such Obligations or funded in connection with the refinancing of other debt by such Obligations), shall constitute greater security rights in and to the Trust Estate requiring the Borrower to comply with the requirements of Section 8.1; (ii) the Supplemental Indenture provides for covenants, restrictions, limitations, conditions, events of defaults or remedies not applicable to all Obligations then Outstanding or not equally available to all Holders of Obligations then Outstanding, provided, however, that provisions for covenants and events of default that relate solely to assuring that the interest on such Obligations (or other indebtedness secured by such Obligations) is excludable from the gross income of the holder thereof pursuant to the Internal Revenue Code, as amended, shall not constitute the providing of covenants or events of default requiring the Borrower to comply with the requirements of Section 8.1; or (iii) the Obligations issued under such Supplemental Indenture, or the indebtedness secured by such Obligations, can be (a) accelerated or (b) effectively accelerated through a mandatory purchase or similar mechanism, in either case, as a consequence of a breach or default by the Borrower under the related loan agreement or similar agreement entered into in connection with such Obligation or indebtedness, provided, however, that acceleration and similar rights may be granted to development authorities and trustees without first complying with the requirements of Section 8.1 in connection with the issuance of Obligations (or other indebtedness secured by such Obligations) the interest on which is excludable from the gross income of the holder thereof pursuant to the Internal Revenue Code, as amended, if such acceleration and similar rights are substantially similar to those currently granted to development authorities and trustees in connection with the Existing Obligations;

(g) create or incur or suffer or permit to be created or incurred or to exist any pledge of current assets secured under the Indenture to secure current liabilities;

(h) take any of the following actions:

(i) provide under the Indenture a Certificate of an Appraiser who is not Independent if the value of the property or securities to which such certificate applies is greater than \$500,000;

(ii) provide under the Indenture a Certificate of an Engineer who is not a licensed professional with respect to any project if the cost of such project is greater than \$50,000; or

(iii) provide under the Indenture a Certificate of an Engineer who is not Independent and a licensed professional with respect to the fair value or repair cost of any project if either (A) the fair value or repair cost of such project is greater than \$5,000,000 or (B) RUS has requested in writing such certificate to be provided by an Engineer who is Independent and a licensed professional;

(i) modify or alter Section 9.7 of the Indenture or the obligation of the Trustee under the Indenture to hold the Trust Estate for the equal and proportionate benefit and security of the Holders, without any priority of any Obligation over any other Obligation; or

(j) certify pursuant to Section 5.3D(1) or 5.3D(2) of the Indenture any retired Obligation or any principal payment on an Obligation as the basis for taking any action under the Indenture, if such retirement or payment is pursuant to a regularly scheduled sinking fund or principal installment or made at the Stated Maturity of such Obligation; provided, however, that the Borrower shall not have to comply with the requirements of Section 8.1 before certifying pursuant to Section 5.3D(1) or 5.3D(2) of the Indenture in connection with the issuance of Additional Obligations under the Indenture if such Additional Obligations are:

(1) issued to refund Obligations the interest on which is exempt from taxation under Section 103 of the Internal Revenue Code, or obligations which were issued to refund such tax-exempt Obligations;

(2) issued to refund Obligations owed to, or guaranteed by, the United States of America acting through the RUS, or obligations which were issued to refund such Obligations owed to, or guaranteed by, the United States of America acting through the RUS; or

(3) Obligations issued to refund Obligations, if the combined term of the refunded Obligations and the refunding Additional Obligations does not exceed the term for which the refunded Obligations could have been originally issued under the provisions of this paragraph (j) or paragraph (k) of this Section 5.9.

(k) issue any Additional Obligations under the Indenture to finance Property Additions unless the following additional requirements are met in addition to the requirements set forth in the Indenture for issuing such Additional Obligations:

(1) If the proceeds of such Additional Obligations are being used to finance the initial cost of the construction or acquisition of identified tangible assets, the weighted average life of the loan evidenced by such Additional Obligations does not exceed the weighted average of the expected remaining useful lives of the assets being financed;

(2) The principal of the loan evidenced by such Additional Obligations is amortized at a rate that shall yield a weighted average life that is not greater than the weighted average life that would result from level payments of principal and interest; and

(3) The principal of the loan being evidenced by such Additional Obligations has a maturity of not less than five years.

In determining its compliance with the requirements of clause (2) of this paragraph (k), the Borrower shall be permitted to make reasonable assumptions as to the interest rate which such Additional Obligations will bear as the Borrower deems appropriate in light of the prevailing interest rate environment in which such Additional Obligations are to be issued.

Section 5.10. Negative Pledge

The Borrower shall not, without first complying with the requirements of Section 8.1, directly or indirectly create, incur, assume or permit to exist any lien, mortgage, pledge, security interest, charge or encumbrance of any kind, whether voluntary or involuntary (including any conditional sale or other title retention agreement, any lease in the nature thereof, and any other agreement to give any security interest) on or with respect to any of the Excepted Property except for:

(a) Permitted Exceptions (other than the Permitted Exception described in paragraph Y of the definition of Permitted Exceptions);

(b) as to the Excepted Property described in paragraphs B through E of the Indenture, inclusive, and paragraph K of the definition of Excepted Property, liens, mortgages, pledges, security interests, charges and encumbrances in connection with purchase money, construction or acquisition indebtedness (or renewals or extensions thereof) that encumber only the asset or assets so purchased, constructed or acquired or property improved through such purchase, construction or acquisition, and the proceeds upon a sale, transfer or exchange thereof;

(c) liens, mortgages, pledges, security interests, charges and encumbrances (i) for the benefit of all Holders of the Obligations issued under the Indenture, (ii) in connection with any bond service or similar fund established by the Borrower with respect to any debt securities, the interest on which is excludable from gross income of the holder thereof pursuant to the Internal Revenue Code, as amended, to the extent of amounts deposited in such funds in the ordinary course to make regularly scheduled payments on such debt securities, or (iii) in connection with any debt service or similar fund established by the Borrower for the payment of principal or interest on debt securities, the interest on which is excludable from gross income of the holder thereof pursuant to the Internal Revenue Code, as amended, if such fund is funded solely from the proceeds of the issuance of such debt securities (or funded in connection with the refinancing of other debt by such debt securities);

(d) liens, pledges, security interests, charges and encumbrances with respect to deposit, brokerage, commodity and other similar accounts to the extent such liens, pledges, security interests, charges and encumbrances do not secure indebtedness for borrowed money other than indebtedness incurred in connection with acquiring securities or other investments deposited in any such account;

(e) liens, pledges, security interests, charges and encumbrances with respect to any interest, debt or equity, of the Borrower in National Rural Utilities Cooperative Finance Corporation or CoBank, ACB, purchased or otherwise acquired by the Borrower in connection with membership in such entity or any borrowing from such an entity; or

(f) The security interests created pursuant to the Payment Agreement Pledge, the Government Securities Pledge Agreements and the Funding Agreement Pledges (as each of such terms is defined in the Indenture).

Section 5.11. Emissions Allowances

Except for sales initiated by the Government without the prior consent and knowledge of the Borrower, the Borrower shall not, without first complying with the requirements of Section 8.1, sell, assign or otherwise dispose of (or enter into any agreement therefor) any allowances for emissions or similar rights granted by any governmental authority; provided, however, that the Borrower shall not be required to comply with the requirements of Section 8.1 prior to the sale, assignment or other disposition of any SO₂ allowances to the extent such sale or other disposition was contemplated by the financial model filed in the Kentucky Public Service Commission proceeding to approve the Unwind Transaction, and provided further that, in no event shall the Borrower sell, assign or otherwise transfer any SO₂ allowances necessary in any particular calendar year for the Borrower to operate its generating facilities during such year.

Section 5.12. Renewable Energy Credits

The Borrower shall not, without the prior consent of RUS, sell, assign or otherwise dispose of (or enter into any agreement therefor) (a) any credits received from allowances for emissions or (b) similar rights granted by any governmental authority, in either case which relate to renewable energy.

Section 5.13. Fiscal Year

The Borrower shall not, without first complying with the requirements of Section 8.1, change its fiscal year.

Section 5.14. Limits on Variable Rate Indebtedness

During any period in which (a) an Event of Default has occurred and is continuing or (b) the Borrower has not maintained a Credit Rating of Investment Grade, the Borrower shall not, without first complying with the requirements of section 8.1, increase the outstanding principal amount of indebtedness of the Borrower, the interest rate with respect to which is adjusted or readjusted at intervals of less than two (2) years, to an amount exceeding the amount thereof outstanding on the date of such notice from the RUS.

Section 5.15. Limits on Short-Term Indebtedness

The Borrower shall not, without first complying with the requirements of Section 8.1, on any date permit Short-Term Indebtedness to exceed fifteen percent (15%) of the Borrower's long-term debt and equities (determined in accordance with Accounting Requirements, except that such determination and calculations shall not be made on a consolidated basis and shall not, therefore, take into account the Short-Term Indebtedness, long-term debt and equities of the Borrower's Affiliates and Subsidiaries) as of the end of the fiscal quarter immediately preceding such date. As used in this Section 5.15, "Short-Term Indebtedness" means all indebtedness of, or guaranteed or in effect guaranteed (whether directly or indirectly, contingent or otherwise) against loss in respect thereof to the holder thereof by, the Borrower (other than trade payables) which on the date of original issuance thereof is classified as short-term debt under Accounting Requirements; provided, however, that any indebtedness issued in accordance with a credit agreement or other arrangement with a maturity or expiration date of greater than one year from the date of effectiveness of such credit agreement or arrangement shall not be considered Short-Term Indebtedness at such time as the maturity of expiration of such credit agreements or arrangements is less than one year.

Section 5.16. Limitations on Changing Principal Place of Business

Without prior written notification to the RUS, the Borrower shall not change its principal place of business.

Section 5.17. Limitations on RUS Financed Extensions and Additions

The Borrower shall not extend or add to its System either by construction or acquisition without the prior written approval of RUS if the construction or acquisition is financed or will be financed, in whole or in part, by a RUS loan or loan guarantee.

Section 5.18. Historic Preservation

The Borrower shall not, without approval in writing by the RUS, use any Advance to construct any facility which shall involve any district, site, building, structure or object which is included in, or eligible for inclusion in, the National Register of Historic Places maintained by the Secretary of the Interior pursuant to the Historic Sites Act of 1935 and the National Historic Preservation Act of 1966.

Section 5.19. Change of Ratings Agency

At any time that only one Rating Agency has assigned a Credit Rating, the Borrower shall not, without first complying with the requirements of Section 8.1, change the Rating Agency then providing the Credit Rating.

Section 5.20. Competitive Transition Charges

The Borrower shall not, without first complying with the requirements of Section 8.1, (i) sell, exchange or otherwise dispose of Competitive Transition Charges, (ii) request the release of Competitive Transition Charges from the lien of the Indenture, or (iii) utilize Competitive Transition Charges as a basis for issuing Obligations under the Indenture, or as basis for a securitized financing outside the Indenture, or withdraw Trust Moneys related to Competitive Transition Charges.

Section 5.21. Limitation on Release of Agreements

The Borrower shall not, without first complying with the requirements of Section 8.1, sell, assign or otherwise dispose of, request the release of or release any contract described in Section [_____] from the lien of the Indenture.

Section 5.22. Special Construction Account

The Borrower shall deposit the proceeds of loans made or guaranteed by RUS promptly after the receipt thereof in a bank or banks that are insured by the Federal Deposit Insurance Corporation or other federal agency acceptable to RUS. Any account (hereinafter called "Special Construction Account") in which any such moneys shall be deposited shall be insured by the Federal Deposit Insurance Corporation or other federal agency acceptable to RUS and shall be designated by the corporate name of the Borrower followed by the words "Trustee, Special Construction Account." Moneys in any Special Construction Account shall be used solely for the construction and operation of the System and may be withdrawn only upon checks, drafts, or orders signed on behalf of the Borrower and countersigned by an executive officer thereof.

Section 5.23. Impairment of Contracts

The Borrower shall not (a) materially breach any obligation to be paid or performed by the Borrower under, or (b) take any action which is likely to materially impair the value of, any contract which is subject to the security interest created by the Indenture.

Section 5.24. Limitations on Distributions

Without the prior written approval of RUS, the Borrower shall not in any calendar year make any Distributions to its members or stockholders except as follows:

(a) *Equity above 30%.* If, after giving effect to any such Distribution, the Equity of the Borrower shall be greater than or equal to 30% of its Total Assets; or

(b) *Equity above 25%.* If, after giving effect to any such Distribution, the aggregate of all Distributions made during the calendar year when added to such Distribution shall be less than or equal to 25% of the margins for the year to which the Distribution relates.

Provided however, that in no event shall the Borrower make any Distributions if there is unpaid when due any installment of principal of (premium, if any) or interest on its Notes, if an Event of Default has otherwise occurred and is continuing, or, if, after giving effect to any such Distribution, the Borrower's current and accrued assets would be less than its current and accrued liabilities and provided, further, that the limitation on Distributions created by this Section 5.24 shall not apply to any payments, rebates, refunds or abatement of power costs made in accordance with a Smelter Contract or made in accordance with any tariff on file with the Kentucky Public Service Commission.

Section 5.25. Limitations on Additional Indebtedness

The Borrower shall not incur, assume, guarantee or otherwise become liable in respect of any debt for borrowed money and Restricted Rentals (including Subordinated Indebtedness) other than the following ("Permitted Debt"):

- (a) Additional Obligations issued in compliance with Article V of the Indenture;
- (b) Purchase money indebtedness in non-System property, in an amount not exceeding 10% of Net Utility Plant;
- (c) Restricted Rentals in an amount not to exceed 5% of Equity during any 12 consecutive calendar month period;
- (d) Unsecured lease obligations incurred in the ordinary course of business except Restricted Rentals;
- (e) Unsecured indebtedness for borrowed money, up to an aggregate amount of 15% of Net Utility Plant, so long as after giving effect to such unsecured indebtedness, the Borrower's Equity is more than 20% of its Total Assets;
- (f) Debt represented by dividends declared but not paid;
- (g) Subordinated Indebtedness approved by RUS; and
- (h) the Subordinated Mortgage dated as of April 1, 2000 from the Borrower to certain parties in the lease financing of the Green and Wilson units.

The Borrower may incur Permitted Debt without the consent of RUS only so long as there exists no Event of Default hereunder and there has been no continuing occurrence which with the passage of time and giving of notice could become an Event of Default hereunder. By executing this Agreement any consent of RUS that the Borrower would otherwise be required to obtain under this Section is hereby deemed to be given or waived by RUS by operation of law to the extent, but only to the extent, that to impose such a requirement of RUS consent would clearly violate federal laws or RUS Regulations.

ARTICLE VI.

EVENTS OF DEFAULT

The following shall be "Events of Default" under this Agreement:

(a) *Representations and Warranties.* Any representation or warranty made by the Borrower in Article II hereof or, in any certificate furnished to the RUS hereunder or in the Loan Documents shall be incorrect in any material respect at the time made and shall at the time in question be untrue or incorrect in any material respect and remain uncured;

(b) *Payment.* Default shall be made in the payment of or on account of interest on or principal of any RUS Note when and as the same shall be due and payable, whether by acceleration or otherwise, which shall remain unsatisfied for five (5) Business Days;

(c) *Other Covenants.* Default by the Borrower in the observance or performance of any other covenant or agreement contained in any of the Loan Documents, which shall remain unremedied for thirty (30) calendar days after written notice thereof shall have been given to the Borrower by the RUS;

(d) *Corporate Existence.* The Borrower shall forfeit or otherwise be deprived of its corporate charter or any franchise, permit, easement, consent or license required to carry on any material portion of its business;

(e) *Other Obligations.* Default by the Borrower in the payment of any obligation, whether direct or contingent, for borrowed money in excess of \$1 million or in the performance or observance of the terms of any instrument pursuant to which such obligation was created or securing such obligation which default shall have resulted in such obligation becoming or being declared due and payable prior to the date on which it would otherwise be due and payable;

(f) *Bankruptcy.* A court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Borrower in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official, or ordering the winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of ninety (90) consecutive days or the Borrower shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or under any such law, or consent to the appointment or taking possession by a receiver, liquidator, assignee, custodian or trustee, of a substantial part of its property, or make any general assignment for the benefit of creditors; and

(g) *Dissolution or Liquidation.* Other than as provided in the immediately preceding subsection, the dissolution or liquidation of the Borrower, or failure by the Borrower promptly to forestall or remove any execution, garnishment or attachment of such consequence as shall impair its ability to continue its business or fulfill its obligations and such execution,

garnishment or attachment shall not be vacated within thirty (30) days. The term “dissolution or liquidation of the Borrower,” as used in this paragraph (h), shall not be construed to include the cessation of the corporate existence of the Borrower resulting either from a merger or consolidation of the Borrower into or with another corporation following a transfer of all or substantially all its assets as an entirety, under the conditions permitting such actions.

(h) *Indenture.* Any Event of Default as set forth in Section 9.1 of the Indenture and any event (as set forth in such Section 9.1) that with the giving of notice or the passage of time, or both, could become an Event of Default.

ARTICLE VII.

REMEDIES

Upon the occurrence of an Event of Default, then RUS may pursue all rights and remedies available to RUS that are contemplated by this Agreement in the manner, upon the conditions, and with the effect provided in this Agreement, including, but not limited to, a suit for specific performance, injunctive relief or compensatory damages. The RUS is hereby authorized, to the maximum extent permitted by applicable law, to demand specific performance of this Agreement at any time when the Borrower shall have failed to comply with any provision of this Agreement applicable to it. The Borrower hereby irrevocably waives, to the maximum extent permitted by applicable law, any defense based on the adequacy of a remedy at law that might be asserted as a bar to such remedy of specific performance. Nothing herein shall limit the right of the RUS to pursue all rights and remedies available to a creditor at law or in equity following the occurrence of an Event of Default listed in Article VI hereof, or any right or remedy available to the RUS as a Holder of an Obligation under the Indenture. Each right, power and remedy of the RUS shall be cumulative and concurrent, and recourse to one or more rights or remedies shall not constitute a waiver of any other right, power or remedy.

ARTICLE VIII.

MISCELLANEOUS

Section 8.1. Notice to RUS; Objection of RUS

Before undertaking any transaction described in Article V or the schedules attached hereto that requires compliance with the requirements of Section 8.1, the Borrower shall give to the RUS (i) notice in writing describing in reasonable detail the proposed transaction and clearly stating that the transaction is covered by this Section 8.1 and (ii) drafts of any documents to effect such transaction. If the RUS delivers to the Borrower written notice that it objects to the

proposed transaction within sixty (60) days (or such shorter period as the parties shall agree to in writing), the Borrower shall not complete the transaction without RUS approval.

Section 8.2. Notices

All notices, requests and other communications provided for herein including, without limitation, any modifications of, or waivers, requests or consents under, this Agreement shall be given or made in writing (including, without limitation, by telecopy) and delivered to the intended recipient at the "Address for Notices" specified below; or, as to nay party, at such other address as shall be designated by such party in a notice to each other party. Except as otherwise provided in this Agreement, all such communications shall be deemed to have been duly given when transmitted by telecopier or personally delivered or, in the case of a mailed notice, upon receipt, in each case given or addressed as provided for herein. The Address for Notices of the respective parties are as follows:

The Government:

Rural Utilities Service
United States Department of Agriculture
[Room No. 4051]
1400 Independence Avenue, S.W.
[Stop 1510]
Washington, DC 20250
Fax: (202) 720-1725
Attention: Administrator

With a copy to:

Rural Utilities Service
United States Department of Agriculture
[Room No. 0270]
1400 Independence Avenue, S.W.
[Stop: 1568]
Washington, DC 20250
Fax: (202) 720-1401
Attention: Power Supply Division

The Borrower:

Big Rivers Electric Corporation
201 Third Street
Henderson, Kentucky 42420
Fax: (270) 827-2558
Attention: President and Chief Executive Officer

With a copy to:

Sullivan, Mountjoy, Stainback & Miller
100 St. Ann's Building
PO Box 727
Owensboro KY 42302-0727

Fax: (270) 683-6694
Attention: James Miller

Section 8.3. Expenses

To the extent permitted by Law, the Borrower shall pay all costs and expenses of RUS, including reasonable fees of counsel, incurred in connection with the enforcement of the Loan Documents or with the preparation for such enforcement if the RUS has reasonable grounds to believe that such enforcement may be necessary.

Section 8.4. Late Payments

If payment of any amount due hereunder is not received at the United States Treasury in Washington, DC, or such other location as RUS may designate to the Borrower, within five (5) Business Days after the due date thereof or such other time period as RUS may prescribe from time to time in its policies of general application in connection with any late payment charge (such unpaid amount being herein called the "delinquent amount," and the period beginning after such due date until payment of the delinquent amount being herein called the "late-payment period), the Borrower shall pay to RUS, in addition to all other amounts due under the terms of the RUS Notes and this Agreement, any late-payment charge as may be fixed by RUS Regulations from time to time on the delinquent amount for the late-payment period.

Section 8.5. Filing Fees

To the extent permitted by Law, the Borrower agrees to pay all expenses of RUS (including the fees and expenses of its counsel) in connection with the filing or recordation of all financing statements and instruments as may be required by RUS in connection with this Agreement, including, without limitation, all documentary stamps, recordation and transfer taxes and other costs and taxes incident to recordation of any document or instrument in connection herewith. The Borrower agrees to save harmless and indemnify the RUS from and against any liability resulting from the failure to pay any required documentary stamps, recordation and transfer taxes, recording costs, or any other expenses incurred by the RUS in connection with this Agreement. The provisions of this Section 8.5 shall survive the execution and delivery of this Agreement and the payment of all other amounts due hereunder or due on the RUS Notes.

Section 8.6. No Waiver

No failure on the part of the RUS to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by the RUS of any right hereunder preclude any other or further exercise thereof or the exercise of any other right.

Section 8.7. Governing Law

EXCEPT TO THE EXTENT GOVERNED BY APPLICABLE FEDERAL LAW, THE LOAN DOCUMENTS SHALL BE DEEMED TO BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF KENTUCKY.

Section 8.8. Holiday Payments

If any payment to be made by the Borrower hereunder shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in computing any interest in respect of such payment.

Section 8.9. Successors and Assigns

This Agreement shall be binding upon and inure to the benefit of the Borrower and the RUS and their respective successors and assigns, provided, however, that the Borrower may not assign or transfer its rights or obligations hereunder without the prior written consent of the RUS.

Section 8.10. Complete Agreement; Amendments

This Agreement and the other Loan Documents are intended by the parties to be a complete and final expression of their agreement. However, RUS reserves the right to waive its rights to compliance with any provision of this Agreement and the other Loan Documents. No amendment, modification, or waiver of any provision hereof or thereof, and no consent to any departure of the Borrower herefrom or therefrom, shall be effective unless approved in writing by RUS in the form of either a RUS Regulation or other writing signed by or on behalf of RUS, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 8.11. Headings

The headings and sub-headings contained in the titling of this Agreement are intended to be used for convenience only and do not constitute part of this Agreement.

Section 8.12. Severability

If any term, provision or condition, or any part thereof, of this Agreement shall for any reason be found or held invalid or unenforceable by any governmental agency or court of competent jurisdiction, such invalidity or unenforceability shall not affect the remainder of such

term, provision or condition nor any other term, provision or condition, and this Agreement and the RUS Notes shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained herein.

Section 8.13. Right of Set off

Upon the occurrence and during the continuance of any Event of Default, the RUS is hereby authorized at any time and from time to time, without prior notice to the Borrower, to exercise rights of set off or recoupment and apply any and all amounts held or hereafter held, by the RUS or owed to the Borrower or for the credit or account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing hereunder or under the RUS Notes. The RUS agrees to notify the Borrower promptly after any such set off or recoupment and the application thereof, provided that the failure to give such notice shall not affect the validity of such set off, recoupment or application. The rights of the RUS under this Section 8.13 are in addition to any other rights and remedies (including other rights of set off or recoupment) which the RUS may have. The Borrower waives all rights of set off, deduction, recoupment or counterclaim.

Section 8.14. Schedules and Exhibits

Each Schedule and Exhibit attached hereto and referred to herein is each an integral part of this Agreement.

Section 8.15. Sole Benefit

The rights and benefits set forth in this Agreement are for the sole benefit of the parties thereto and may be relied upon only by them.

Section 8.16. Prior Loan Contracts

It is understood and agreed that with respect to all loan agreements previously entered into by and between RUS and the Borrower, including, without limitation, the Existing Loan Contract, (hereinafter being referred to as "Prior Loan Contracts") the Borrower shall be required, as of the date hereof, to meet affirmative and negative covenants as set forth in this Agreement rather than those set forth in any Prior Loan Contract. As of the date hereof, this Agreement replaces and supersedes any Prior Loan Contract. In the event of any conflict between any provision set forth in the Prior Loan Contract and any provision in this Agreement, the requirements as set forth in this Agreement shall apply.

Section 8.17. Authority of RUS Representatives

In the case of any consent, approval or waiver from the RUS that is required under this Agreement or any other Loan Document, such consent, approval or waiver must be in writing and signed by an authorized RUS representative to be effective. As used in this Section 8.17, "authorized RUS representative" means the Administrator of RUS, and also means a person to

whom the Administrator has officially delegated specific or general authority to take the action in question.

Section 8.18. Relation to RUS Regulations

(a) In case of any conflict between the terms of this Agreement and the provisions of the RUS Regulations, the terms of this Agreement shall control.

(b) The RUS Regulations shall apply to the Borrower to the extent and under the conditions expressly set forth in this Agreement (other than in Section 4.11). To the extent this the terms of this Agreement, the Indenture, and the RUS Regulations are silent on an issue relating to System operation, control, maintenance, and accounting, the Borrower will comply with Prudent Utility Practice.

(c) The Borrower recognizes that some RUS Regulations implement Federal statutes or regulatory policies that are not limited to rural electrification but apply to many types of Federal assistance. Nothing herein is intended to, or shall be deemed to, waive the requirements of any Federal statute or regulation that is applicable to the Borrower independently of any requirement made applicable solely by the RUS Regulations.

(d) Subject to paragraphs (b) and (c) above, if on the date of this Agreement, any RUS Regulation conflicts with the terms of this Agreement or the Indenture pursuant to 7 C.F.R. 1710.113(c)(2) (62 F.R. 7721 & 18037 (1997)), the RUS hereby waives compliance by the Borrower with such RUS Regulations.

Section 8.19. Term

This Agreement shall remain in effect until one of the following two events has occurred:

(a) The Borrower and the RUS replace this Agreement with another written agreement; or

(b) All of the Borrower's obligations under this Agreement and the RUS Notes have been discharged and paid.

Section 8.20. Relation to Indenture

The RUS is a party to this Agreement and a Holder of Outstanding Secured Obligations under the Indenture. Both this Agreement and the Indenture govern the relationship between the Borrower and the RUS, and the parties intend that the Indenture and this Agreement independently govern such relationship. Each provision of this Agreement is intended to and shall be fully operative and enforceable as written whether or not the subject matter of any such provision is or is not addressed by the Indenture, or, if so addressed, is addressed in a different way from that set forth in this Agreement.

(Signatures begin on next page.)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, and the Borrower's execution to be attested under seal, as of the day and year first above written.

BIG RIVERS ELECTRIC CORPORATION

By: _____
Name: _____
Title: _____

Attest: _____
Name: _____
Title: _____

[CORPORATE SEAL]

THE UNITED STATES OF AMERICA

By: _____
Name: _____
Title: _____

EXHIBIT A

To the Amended and Consolidated Loan Contract, dated as of [],
Between Big Rivers Electric Corporation and the United States of America

LOCKBOX AGREEMENT

This **LOCKBOX AGREEMENT** (this "Agreement") is entered into as of [], by and among [], not individually or personally but solely in its capacity as trustee (the "Trustee") under the Indenture (defined below) and the United States of America, acting by and through the Administrator of the Rural Utilities Service (together with any agency succeeding to the powers and rights of the Rural Utilities Service, the "RUS").

WHEREAS, the Company, as grantor, and the Trustee have entered into an Indenture, dated as of [] (such indenture, as from time to time amended, supplemented or restated, the "Indenture"), whereby, among other things, the Company has granted a security interest in certain contracts of the Company for the purchase or sale of, and transmission of, electric power and energy by or on behalf of the Company;

WHEREAS, the Company has entered into wholesale power contracts (the "Wholesale Power Contracts") as listed on Schedule I to the Loan Contract (as hereinafter defined);

WHEREAS, under the Indenture, the Company has also granted a security interest in the proceeds of the "Trust Estate" (as defined in the Indenture), including all proceeds of the Wholesale Power Contract;

WHEREAS, the Company and the RUS, have entered into an Amended and Consolidated Loan Contract, dated as of [] (such loan contract, as from time to time amended, supplemented or restated, the "Loan Contract") in which the Company has agreed, upon the occurrence of certain conditions and at the request of the RUS, to deposit cash proceeds of the Trust Estate as provided in the Indenture, the Loan Contract and this Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

Section 1. Definitions. Terms used in this Agreement with initial letters capitalized that are defined in the Indenture and are not otherwise defined herein have the meanings assigned to them in the Indenture. In addition, the following terms have the meanings assigned to them below:

(a) "Applicable Period" shall mean any period commencing on the date the Company receives notice from the RUS in writing that a Highest Oversight Period (as defined in the Loan Contract) exists, and ending on the date the Company receives notice from the RUS in writing that such Highest Oversight Period no longer exists; and

(b) "Pledged Revenues" shall mean all cash proceeds (as defined in the Uniform Commercial Code) of the Trust Estate received or receivable by the Company in which the Indenture creates a security interest pursuant to the Uniform Commercial Code that are not deposited or required to be deposited with the Trustee pursuant to the Indenture; provided,

however, to ease administrative burdens of the Company, Pledged Revenues shall not include cash proceeds (other than cash proceeds from the Wholesale Power Contracts) in an amount equal to or less than \$ 10,000 from any Person during any one month period.

Section 2. Lockbox Account. There is hereby created and established with the Bank a special account to be titled the "Big Rivers Electric Corporation Special Cash Account" (the "Lockbox Account"), account number []. The money deposited into the Lockbox Account, together with all investments thereof and investment income therefrom, shall be applied solely as provided in this Agreement.

Section 3. Account Subject to Pledge of the Indenture. Amounts deposited into the Lockbox Account shall constitute a portion of the Trust Estate pledged pursuant to the Indenture for the equal and ratable security of all the Outstanding Secured Obligations in accordance with and as provided by the terms of the Outstanding Secured Obligations and the Indenture. The Bank shall hold all such amounts deposited in the Lockbox Account pursuant to this Agreement as agent of the Trustee to perfect the lien of the Indenture therein. Except as otherwise permitted under Section 12, the Lockbox Account shall not be closed without the written consent of the RUS.

Section 4. Partial Waiver of Right of Set Off. Except to the extent of any amounts due to the Bank on account of items credited to the Lockbox Account prior to collection that are not subsequently collected, the Bank hereby waives, and agrees that it shall not exercise, any right of set off or any banker's lien with respect to the Lockbox Account; provided, however, that nothing in this Agreement shall be deemed to constitute a waiver by the Bank of its right of set off or any banker's lien with respect to any other account of the Company.

Section 5. Payments to Be Made to Account. During any Applicable Period, the Company shall direct each of its members and each other Person obligated to make any payment to the Company of Pledged Revenues to make such payments to the Bank at the address or in such other manner as specified in Section 6 for deposit into the Lockbox Account. The Company agrees not to make, cause or permit to be made any deposits of moneys other than Pledged Revenues into the Lockbox Account. The Company shall use its best efforts to cause its members and each other Person obligated to make any payment of Pledged Revenues to make such payments in accordance with the provisions of this Agreement.

Section 6. Manner of Payment

(a) During any Applicable Period, payments of Pledged Revenues made by mail shall be mailed to:

Reference: Big Rivers Electric Corporation Special Cash Account

or to such other address as may be specified by the Bank to the Company at least thirty (30) days before the effective date of such change. During any Applicable Period, electronic payments of Pledged Revenues shall be made in the following manner:

[]

All such payments of Pledged Revenues shall be accompanied by such references or other instructions to the Bank to deposit such payments in the Lockbox Account. The Bank shall have no responsibility or liability for failing to deposit any moneys in the Lockbox Account which are not accompanied by such references or other instructions to deposit such moneys in such account.

(b) All such payments received by the Bank shall be deposited into the Lockbox Account and held subject to the provisions hereof. The Bank is hereby authorized, empowered and directed by the Company to deposit all funds received as described in Section 6(a) into the Lockbox Account and to make all necessary endorsements and to take all other necessary actions to carry out the purposes of this Agreement. The Company hereby waives notice of presentment, protest and non-payment of any instrument so endorsed.

(c) During any Applicable Period, the Company shall promptly, and no event later than the Business Day following the receipt thereof, remit to the Bank in accordance with Section 6(a) for deposit into the Lockbox Account any Pledged Revenue that is received by the Company.

Section 7. Accounting. No less frequently than once each month, the Bank shall deliver by mail a statement to the Company, with copies to the Trustee, the RUS and such other Persons as may be designated by the Company, which shall identify the date, maker and amount of each deposit to the Lockbox Account, and the date, payee and amount of each withdrawal or other debit to the Lockbox Account.

Section 8. Disbursements.

(a) Upon written demand of the Trustee, accompanied by a statement that there has occurred and is continuing under the Indenture an Event of Default, and continuing until such demand is rescinded, the Bank shall pay to the Trustee all amounts then or thereafter on deposit in the Lockbox Account, to be applied by the Trustee as provided under the Indenture. Such amounts so paid shall be held and administered by the Trustee in accordance with general terms and conditions set forth in the Indenture.

(b) So long as the Bank shall not have received a written demand from the Trustee under paragraph (a) above, on the fifth (5th) Business Day preceding the end of each month during the Applicable Period, the Bank shall withdraw and pay (or deposit in another, unrestricted account, at the direction of the appropriate party listed below) from the amounts on deposit in the Lockbox Account the following amounts in the order indicated to the extent funds are available in the Lockbox Account:

(1) to the Bank, the amount of fees and expenses that are then payable to the Bank under Section 9;

(2) to the Trustee, the amount certified by the Trustee as the amount of any fees or expenses that are then payable to the Trustee under the Indenture;

(3) to the Company, the amount specified in a written request as the amount of ordinary and necessary payments due from the Company for the

following month, including, without limitations, payments for operations and regularly scheduled debt service;

(4) to the Trustee, the amount certified by the Trustee as the amount necessary to provide for the payment of the principal and interest then due or (based on receipt by the Trustee on a monthly basis of a proportional amount of principal and accrued interest) becoming due on the Outstanding Secured Obligations during the following month, for deposit as Trust Moneys under the Indenture;

(5) to the Company, the amount specified in a written request as the amount of expenditures approved for the following month in accordance with a capital expenditure budget approved by the RUS;

(6) to the Company, the amount specified in a written request as the amount of expenditures for the following month approved in writing by the RUS for other purposes; and

(7) to the payment of any amounts due under Obligations to maintain the value of reserve funds established and maintained in connection with debt securities (A) secured by a pledge of certain Obligations, (B) issued on behalf of the Company and (C) with respect to which an opinion was delivered on the date of the issuance of such securities to the effect that the interest on such securities is excluded from the gross income of the holder of such securities pursuant to the Internal Revenue Code, as amended.

(c) Any amounts remaining on deposit in the Lockbox Account on the day following the end of the month in which (i) a Highest Oversight Period no longer exists (as evidenced by an Officers' Certificate and a notice from the RUS to such effect) or (ii) this Agreement terminates pursuant to Section 13, shall be paid to the Company in accordance with, and upon receipt of, a written request, to be used for any lawful purpose.

(d) Pending disbursements of the amounts on deposit in the Lockbox Account, the Bank shall promptly invest and reinvest such amounts in the Defeasance Securities specified in any Company Order or in a mutual fund consisting of Defeasance Securities, or in such other investments as may be approved in writing by the RUS.

(e) Any amounts deposited in the Lockbox Account that do not constitute Pledged Revenues, as identified to the Bank in writing by either of the RUS or the Trustee, shall be promptly paid to the Company (provided that during any period described in paragraph (a) above, in which case such amounts so identified shall be paid to the Trustee). The Company agrees to promptly notify both of the Trustee and the RUS of any deposits into the Lockbox Account of any amounts not constituting Pledged Revenues.

(f) The RUS agrees that, so long as a Highest Oversight Period exists, it shall promptly respond to any request made by the Company for expenditures pursuant to this Section. If the RUS has not responded within five (5) days (during which the offices of the RUS are open) of the receipt by the RUS of a written request for expenditures, such request will be deemed to

have been approved by the RUS. In disbursing any such amounts that are subject to RUS approval, the Bank shall be able to conclusively rely on the Company's statement in writing that the RUS has approved such expenditure in writing or has been deemed to have approved such expenditure.

Section 9. Fees and Expenses of Bank. The Company agrees

(a) to pay to the Bank from time to time such compensation as may be specifically agreed upon with the Bank and, absent specific agreement, reasonable compensation for 0 services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(b) except as otherwise expressly provided herein, to reimburse the Bank upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bank in accordance with any provision of this Agreement (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Bank's negligence or bad faith; and

(c) to indemnify the Bank for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of this Agreement, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

All such payments and reimbursements shall be made with interest at the then prevailing prime rate of the Bank.

Section 10. Certain Rights of Bank.

(a) The Bank undertakes to perform such duties and only such duties as are specifically set forth in this Agreement and no implied covenants or obligations shall be read into this Agreement against the Bank. The Bank makes no representation or warranty as to the priority of any claim or the status, in the event of any insolvency, bankruptcy or other similar proceeding affecting the Company, of amounts held in the Lockbox Account or paid therefrom.

(b) In the absence of bad faith on its part, the Bank may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Bank and appearing to conform to the requirements of this Agreement. The Bank shall have no liability for actions taken pursuant to this Agreement' other than as a result of its gross negligence or willful misconduct.

(c) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order approval or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties and shall not be required to verify the accuracy of any information or calculations required to be included therein or attached thereto. Any request or direction of the Company mentioned herein shall be sufficiently

evidenced by a written request and any resolution of the Board of Trustees may be sufficiently evidenced by a Board Resolution

(d) Whenever in the administration of this Agreement, the Bank shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Bank (unless other evidence is herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate.

(e) The Bank may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(f) The Bank may execute any of the powers hereunder or perform any duties hereunder either directly or by *or through agents or attorneys and shall not be liable for the negligence or misconduct of such Persons appointed by the Bank with due care hereunder.

(g) The Bank shall not be liable for any errors of judgment made in good faith by it, unless it shall be proved that the Bank was grossly negligent or reckless in ascertaining the *pertinent facts*.

(h) The Bank shall not be required to give any bond or surety in respect of the execution of the obligations and trusts set forth in this Agreement or otherwise in respect hereof or of the Lockbox Account.

Section 11. Trustee's Rights, Obligations, Etc. The rights, duties, responsibilities and fees of the Trustee hereunder shall be governed by the provisions of Article IX of the Indenture relating to the Trustee and the indemnities provided for in the Indenture shall include all action by the Trustee taken hereunder.

Section 12. Removal, Resignation, Etc. The Bank may resign at any time upon thirty (30) days written notice to the Company, the Trustee and the RUS. The Company may remove the Bank, with the written consent of the RUS, upon thirty (30) days written notice to the Bank, the Trustee and the RUS. The RUS may remove the Bank upon thirty (30) days written notice to the Bank, the Company and the Trustee. Upon any such resignation or removal, the Company shall select another financial institution, with the approval of the RUS, with which to enter into a lockbox agreement substantially upon the terms contained in this Agreement and otherwise upon such terms as shall be permitted or required by the RUS. In the event the Company does not select a financial institution approved by the RUS, the RUS shall select such financial institution.

Section 13. Amendments with Consent of the RUS. Even though this Agreement establishes rights for the benefit of Holders of the Outstanding Secured Obligations, the terms, conditions and requirements of this Agreement are in addition to those found in the Indenture and have been required solely by the RUS. Accordingly, this Agreement can be terminated, amended, modified or supplemented in any way by the Company with the consent of only the RUS and without the consent of the Bank, the Trustee or the Holders of the Outstanding Secured Obligations; provided, however that no amendment, modification or supplement to the obligations or rights of the Bank or the Trustee, or otherwise adversely affecting the Bank or the

Trustee, shall be effective as to the Bank or the Trustee without the prior written consent of the Bank or the Trustee, or both, as the case may be. This Agreement shall automatically terminate on the date on which the RUS is no longer a Holder of any Outstanding Secured Obligation.

Section 14. Exculpation of the RUS. The RUS shall have no obligation or liability to any party to this Agreement.

Section 15. Benefits of Agreement. Nothing in this Agreement, express or implied, shall give to any Person, other than the parties hereto, and their successors hereunder and any separate trustee or co-trustee appointed under Section 9.14 of the Indenture, any benefit or any legal or equitable right, remedy or claim under this Agreement.

Section 16. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.

Section 17. Counterparts. This Agreement may be executed in any number of counterparts, each of which so executed to be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 18. Specific Performance. Each of the Trustee and the RUS is hereby, to the maximum extent permitted by applicable law, to demand specific performance of this Agreement at any time when the Company shall have failed to comply with any provision of this Agreement applicable to it. The Company hereby irrevocably waives, to the maximum extent permitted by applicable law, any defense based on the adequacy of a remedy at law that might be asserted as a bar to such remedy of specific performance.

Section 19. Waiver. No failure on the part of the Trustee, the Bank or the RUS to exercise, and no delay in exercising, any right hereunder, under the Indenture or under the Loan Contract, shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder or thereunder preclude any other or further exercise thereof. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section 20. Further Assurances. The Company agrees, at the cost and expense of the Company, to execute and deliver and file and record such further documents or instruments as the Trustee, the RUS or the Bank may reasonably request in order to carry out or confirm the respective rights of the Trustee, the RUS and the Bank under this Agreement.

Section 21. Entire Agreement. This written Agreement represents the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. There are no unwritten oral agreements between parties.

[Signatures on next page.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

[BANK]
as Lockbox Bank

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

BIG RIVERS ELECTRIC CORPORATION

By: _____
Name: _____
Title: _____

[] BANK
as Trustee under the Indenture identified herein

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

THE UNITED STATES OF AMERICA

By: _____
Acting Administrator For The Rural Utilities
Service

EXHIBIT B

**To the Amended and Consolidated Loan Contract dated as of []
between Big Rivers Electric Corporation and United States of America**

Equal Opportunity Contract Provisions

During the performance of this contract, the Borrower agrees as follows:

(a) The Borrower shall not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The Borrower shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Borrower agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.

(b) The Borrower shall, in all solicitations or advertisements for employees placed by or on behalf of the Borrower, state that all qualified applicants shall receive consideration for employment without regard to race, color, religion, sex, or national origin.

(c) The Borrower shall send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the, said labor union or workers' representative of the Borrower's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) The Borrower shall comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.

(e) The Borrower shall furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and shall permit access to its books, records and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

(f) In the event of the Borrower's noncompliance with the non-discrimination clauses of this contract or with any of the said rules, regulations or orders, this contract may be canceled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in said Executive Order or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.

(g) The Borrower shall include the provisions of paragraphs (a) through (g) in every subcontract or purchase order unless exempted by rules, regulations or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order 12246, dated September 24, 1965, so that such provisions shall be binding upon each subcontractor or vendor. The Borrower shall take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, that in the event a contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

EXHIBIT C

**To the Amended and Consolidated Loan Contract dated as of [, 2008]
between Big Rivers Electric Corporation and United States of America**

Description of Rating Agency Services

- (a) Comprehensive credit evaluation and assignment of an initial long term credit rating;
- (b) Ongoing surveillance of Big Rivers Electric Corporation's (BR's) rating, including an annual meeting with senior Standard & Poor's analysts, and a full credit report published annually;
- (c) Annual presentation by senior Standard & Poor's analysts on BR's credit rating to BR's Board of Directors, if so requested;
- (d) Annual presentation by senior Standard & Poor's analysts on BR's credit rating to the RUS, if so requested by the RUS; and
- (e) Furnish to the RUS copies of any written reports given to AEC.

EXHIBIT 73

RUS 2008 PROMISSORY NOTE, SERIES A

RUS 2008 PROMISSORY NOTE SERIES A

[\$Amount Outstanding
on Unwind Closing Date]

Washington, D.C.
[Unwind Closing Date], 2008

FOR VALUE RECEIVED, the undersigned, BIG RIVERS ELECTRIC CORPORATION ("Big Rivers"), a Kentucky corporation, hereby unconditionally promises to pay to the United States of America, acting through the United States Department of Agriculture, Rural Utilities Service, (the "RUS"), at the office of the RUS located in Washington, D.C., in lawful money of the United States of America and in immediately available funds, the principal amount of [\$Amount Outstanding as of the Unwind Closing Date] together with interest on so much of the principal amount as is from time to time outstanding and unpaid at the rate of 5.75% per annum simple interest as set forth below.

Big Rivers shall make quarterly payments of interest and/or principal commencing on October 1, 2008, and continuing on the first day of January, April, July and October of each year through and including July 1, 2021 such that, after each such payment, the outstanding amount under this Note, including principal and all accrued interest, if any, does not exceed the Allowed Balance amount shown on the RUS Maximum Debt Balance Schedule, attached hereto and hereby made a part hereof, for the applicable date. If any such payment is insufficient to retire all interest accrued during the period ending with such payment and beginning with the last previous payment, then the amount of accrued but unpaid interest relating to such period shall be added to the principal amount of this Note. If the day upon which any payment hereunder is due falls on a day that is not a Business Day (as defined in the Indenture (as defined below)), then such payment shall be due on the next Business Day.

On July 1, 2021, the entire outstanding principal hereof, together with all accrued but unpaid interest thereon, shall be due and payable in full.

This Note is secured by the lien of that certain Indenture dated as of [____], 2008 among the Big Rivers and [____], as trustee (the "Indenture").

Any amounts under this Note may be prepaid at any time without penalty or prepayment premium.

Upon the occurrence of any one or more Events of Default specified in the Indenture all amounts then remaining unpaid on this Note may be declared to be immediately due and payable all as provided therein.

Presentment, demand, protest and all other notices of any kind are hereby expressly waived by the undersigned.

This Note shall be governed by and construed in accordance with federal law.

BIG RIVERS ELECTRIC CORPORATION

By: _____
Title: President

[Corporate Seal]

Attest:

By: _____
Secretary or Assistant Secretary

BIG RIVERS ELECTRIC CORPORATION

Effective Date: [_____, 2008]
RUS MAXIMUM DEBT BALANCE SCHEDULE
 Balance After Quarterly Payment

YEAR	1st OF THE MONTH	ALLOWED BALANCE (\$1,000'S)
2008	October	577,989
2009	January	573,907
2009	April	569,426
2009	July	565,061
2009	October	560,723
2010	January	556,588
2010	April	551,689
2010	July	547,070
2010	October	542,471
2011	January	537,977
2011	April	532,907
2011	July	528,019
2011	October	523,311
2012	January	518,285
2012	April	513,167
2012	July	507,976
2012	October	502,711
2013	January	497,529
2013	April	491,977
2013	July	486,502
2013	October	481,026
2014	January	475,546
2014	April	469,686
2014	July	463,891
2014	October	458,087
2015	January	452,271
2015	April	446,085
2015	July	439,952
2015	October	433,801
2016	January	227,765
2016	April	218,761
2016	July	209,736
2016	October	200,681
2017	January	191,398
2017	April	181,989
2017	July	172,446
2017	October	162,765

YEAR	1st OF THE MONTH	ALLOWED BALANCE (\$1,000'S)
2018	January	152,972
2018	April	142,988
2018	July	132,886
2018	October	122,638
2019	January	112,282
2019	April	101,704
2019	July	91,010
2019	October	80,176
2020	January	69,198
2020	April	58,024
2020	July	46,701
2020	October	35,224
2021	January	23,597
2021	April	11,768
2021	July	0

EXHIBIT 74

RUS 2008 PROMISSORY NOTE, SERIES B

RUS 2008 PROMISSORY NOTE SERIES B

[\$Amount Outstanding
on Unwind Closing Date]

Washington, D.C.
[Unwind Closing Date], 2008

FOR VALUE RECEIVED, the undersigned, BIG RIVERS ELECTRIC CORPORATION ("Big Rivers"), a Kentucky corporation, hereby unconditionally promises to pay to the United States of America, acting through the United States Department of Agriculture, Rural Utilities Service, (the "RUS"), at the office of the RUS located in Washington, D.C., in lawful money of the United States of America and in immediately available funds, the principal amount of \$[Amount Outstanding on Unwind Closing Date] (\$[_____]) as set forth below.

This Note shall bear no interest. This Note shall not require any payments prior to December 31, 2023 (the "Maturity Date"), when the entire outstanding principal hereof shall be due and payable in full. All payments on this Note shall reduce the principal balance of this Note on a dollar for dollar basis.

This Note is secured by the lien of that certain Indenture dated as of [_____] , 2008 among the Big Rivers and [_____] , as trustee (the "Indenture").

Upon the occurrence of an Event of Default specified in the Indenture, this Note may be declared to be accelerated as provided therein; provided, however, that if this Note is accelerated, the amount payable as principal hereunder shall be the outstanding amount under this Note multiplied by the applicable percentage indicated in the ARVP Note Applicable Acceleration Percentage Table attached hereto and made a part hereof.

Presentment, demand, protest and all other notices of any kind are hereby expressly waived by the undersigned.

This Note shall be governed by and construed in accordance with federal law.

BIG RIVERS ELECTRIC CORPORATION

By: _____
Title: President

[Corporate Seal]

Attest:

By: _____
Secretary or Assistant Secretary

BIG RIVERS ELECTRIC CORPORATION

Effective Date: [_____, 2008]
ARVP NOTE ACCELERATION TABLE
Applied to the Outstanding Balance
 Balance After Quarterly Payment

YEAR	MONTH	ACCELERATION PERCENTAGE
2008	July	35.51%
2008	October	36.09%
2009	January	36.72%
2009	April	37.34%
2009	July	37.96%
2009	October	38.59%
2010	January	39.25%
2010	April	39.92%
2010	July	40.59%
2010	October	41.25%
2011	January	41.97%
2011	April	42.68%
2011	July	43.39%
2011	October	44.10%
2012	January	44.87%
2012	April	45.63%
2012	July	46.39%
2012	October	47.15%
2013	January	47.97%
2013	April	48.78%
2013	July	49.59%
2013	October	50.41%
2014	January	51.28%
2014	April	52.15%
2014	July	53.02%
2014	October	53.89%
2015	January	54.82%
2015	April	55.75%
2015	July	56.69%
2015	October	57.62%
2016	January	58.61%
2016	April	59.61%
2016	July	60.60%
2016	October	61.60%
2017	January	62.66%
2017	April	63.73%

YEAR	MONTH	ACCELERATION PERCENTAGE
2017	July	64.79%
2017	October	65.85%
2018	January	66.99%
2018	April	68.13%
2018	July	69.27%
2018	October	70.40%
2019	January	71.62%
2019	April	72.84%
2019	July	74.05%
2019	October	75.27%
2020	January	76.57%
2020	April	77.87%
2020	July	79.17%
2020	October	80.47%
2021	January	81.86%
2021	April	83.25%
2021	July	84.64%
2021	October	86.03%
2022	January	87.52%
2022	April	89.00%
2022	July	90.49%
2022	October	91.98%
2023	January	93.56%
2023	April	95.15%
2023	July	96.74%
2023	October	98.33%
2024	January	100.00%

EXHIBIT 75

**REVISED (APRIL 23, 2008) UNWIND FINANCIAL
MODEL**

	2008 H2	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1 <u>Debt Service</u>																
2																
3 CAPITAL MARKETS DEFERRED UNTIL EOY 2013																
4																
5 Principal	11.1	17.2	18.2	19.3	20.4	21.6	22.8	17.9	36.5	38.6	40.8	43.1	45.6	48.2	51.0	53.8
6 Interest	27.6	40.7	39.7	38.6	37.5	36.3	35.1	33.8	32.4	30.3	28.1	25.7	23.2	20.6	17.9	15.1
7 Transaction Costs	-	-	-	-	-	-	-	6.2	-	-	-	-	-	-	-	-
8 Subtotal	38.8	57.9	57.9	57.9	57.9	57.9	57.9	57.9	68.8	68.8	68.8	68.8	68.8	68.8	68.8	68.8
9 Line of Credit	0.3	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
10 Total	39.1	58.4	58.4	58.4	58.4	58.4	58.4	58.4	69.3	69.3	69.3	69.3	69.3	69.3	69.3	69.3
11																
12 CAPITAL MARKETS ISSUED AT CLOSING (BASE CASE)																
13																
14 Principal	11.9	18.5	19.6	20.7	21.9	23.1	24.5	25.9	27.3	28.9	30.6	32.3	34.2	36.2	38.2	40.3
15 Interest	26.8	39.4	38.3	37.2	36.0	34.8	33.5	32.0	30.6	29.0	27.3	25.6	23.7	21.7	19.7	17.6
16 Transaction Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17 Subtotal	38.8	57.9	57.9	57.9	57.9	57.9	57.9	57.9	57.9	57.9	57.9	57.9	57.9	57.9	57.9	57.9
18 Line of Credit	0.3	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
19 Total	39.1	58.4	58.4	58.4	58.4	58.4	58.4	58.4	58.4	58.4	58.4	58.4	58.4	58.4	58.4	58.4
20																
21 DELTA																
22																
23 Principal	(0.8)	(1.3)	(1.3)	(1.4)	(1.5)	(1.6)	(1.7)	(8.0)	9.1	9.7	10.2	10.8	11.4	12.1	12.7	13.4
24 Interest	0.8	1.3	1.3	1.4	1.5	1.6	1.7	1.7	1.8	1.3	0.7	0.1	(0.5)	(1.1)	(1.8)	(2.5)
25 Transaction Costs	-	-	-	-	-	-	-	6.2	-	-	-	-	-	-	-	-
26 Subtotal	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9
27 Line of Credit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28 Total	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9

	2008 H2	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1 <u>Interest Expense</u>																
2																
3 CAPITAL MARKETS DEFERRED																
4																
5 Interest Expensed	31.4	46.7	46.1	45.5	44.8	43.9	43.1	42.2	41.2	39.6	38.0	36.2	34.4	32.4	30.4	28.2
6 Transaction Cost Amort.	-	-	-	-	-	-	-	-	0.5	0.5	0.6	0.6	0.7	0.7	0.6	0.4
7 Line of Credit	0.3	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
8 <u>Subtotal</u>	31.8	47.2	46.6	46.0	45.3	44.4	43.6	42.7	42.2	40.7	39.1	37.3	35.6	33.6	31.5	29.1
9 Restructuring Cost Amort.	0.0	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.5	0.5
10 <u>Total</u>	31.8	47.3	46.7	46.0	45.3	44.6	43.8	42.9	42.4	40.9	39.3	37.5	35.8	33.8	32.0	29.6
11																
12 CAPITAL MARKETS ISSUED AT CLOSING (BASE CASE)																
13																
14 Interest Expensed	30.6	45.4	44.7	43.9	43.2	42.2	41.3	40.3	39.4	38.3	37.2	36.1	34.9	33.6	32.2	30.7
15 Transaction Cost Amort.	0.1	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.4	0.3	0.3	0.4	0.4	0.4	0.4	0.3
16 Line of Credit	0.3	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
17 <u>Subtotal</u>	31.0	46.1	45.4	44.7	44.0	43.0	42.0	41.1	40.2	39.2	38.1	37.0	35.8	34.5	33.1	31.5
18 Restructuring Cost Amort.	0.1	0.1	0.1	0.1	0.1	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.5	0.5
19 <u>Total</u>	31.1	46.2	45.5	44.8	44.1	43.3	42.3	41.4	40.5	39.4	38.4	37.2	36.1	34.8	33.6	32.0
20																
21 DELTA																
22																
23 Interest Expensed	0.8	1.4	1.4	1.5	1.6	1.7	1.8	1.9	1.8	1.3	0.7	0.1	(0.5)	(1.1)	(1.8)	(2.5)
24 Transaction Cost Amort.	(0.1)	(0.2)	(0.2)	(0.2)	(0.3)	(0.3)	(0.3)	(0.3)	0.2	0.2	0.2	0.2	0.2	0.3	0.2	0.1
25 Line of Credit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26 <u>Subtotal</u>	0.7	1.1	1.2	1.3	1.3	1.4	1.5	1.6	2.0	1.5	1.0	0.4	(0.2)	(0.9)	(1.6)	(2.4)
27 Restructuring Cost Amort.	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	-	-
28 <u>Total</u>	0.7	1.1	1.1	1.2	1.2	1.4	1.4	1.5	1.9	1.4	0.9	0.3	(0.3)	(1.0)	(1.6)	(2.4)

	Wtd. Avg.	2008 H2	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1 <u>Rates</u>																	
2																	
3 Members (Accrual Basis - <u>Before Economic Reserve</u>)																	
4																	
5 CAPITAL MARKETS DEFERRED	46.10	36.74	37.77	39.51	41.74	41.72	42.49	43.38	44.97	45.84	48.86	49.41	49.76	50.50	50.95	51.57	51.85
6																	
7 CAPITAL MARKETS ISSUED AT CLOSING (BASE CASE)	45.90	36.58	37.60	39.34	41.54	41.51	42.28	43.18	44.77	45.64	48.65	49.20	49.55	50.29	50.73	51.36	51.64
8																	
9 DELTA	0.20	0.16	0.17	0.17	0.20	0.20	0.20	0.20	0.20	0.20	0.21	0.21	0.21	0.21	0.21	0.21	0.21
10																	
11 TWh		2.32	3.50	3.58	3.67	3.76	3.85	3.94	4.03	4.12	4.22	4.31	4.40	4.50	4.60	4.69	4.79
12 REVENUES		0.37	0.59	0.62	0.74	0.76	0.78	0.80	0.80	0.82	0.89	0.91	0.93	0.95	0.97	0.99	1.01
13																	
14 Smelters (Accrual Basis)																	
15																	
16 CAPITAL MARKETS DEFERRED	46.89	34.98	35.11	37.86	42.70	44.04	44.72	44.90	47.50	47.63	52.39	48.73	52.46	51.64	53.72	53.00	54.94
17																	
18 CAPITAL MARKETS ISSUED AT CLOSING (BASE CASE)	46.78	34.82	34.94	37.69	42.54	43.90	44.56	44.75	47.34	47.42	52.22	48.61	52.37	51.61	53.73	53.05	55.05
19																	
20 DELTA	0.11	0.16	0.17	0.17	0.16	0.14	0.15	0.15	0.16	0.21	0.17	0.13	0.08	0.04	(0.01)	(0.05)	(0.11)
21																	
22 TWh		4.90	7.30	7.30	7.30	7.32	7.30	7.30	7.30	7.32	7.30	7.30	7.30	7.32	7.30	7.30	7.30
23 REVENUES		0.78	1.24	1.26	1.17	1.05	1.11	1.13	1.15	1.56	1.23	0.92	0.60	0.26	(0.07)	(0.36)	(0.84)
24																	
25																	
26 <u>Change in Revenues</u>																	
27 Members + Econ. Reserve + Smelters		1.15	1.83	1.88	1.91	1.81	1.89	1.93	1.95	2.39	2.12	1.83	1.53	1.21	0.90	0.63	0.17
28 Interest Earnings		(0.32)	(0.50)	(0.47)	(0.41)	(0.27)	(0.20)	(0.14)	(0.05)	0.03	(0.34)	(0.73)	(1.15)	(1.60)	(2.08)	(2.60)	(3.15)
29 Total		0.83	1.33	1.41	1.50	1.54	1.69	1.79	1.90	2.41	1.78	1.10	0.38	(0.39)	(1.18)	(1.97)	(2.98)
30																	
31 <u>Change in Interest Expense</u>		0.67	1.07	1.14	1.21	1.24	1.36	1.44	1.53	1.95	1.44	0.89	0.31	(0.31)	(0.95)	(1.59)	(2.40)
32																	
33 <u>Incremental TIER</u>		1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1 CAPITAL MARKETS DEFERRED															
2															
3 <u>Days Cash on Hand</u>															
4 Average Cash Balance	145	119	99	84	80	85	93	96	97	101	102	102	102	98	92
5 Lines of Credit	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
6 Total	245	219	199	184	180	185	193	196	197	201	202	202	202	198	192
7 Divided by															
8 Total Operating Expense	440	452	479	482	496	503	520	526	556	539	559	561	581	581	600
9 Days Cash on Hand (with LOC)	203	177	152	139	133	134	136	136	130	136	132	132	127	124	117
10 Days Cash on Hand (without LOC)	121	96	75	63	59	62	65	67	64	68	66	66	64	62	56
11															
12 CAPITAL MARKETS ISSUED AT CLOSING (BASE CASE)															
13															
14 <u>Days Cash on Hand</u>															
15 Average Cash Balance	157	129	107	89	84	87	93	100	110	123	134	145	156	165	173
16 Lines of Credit	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
17 Total	257	229	207	189	184	187	193	200	210	223	234	245	256	265	273
18 Divided by	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19 Total Operating Expense	439	451	477	481	494	501	518	524	554	538	558	561	582	583	602
20 Days Cash on Hand (with LOC)	213	186	158	143	136	136	136	139	138	151	153	159	161	166	165
21 Days Cash on Hand (without LOC)	130	105	82	68	62	63	66	70	72	83	88	94	98	104	105
22															
23 DELTA															
24															
25 <u>Days Cash on Hand</u>															
26 Average Cash Balance	(11)	(10)	(8)	(5)	(4)	(2)	(0)	(4)	(12)	(22)	(32)	(43)	(55)	(67)	(81)
27 Lines of Credit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28 Total	(11)	(10)	(8)	(5)	(4)	(2)	(0)	(4)	(12)	(22)	(32)	(43)	(55)	(67)	(81)
29 Divided by	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30 Total Operating Expense	1	1	1	1	1	2	2	2	2	1	0	(0)	(1)	(2)	(2)
31 Days Cash on Hand (with LOC)	(10)	(9)	(6)	(5)	(3)	(2)	(1)	(3)	(9)	(15)	(21)	(28)	(34)	(42)	(48)
32 Days Cash on Hand (without LOC)	(10)	(9)	(6)	(4)	(3)	(2)	(0)	(3)	(8)	(15)	(21)	(28)	(34)	(42)	(49)
33															

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December 2007

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Return to Value of Commitments

Calendar Year	2006	2007	2008H1	Transaction	2008 H2	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Unwind Allocation	0.000	0.000	0.000	0.000	0.669	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Pre-Transaction Allocation	1.000	1.000	0.331	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Transaction Index	0.000	0.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Transaction Closing Date: 4/30/2008																				
1 I. Sales (TWh)																				
2																				
3 Rural	2.23	2.40	0.76	-	1.63	2.44	2.49	2.54	2.59	2.65	2.70	2.76	2.82	2.88	2.94	3.00	3.06	3.12	3.18	3.24
4																				
5 Large Industrial	0.96	0.97	0.32	-	0.69	1.06	1.10	1.13	1.17	1.20	1.23	1.27	1.30	1.34	1.37	1.41	1.44	1.48	1.51	1.54
6																				
7 Century	-	-	-	-	2.78	4.14	4.14	4.14	4.15	4.14	4.14	4.14	4.15	4.14	4.14	4.14	4.15	4.14	4.14	4.14
8																				
9 Alcan	-	-	-	-	2.12	3.16	3.16	3.16	3.17	3.16	3.16	3.16	3.17	3.16	3.16	3.16	3.17	3.16	3.16	3.16
10																				
11 Merker	2.06	1.16	0.71	-	1.06	1.49	1.61	1.32	1.21	1.20	1.17	1.12	1.08	0.92	0.99	0.70	0.72	0.75	0.68	0.70
12																				
13 Total Sales	5.25	4.53	1.80	-	8.28	12.29	12.49	12.29	12.29	12.35	12.41	12.45	12.52	12.43	12.59	12.40	12.53	12.64	12.67	12.78
14																				

Calendar Year	Transaction																			
	2006	2007	2008H1	2008 H2	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Unwind Allocation	0.000	0.000	0.000	0.000	0.669	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Pre-Transaction Allocation	1.000	1.000	0.331	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Transaction Index	0.000	0.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Transaction Closing Date:																				4/30/2008
II. Rates, Accrual Based (\$/ MWH Sold, unless otherwise noted)																				
16																				
17	General Rate Adjustment (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.57%	0.00%	0.00%	0.00%	1.01%	0.00%	9.96%	0.00%	0.00%	0.00%	0.00%	0.00%
18																				
19	FAC (\$/ MWH)				5.90	5.84	7.05	7.60	7.81	8.31	8.99	9.01	9.41	9.45	9.75	9.64	10.11	10.30	10.39	10.44
20	FAC Roll-in (\$/MWh)				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	PPA (\$/ MWH)				(0.54)	0.05	(0.37)	0.73	0.46	0.81	0.30	0.55	0.51	1.73	0.63	1.52	1.11	1.51	1.67	2.24
22																				
23	Environmental Surcharge Adjustment (\$/ MWH)																			
24	Rural				0.49	0.85	2.68	2.62	2.89	2.89	3.02	4.14	4.17	4.12	4.28	4.25	4.45	4.63	4.65	4.82
25	Large Industrial				0.49	0.85	2.68	2.62	2.89	2.89	3.02	4.14	4.17	4.12	4.28	4.25	4.45	4.63	4.65	4.82
26	Smelters				0.49	0.85	2.68	2.62	2.89	2.89	3.02	4.14	4.17	4.12	4.28	4.25	4.45	4.63	4.65	4.82
27																				
28	Rural																			
29	Load Factor (%)	61.6%	64.3%	60.2%	60.2%	60.0%	60.1%	60.2%	60.2%	60.4%	60.5%	60.6%	60.5%	60.7%	60.8%	60.9%	60.8%	61.0%	61.1%	61.2%
30	Demand (\$/ KW-mo.)	7.37	7.37	7.37	7.37	7.37	7.37	7.56	7.56	7.56	7.56	7.64	7.64	8.40	8.40	8.40	8.40	8.40	8.40	8.40
31	Energy (\$/ MWH)	20.40	20.40	20.40	20.40	20.40	20.40	20.92	20.92	20.92	20.92	21.14	21.14	23.24	23.24	23.24	23.24	23.24	23.24	23.24
32																				
33	Base	36.79	36.10	37.18	37.18	37.22	37.19	37.17	37.14	37.12	37.09	37.07	37.04	37.02	37.00	36.98	36.95	36.94	36.92	36.90
34	MRDA	(1.20)	(1.13)	(0.39)	(1.11)	(1.10)	(1.08)	(1.05)	(1.03)	(1.00)	(0.98)	(0.96)	(0.94)	(0.92)	(0.90)	(0.88)	(0.86)	(0.84)	(0.82)	(0.81)
35	Regulatory Account Charge									0.17	0.17	0.16	0.53	0.52	0.51	0.92	0.90	0.88	1.32	1.30
36	GRA						0.96	0.96	0.95	0.95	1.34	1.34	1.56	1.56	1.51	1.51	1.51	1.51	1.51	1.51
37																				
38	FAC				5.90	5.84	7.05	7.60	7.81	8.31	8.99	9.01	9.41	9.45	9.75	9.64	10.11	10.30	10.39	10.44
39	Environmental Surcharge				0.49	0.85	2.68	2.62	2.89	2.89	3.02	4.14	4.17	4.12	4.28	4.25	4.45	4.63	4.65	4.82
40	Surcredit				(4.00)	(2.95)	(3.87)	(3.77)	(4.28)	(4.17)	(4.08)	(3.98)	(3.90)	(4.49)	(4.40)	(4.30)	(4.22)	(4.12)	(4.04)	(3.96)
41	Economic Reserve				(2.39)	(3.68)	(5.50)	(5.72)	(6.42)	(6.69)										
42	Net				(0.00)	0.05	0.36	0.72		6.34	7.94	9.17	9.68	9.08	9.64	9.58	10.34	10.81	11.00	11.30
43																				
44	Pre TIER Rebate Total	35.58	34.96	36.79	36.07	36.17	36.48	37.79	37.06	43.57	45.17	46.78	47.64	50.85	51.40	51.75	52.48	52.93	53.56	53.84
45	TIER Related Rebate				(0.08)	(0.39)	(0.77)													
46	Effective Rate (\$/ MWH)	35.58	34.96	36.79	35.98	35.78	35.71	37.79	37.06	43.57	45.17	46.78	47.64	50.85	51.40	51.75	52.48	52.93	53.56	53.84
47																				
48	Large Industrial																			
49	Load Factor (%)	78.1%	80.2%	78.1%	78.1%	78.6%	78.6%	78.6%	78.4%	78.6%	78.6%	78.6%	78.4%	78.6%	78.6%	78.6%	78.3%	78.6%	78.6%	78.6%
50	Demand (\$/ KW-mo.)	10.15	10.15	10.15	10.15	10.15	10.15	10.41	10.41	10.41	10.41	10.52	10.52	11.56	11.56	11.56	11.56	11.56	11.56	11.56
51	Energy (\$/ MWH)	13.72	13.72	13.72	13.72	13.72	14.07	14.07	14.07	14.07	14.21	14.21	15.62	15.62	15.62	15.62	15.62	15.62	15.62	15.62
52																				
53	Base	31.51	31.06	31.52	31.52	31.39	31.39	31.39	31.40	31.39	31.39	31.39	31.41	31.39	31.39	31.39	31.42	31.39	31.39	31.39
54	Power Factor Penalty/ Demand Cr. (L	0.19																		
55	MRDA	(1.04)	(0.99)	(2.85)	(0.94)	(0.93)	(0.91)	(0.89)	(0.87)	(0.85)	(0.83)	(0.81)	(0.80)	(0.78)	(0.76)	(0.75)	(0.73)	(0.71)	(0.70)	(0.69)
56	Regulatory Account Charge									0.17	0.17	0.16	0.53	0.52	0.51	0.92	0.90	0.88	1.32	1.30
57	GRA						0.81	0.81	0.81	0.81	1.13	1.13	4.37	4.37	4.37	4.37	4.37	4.37	4.37	4.37
58																				
59	FAC				5.90	5.84	7.05	7.60	7.81	8.31	8.99	9.01	9.41	9.45	9.75	9.64	10.11	10.30	10.39	10.44
60	Environmental Surcharge				0.49	0.85	2.68	2.62	2.89	2.89	3.02	4.14	4.17	4.12	4.28	4.25	4.45	4.63	4.65	4.82
61	Surcredit				(4.00)	(2.95)	(3.87)	(3.77)	(4.28)	(4.17)	(4.08)	(3.98)	(3.90)	(4.49)	(4.40)	(4.30)	(4.22)	(4.12)	(4.04)	(3.96)
62	Economic Reserve				(2.39)	(3.68)	(5.50)	(5.72)	(6.42)	(6.69)										
63	Net				(0.00)	0.05	0.36	0.72		6.34	7.94	9.17	9.68	9.08	9.64	9.58	10.34	10.81	11.00	11.30
64																				
65	Pre TIER Rebate Total	30.67	30.07	28.67	30.58	30.52	30.85	32.04	31.34	37.86	39.48	41.05	41.95	44.58	45.15	45.52	46.30	46.74	47.39	47.68
66	TIER Related Rebate				(0.07)	(0.34)	(0.67)													
67	Effective Rate (\$/ MWH)	30.67	30.07	28.67	30.50	30.18	30.18	32.04	31.34	37.86	39.48	41.05	41.95	44.58	45.15	45.52	46.30	46.74	47.39	47.68
68																				

Calendar Year	2006			2007			2008H1			2008H2			2009			2010			2011			2012			2013			2014			2015			2016			2017			2018			2019			2020			2021			2022			2023		
	Unwind Allocation	Pre-Transaction Allocation	Transaction Index	Unwind Allocation	Pre-Transaction Allocation	Transaction Index	Unwind Allocation	Pre-Transaction Allocation	Transaction Index	Unwind Allocation	Pre-Transaction Allocation	Transaction Index	Unwind Allocation	Pre-Transaction Allocation	Transaction Index	Unwind Allocation	Pre-Transaction Allocation	Transaction Index	Unwind Allocation	Pre-Transaction Allocation	Transaction Index	Unwind Allocation	Pre-Transaction Allocation	Transaction Index	Unwind Allocation	Pre-Transaction Allocation	Transaction Index	Unwind Allocation	Pre-Transaction Allocation	Transaction Index	Unwind Allocation	Pre-Transaction Allocation	Transaction Index	Unwind Allocation	Pre-Transaction Allocation	Transaction Index	Unwind Allocation	Pre-Transaction Allocation	Transaction Index	Unwind Allocation	Pre-Transaction Allocation	Transaction Index	Unwind Allocation	Pre-Transaction Allocation	Transaction Index												
Transaction Closing Date:																																								4/30/2008																	
69	Non-Smelter Member Blend																																																								
72	Base	35.26	34.64	35.50	35.50	35.45	35.42	35.39	35.36	35.33	35.31	35.28	35.26	35.24	35.21	35.20	35.18	35.16	35.14	35.13																																					
73	MRDA	(1.15)	(1.09)	(1.12)	(1.06)	(1.05)	(1.03)	(1.00)	(0.98)	(0.96)	(0.93)	(0.91)	(0.89)	(0.87)	(0.85)	(0.84)	(0.82)	(0.80)	(0.78)	(0.77)																																					
74	Regulatory Account Charge																																																								
75	GRA						0.91	0.91	0.91	0.91	1.27	1.27	4.91	4.90	4.90	4.90	4.90	4.90	4.89	4.89																																					
76																																																									
77	FAC				5.90	5.84	7.05	7.60	7.81	8.31	8.99	9.01	9.41	9.45	9.75	9.64	10.11	10.30	10.39	10.44																																					
78	Environmental Surcharge				0.49	0.85	2.68	2.62	2.89	2.89	3.02	4.14	4.17	4.12	4.28	4.25	4.45	4.63	4.65	4.82																																					
79	Surcredit				(4.00)	(2.95)	(3.87)	(3.77)	(4.28)	(4.17)	(4.08)	(3.98)	(3.90)	(4.49)	(4.40)	(4.30)	(4.22)	(4.12)	(4.04)	(3.96)																																					
80	Economic Reserve				(2.39)	(3.68)	(5.50)	(5.72)	(6.42)	(0.69)																																															
81	Net				(0.00)	0.05	0.36	0.72	-	6.34	7.94	9.17	9.68	9.08	9.64	9.58	10.34	10.81	11.00	11.30																																					
82																																																									
83	Pre TIER Rebate Total	34.11	33.55	34.37	34.44	34.46	34.75	36.02	35.29	41.79	43.38	44.97	45.84	48.86	49.41	49.76	50.50	50.95	51.57	51.85																																					
84	TIER Related Rebate				(0.08)	(0.37)	(0.74)																																																		
85	Effective Rate	34.11	33.55	34.37	34.35	34.08	34.01	36.02	35.29	41.79	43.38	44.97	45.84	48.86	49.41	49.76	50.50	50.95	51.57	51.85																																					
86																																																									
87	Smelters																																																								
88	Base Rate				27.32	27.33	27.34	28.08	28.06	28.12	28.13	28.44	28.41	31.35	31.36	31.38	31.35	31.40	31.42	31.43																																					
89	TIER Adjustment							1.77	2.63	2.39	2.25	3.16	2.93	3.14	0.11	3.08	2.03	3.28	2.29	3.41																																					
90	Smelter Rate Subject to Price Cap				27.32	27.33	27.34	29.85	30.69	30.51	30.38	31.60	31.35	34.49	31.47	34.46	33.38	34.68	33.70	34.84																																					
91	FAC				5.90	5.84	7.05	7.60	7.81	8.31	8.99	9.01	9.41	9.45	9.75	9.64	10.11	10.30	10.39	10.44																																					
92	PPA				(0.54)	0.05	(0.37)	0.73	0.46	0.81	0.30	0.55	0.51	1.73	0.63	1.52	1.11	1.51	1.67	2.24																																					
93	Environmental Surcharge				0.49	0.85	2.68	2.62	2.89	2.89	3.02	4.14	4.17	4.12	4.28	4.25	4.45	4.63	4.65	4.82																																					
94	Surcharge 1				0.70	0.70	0.70	0.70	1.00	1.00	1.00	1.00	1.00	1.40	1.40	1.39	1.40	1.40	1.40	1.40																																					
95	Surcharge 2				1.20	0.72	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20																																					
96	TIER Related Rebate				(0.08)	(0.37)	(0.74)																																																		
97	Effective Rate				34.98	35.11	37.86	42.70	44.04	44.72	44.90	47.50	47.63	52.39	48.73	52.46	51.64	53.72	53.00	54.94																																					
98																																																									
99	Market	40.45	55.81	37.82	48.40	51.34	49.47	50.22	48.34	51.48	51.92	53.69	52.59	53.75	54.70	57.55	57.70	56.11	59.94	59.12																																					
100																																																									
101	Overall Blend	36.60	39.26	35.74	36.53	36.79	38.26	41.51	41.79	44.46	45.08	47.24	47.47	51.29	49.43	51.78	51.58	52.85	52.85	54.01																																					
102																																																									

Calendar Year	2006	2007	2008H1	Transaction	2008 H2	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Unwind Allocation	0.000	0.000	0.000	0.000	0.669	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Pre-Transaction Allocation	1.000	1.000	0.331	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Transaction Index	0.000	0.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Transaction Closing Date: 4/30/2008

103 iii. Cash Flows (M\$)

104																					
105	<u>Operating Receipts</u>																				
106	Rural	79.402	83.8	28.0	-	58.9	88.1	89.8	94.2	96.2	115.5	122.1	129.2	134.3	146.4	150.9	155.1	160.5	165.2	170.3	174.5
107	Large Industrial	29.335	29.3	9.3	-	21.1	32.4	33.5	35.5	36.5	45.4	48.7	52.1	54.6	59.7	62.0	64.0	66.7	69.0	71.6	73.7
108	Smelters	-	-	-	-	171.7	258.5	279.0	306.2	322.3	326.3	327.7	346.6	348.5	382.3	355.6	382.8	377.9	392.0	386.8	400.9
109	Offsystem	83.414	64.9	26.9	-	51.4	76.7	79.8	66.3	58.5	61.7	60.8	60.0	56.9	49.2	54.0	40.0	41.4	42.0	41.0	41.4
110	WKEC Lease	47.894	48.0	15.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
111	Transmission	5.954	5.1	1.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
112	Smelter - Tier 3 Transmission	1.699	1.7	0.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
113	Gain on Sale of Allowances	-	-	-	-	14.3	18.5	(2.0)	0.7	0.4	0.8	0.4	(9.6)	(8.9)	(8.0)	(8.4)	(7.3)	(8.2)	(8.6)	(8.6)	(9.2)
114	Cobank Patronage Capital & Other	0.570	0.5	0.2	-	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
115	Interest Earnings	3.731	6.6	2.0	-	4.3	6.9	5.5	4.7	3.8	3.393	3.5	3.8	4.2	4.1	4.3	4.4	4.3	4.4	4.3	4.1
116	Total Receipts	251.998	239.9	84.398	-	322.0	481.6	486.0	508.0	518.2	553.7	563.8	582.6	590.2	634.2	618.9	639.6	643.1	664.4	666.0	685.9
117																					
118	<u>Operating Disbursements</u>																				
119	PPA	97.999	87.9	34.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
120	Fuel Costs	-	-	-	-	137.6	204.3	227.2	227.1	228.3	238.5	245.1	246.0	253.5	252.0	257.3	252.9	262.2	266.4	268.0	271.2
121	SEPA & Other Purchases	11.416	6.9	3.8	-	10.2	22.4	17.6	30.8	27.5	31.9	25.8	29.0	28.6	43.7	30.3	40.9	36.2	41.5	43.7	51.3
122	Carbon Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
123	Carbon Allowance Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
124	Environmental	0.410	0.7	0.3	-	18.3	29.0	31.4	32.9	35.9	36.4	37.9	41.9	43.3	43.2	45.6	45.4	47.6	49.9	50.3	52.4
125	Fixed O&M	-	-	-	-	64.2	93.2	88.3	100.7	100.7	101.8	101.3	111.0	106.8	127.8	110.9	127.6	121.6	131.7	126.4	135.1
126	Transmission O&M	6.593	7.4	2.5	-	5.1	7.8	8.1	8.3	8.6	8.8	9.1	9.4	9.6	9.9	10.2	10.5	10.9	11.2	11.5	11.9
127	APM, LLC, Cogen, CW & TVA Trans	4.663	3.8	3.6	-	3.5	5.3	5.4	4.7	4.6	4.7	4.9	5.0	5.2	5.3	5.5	5.6	5.8	6.0	6.2	6.3
128	A&G	13.809	13.8	4.9	-	17.9	25.0	24.2	25.0	25.4	26.1	27.3	27.7	28.6	29.8	30.3	31.2	32.5	33.1	34.1	35.5
129	Property Taxes & Insurance	2.376	2.4	0.8	-	4.5	6.9	7.1	7.8	8.5	8.8	9.1	9.3	9.6	9.9	10.2	10.5	10.8	11.1	11.5	11.8
130	Working Capital	6.827	1.6	(0.6)	-	(23.4)	(0.5)	(1.6)	(1.2)	(0.6)	0.8	(0.5)	(1.3)	(0.5)	(1.1)	0.7	(1.6)	(0.5)	(1.7)	(0.4)	(1.6)
131	PCB Restructuring	-	-	-	-	-	-	-	-	-	2.8	-	-	-	-	-	-	-	-	3.3	-
132	Other	2.255	1.9	0.7	-	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.0)	-
133	Total Disbursements	146.347	126.3	50.0	-	237.8	393.3	407.7	436.1	438.8	460.6	459.8	478.1	484.5	520.5	500.8	523.0	527.0	549.2	554.4	574.0
134																					
135	Operating Receipts less Disbursements	105.651	113.6	34.4	-	84.2	88.3	78.3	71.9	79.4	93.1	104.0	104.6	105.6	113.7	118.0	116.6	116.1	115.2	111.6	111.8
136																					

Calendar Year	2006	2007	2008H1	Transaction 2008 H2	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Unwind Allocation	0.000	0.000	0.000	0.000	0.669	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
Pre-Transaction Allocation	1.000	1.000	0.331	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Transaction Index	0.000	0.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Transaction Closing Date:																			4/30/2008	
Operating Receipts less Disbursements	105.651	113.6	34.4	-	84.2	88.3	78.3	71.9	79.4	93.1	104.0	104.6	105.6	113.7	118.0	116.6	116.1	115.2	111.6	111.8
Capital Expenditures																				
Generation	6.427	6.6	2.2	-	14.6	32.5	23.7	28.8	30.1	30.4	31.3	32.2	33.2	34.2	35.2	36.2	37.3	38.5	39.6	40.8
Transmission	5.910	9.6	5.2	-	6.2	9.6	9.2	4.4	5.9	0.5	0.4	0.5	1.6	2.8	3.4	3.5	3.6	3.7	3.8	3.9
Transmission Upgrades	-	4.1	-	-	3.7	6.0	1.7	-	-	-	-	-	-	-	-	-	-	-	-	-
A&G	0.855	1.3	0.4	-	0.9	1.3	1.4	1.4	1.5	1.5	1.5	1.6	1.6	1.7	1.7	1.8	1.8	1.9	2.0	2.0
Extraordinary Generation	-	-	-	-	7.6	21.3	20.9	20.4	13.6	1.6	3.0	-	-	-	1.8	4.1	0.9	-	-	-
Other (HQ Building, IP)	-	-	-	-	4.5	5.4	1.7	1.2	2.9	1.6	1.3	3.0	1.4	1.4	3.6	1.5	1.5	3.4	1.6	2.1
Total Capital Expenditures	13.192	21.6	7.8	-	37.5	76.0	58.6	56.3	53.9	35.5	37.5	37.3	37.8	40.0	45.7	47.1	45.1	47.4	46.9	48.8
Income Taxes from Operations	0.405	0.9	0.1	-	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.6
Net Pre-Finance Cash Flow	92.053	91.2	26.5	-	46.7	12.2	19.7	15.6	25.5	57.5	66.2	66.9	67.5	73.2	71.9	69.0	70.5	67.3	64.1	62.5
Financing																				
Principal	26.425	12.5	13.0	-	11.1	17.2	18.2	19.3	20.4	21.6	22.8	17.9	36.5	38.6	40.8	43.1	45.6	48.2	51.0	53.8
Interest	36.928	36.7	16.9	-	27.6	40.7	39.7	38.6	37.5	36.3	35.1	33.8	32.4	30.3	28.1	25.7	23.2	20.6	17.9	15.1
Financing Fees	-	-	-	-	-	-	-	-	-	-	-	6.2	-	-	-	-	-	-	-	-
Line of Credit	-	-	-	-	0.3	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Aggregate Debt Service (incl. Line of Credit)	63.353	49.2	30.0	-	39.1	58.4	58.4	58.4	58.4	58.4	58.4	58.4	69.3	69.3	69.3	69.3	69.3	69.3	69.3	69.3
Post-Finance Cash Flow	28.701	42.0	(3.5)	-	7.6	(46.2)	(38.7)	(42.8)	(32.9)	(0.9)	7.8	8.5	(1.9)	3.9	2.5	(0.3)	1.2	(2.0)	(5.2)	(6.6)
Unwind Transaction																				
Cash Proceeds	-	-	-	301.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Reduction	-	-	-	(207.0)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Misc. Transaction	-	-	-	(5.6)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Before Member Reserves	-	-	-	88.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic Reserve	-	-	-	(75.0)	5.5	12.9	19.7	21.0	24.2	2.7	-	-	-	-	-	-	-	-	-	-
Net Before Transition Reserve	-	-	-	13.9	5.5	12.9	19.7	21.0	24.2	2.7	-	-	-	-	-	-	-	-	-	-
Ending Cash Balances (Incl. Transition Reserve)	96.468	138.4	134.9	148.8	162.0	128.7	109.7	88.0	79.3	81.1	88.9	97.4	95.5	99.4	101.9	101.6	102.7	100.7	95.5	88.6

Calendar Year	2006	2007	2008H1	Transaction	2008 H2	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Unwind Allocation	0.000	0.000	0.000	0.000	0.669	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Pre-Transaction Allocation	1.000	1.000	0.331	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Transaction Index	0.000	0.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Transaction Closing Date: 4/30/2008

172 IV. Income Statement (M\$)

173																					
174	Revenues																				
175	Rural	79.402	83.8	28.0	-	58.7	87.2	88.8	96.1	96.2	115.5	122.1	129.2	134.3	146.4	150.9	155.1	160.5	165.2	170.3	174.5
176	Large Industrial	29.335	29.3	9.3	-	21.1	32.1	33.1	36.2	36.5	45.4	48.7	52.1	54.6	59.7	62.0	64.0	66.7	69.0	71.6	73.7
177	Smelters	-	-	-	-	171.3	256.2	276.3	311.6	322.3	326.3	327.7	346.6	348.5	382.3	355.6	382.8	377.9	392.0	386.8	400.9
178	Off-System	83.414	64.9	26.9	-	51.4	76.7	79.8	66.3	58.5	61.7	60.8	60.0	56.9	49.2	54.0	40.0	41.4	42.0	41.0	41.4
179	Transmission	5.954	5.1	1.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
180	Smelter - Tier 3 Transmission	1.782	1.8	0.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
181	Gain on Sale of Allowances	-	-	-	-	14.3	18.5	(2.0)	0.7	0.4	0.8	0.4	(9.6)	(8.9)	(8.0)	(6.4)	(7.3)	(8.2)	(8.6)	(8.6)	(9.2)
182	WKEC Lease (Net)	52.332	52.3	17.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
183	Interest Earnings	3.731	6.6	2.0	-	4.3	6.9	5.5	4.7	3.8	3.4	3.5	3.8	4.2	4.1	4.3	4.4	4.3	4.4	4.3	4.1
184	Total Revenues	255.949	243.9	85.8	-	321.1	477.6	481.5	515.5	517.7	553.2	563.2	582.1	589.6	633.6	618.3	639.0	642.5	663.9	665.5	685.3
185																					
186	Expenses																				
187	PPA	97.999	87.9	34.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
188	Fuel Costs	-	-	-	-	137.6	203.5	222.0	225.1	227.7	235.0	244.6	245.5	252.0	250.6	257.8	252.3	261.0	265.7	267.4	270.5
189	SEPA & Other Purchases	11.416	6.9	3.8	-	11.5	22.3	18.9	28.1	25.8	29.5	25.3	27.4	28.7	38.5	29.7	38.2	35.3	38.6	42.1	46.8
190	Carbon Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
191	Carbon Allowance Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
192	Non-Fuel Variable Production O&M	0.410	0.7	0.3	-	18.3	29.0	31.4	32.9	35.9	36.4	37.9	41.9	43.3	43.2	45.6	45.4	47.6	49.9	50.3	52.4
193	Fixed Production O&M	-	-	-	-	64.2	93.2	88.3	100.7	100.7	101.8	101.3	111.0	106.8	127.8	110.9	127.6	121.6	131.7	126.4	135.1
194	Transmission O&M	6.593	7.4	2.5	-	5.1	7.8	8.1	8.3	8.6	8.8	9.1	9.4	9.6	9.9	10.2	10.5	10.9	11.2	11.5	11.9
195	APM, L/C, Cogen, CW & TVA Trans	4.663	3.8	3.6	-	3.5	5.3	5.4	4.7	4.6	4.7	4.9	5.0	5.2	5.3	5.5	5.6	5.8	6.0	6.2	6.3
196	A&G	13.809	13.8	4.9	-	17.9	25.0	24.2	25.0	25.4	26.1	27.3	27.7	28.6	29.8	30.3	31.2	32.5	33.1	34.1	35.5
197	Property Taxes & Insurance	2.376	2.4	0.8	-	4.5	6.9	7.1	7.8	8.5	8.8	9.1	9.3	9.6	9.9	10.2	10.5	10.8	11.1	11.5	11.8
198	Depreciation & Amortization	31.990	32.3	10.9	-	23.8	37.6	38.8	45.0	46.5	46.5	46.6	48.1	49.5	63.8	65.0	66.3	67.7	69.0	70.4	71.8
199	Income Tax	-	-	-	-	-	-	-	-	-	0.638	0.7	0.7	0.7	0.8	0.8	0.8	0.9	0.9	0.9	1.0
200	Interest Expense (incl. Financing Fee)	60.723	60.0	19.3	-	31.8	47.2	46.6	46.0	45.3	44.4	43.6	42.7	42.2	40.7	39.1	37.3	35.6	33.6	31.5	29.1
201	RUS Note & PCB Restructuring Char	-	-	-	-	0.0	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.5	0.5
202	Net Sale-Leaseback	(2.564)	(2.6)	(0.8)	-	(1.7)	(2.4)	(2.5)	(2.5)	(2.5)	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)
203	Other - Net	(6.004)	(6.3)	(2.3)	-	(0.6)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)
204	Total Expenses	221.411	206.3	76.9	-	315.8	474.4	487.6	520.3	525.6	539.6	546.9	565.7	573.1	617.2	602.0	622.8	626.4	647.9	649.5	669.5
205																					
206	Unwind Transaction	-	-	-	622.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
207																					
208	Economic Reserve	-	-	-	(75.0)	5.5	12.9	19.7	21.0	24.2	2.7	-	-	-	-	-	-	-	-	-	-
209																					
210	Net Margin	34.538	37.6	8.9	547.7	10.8	16.1	13.6	16.2	16.2	16.3	16.3	16.4	16.5	16.4	16.3	16.2	16.1	16.0	16.0	15.8

Calendar Year	Transaction																				
	2006	2007	2008H1	2008 H2	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023		
Unwind Allocation	0.000	0.000	0.000	0.000	0.669	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
Pre-Transaction Allocation	1.000	1.000	0.331	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Transaction Index	0.000	0.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Transaction Closing Date:																				4/30/2008	
211																					
212	V. Balance Sheet (M\$)																				
213																					
214	Assets																				
215	Property																				
216	Total Utility Plant in Service	1,731.229	1,760.4	1,780.2	1,877.7	1,923.7	2,000.5	2,060.0	2,117.1	2,171.8	2,208.2	2,246.5	2,284.6	2,323.2	2,364.1	2,410.6	2,458.6	2,504.5	2,552.7	2,600.5	2,650.1
217	Construction in Progress	13.1	13.1	13.1	13.1	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
218	Depreciation & Amortization	826.6	858.9	869.8	869.8	893.6	931.2	969.9	1,015.0	1,061.4	1,107.9	1,154.5	1,202.5	1,252.1	1,315.8	1,380.9	1,447.2	1,514.9	1,583.9	1,654.3	1,726.1
219	Other Property	190.7	197.3	199.2	199.2	204.4	205.9	214.6	223.6	232.3	241.6	251.5	262.1	273.4	285.4	298.4	312.2	326.9	342.7	359.6	377.7
220	Current																				
221	Cash General Funds & Special Deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
222	General Cash Balance	96.5	138.4	134.9	113.8	126.0	91.2	70.6	47.1	36.7	36.7	42.6	49.1	45.1	46.9	47.2	44.5	43.2	38.6	30.7	21.1
223	Transition Reserve	-	-	-	35.0	36.0	37.5	39.1	40.8	42.6	44.4	46.3	48.3	50.3	52.5	54.7	57.1	59.5	62.1	64.7	67.5
224	Economic Reserve	-	-	-	75.0	71.6	61.8	44.7	25.6	2.6	-	-	-	-	-	-	-	-	-	-	-
225	Accounts Receivable	17.5	17.7	17.7	17.7	39.4	39.2	39.7	42.6	42.8	45.8	46.6	48.2	48.8	52.5	51.2	52.9	53.2	55.0	55.1	56.8
226	Regulatory Asset	-	-	-	-	-	-	-	0.3	2.0	4.4	5.0	6.5	6.4	11.6	12.1	14.8	15.7	18.6	20.2	24.8
227	Fuel Stock & Related	-	-	-	55.0	55.0	55.8	61.0	63.0	63.6	67.1	67.7	68.2	69.7	71.1	70.6	71.2	72.4	73.1	73.6	74.4
228	Materials and Supplies Other	0.8	0.8	0.8	0.8	0.9	0.9	0.9	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.2	1.3	1.3	1.3
229	Other Current Assets	4.1	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7
230	Credits																				
231	AMBAC/Credit Suisse July '98	4.7	4.3	4.1	4.1	3.8	3.4	3.0	2.6	2.2	1.9	1.7	1.4	1.2	1.0	0.8	0.6	0.4	0.2	-	-
232	Deferred Tax	4.7	5.6	5.7	6.8	6.8	6.8	6.9	6.9	6.9	6.3	6.0	5.6	5.3	5.0	4.7	4.3	3.9	3.6	3.2	2.7
233	Deferred Debt Debts/PCB Refunding 10	0.6	0.5	0.3	1.1	1.0	0.9	0.8	0.7	0.6	3.1	2.9	8.8	8.0	7.2	6.4	5.6	4.6	3.7	5.8	4.9
234	Other Deferred Assets	-	-	-	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9
235	LEM Settlement Note/Marketing Paymer	17.1	16.1	15.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
236	Total Assets	1,254.3	1,300.0	1,306.8	1,545.2	1,595.7	1,593.5	1,591.9	1,576.9	1,564.1	1,573.1	1,583.7	1,602.0	1,601.2	1,603.2	1,597.5	1,596.2	1,591.5	1,588.3	1,581.2	1,575.9
237																					
238	Liabilities & Equities																				
239	Margins & Equities	(217.4)	(179.8)	(170.9)	376.9	387.6	403.7	417.3	433.5	449.8	466.1	482.4	498.8	515.3	531.7	548.0	564.3	580.4	596.4	612.4	628.2
240	Long-Term Debt																				
241	Existing Debt	1,053.1	1,062.1	1,051.1	836.1	828.9	818.2	806.8	794.8	782.1	768.7	754.5	745.6	718.6	690.1	659.8	627.9	594.0	558.3	520.5	480.6
242	Sale-Leaseback Obligation	177.3	183.9	186.2	186.2	190.9	192.4	201.0	210.0	218.7	228.1	238.0	248.7	260.1	272.4	285.5	299.5	314.5	330.5	347.7	366.1
243	Total Long-Term Debt	1,230.4	1,246.0	1,237.3	1,022.3	1,019.9	1,010.5	1,007.8	1,004.8	1,000.9	996.7	992.5	994.4	978.8	962.4	945.3	927.3	908.5	888.8	868.2	846.7
244	Current & Accrued Liabilities																				
245	Accounts Payable	12.6	11.7	11.7	11.7	57.2	57.3	59.1	63.1	63.8	65.8	67.0	69.6	70.5	75.1	72.9	76.0	76.6	79.8	80.1	83.2
246	Regulatory Liability	-	-	-	-	1.3	1.1	2.4	-	-	-	-	-	-	-	-	-	-	-	-	-
247	Taxes Accrued	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3
248	Economic Reserve Deferred Income	-	-	-	75.0	71.6	61.8	44.7	25.6	2.6	-	-	-	-	-	-	-	-	-	-	-
249	Interest Accrued	7.6	7.8	7.6	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
250	Other Accrued Liabilities	6.0	6.2	6.3	6.3	6.4	6.6	6.8	7.0	7.2	7.4	7.7	7.9	8.1	8.4	8.6	8.9	9.1	9.4	9.7	10.0
251	Deferred TIER Rebate Payable	-	-	-	-	0.6	4.0	8.1	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
252	WKEC Lease (Resid. Value Obligation)	158.1	154.1	161.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
253	Sale-Leaseback Gain	56.4	53.5	52.5	52.5	50.6	47.8	45.0	42.2	39.3	36.5	33.6	30.7	27.8	24.9	22.0	19.1	16.1	13.2	10.2	7.2
254	Other Deferred Credits & Century Reacti	0.4	0.3	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
255	Total Liabilities & Equity	1,254.3	1,300.0	1,306.8	1,545.2	1,595.7	1,593.5	1,591.9	1,576.9	1,564.1	1,573.1	1,583.7	1,602.0	1,601.2	1,603.2	1,597.5	1,596.2	1,591.5	1,588.3	1,581.2	1,575.9
256																					

Calendar Year	2006	2007	2008H1	Transac tion	2008 H2	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Unwind Allocation	0.000	0.000	0.000	0.000	0.669	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
Pre-Transaction Allocation	1.000	1.000	0.331	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Transaction Index	0.000	0.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Transaction Closing Date:																					
4/30/2008																					
257	<u>Change in Working Capital</u>																				
258	6.7	6.6	1.8	-	5.2	1.5	8.6	9.0	8.7	9.3	9.9	10.6	11.3	12.1	12.9	13.8	14.8	15.8	16.9	18.1	
259	1.2	0.3	-	-	21.7	(0.2)	0.4	2.9	0.3	3.0	0.8	1.5	0.6	3.7	(1.3)	1.7	0.3	1.8	0.1	1.7	
260	0.1	0.0	0.0	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
261	3.8	0.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
262	0.5	0.9	-	-	(45.5)	(0.1)	(1.8)	(4.0)	(0.7)	(2.0)	(1.2)	(2.6)	(0.9)	(4.6)	2.2	(3.1)	(0.6)	(3.2)	(0.3)	(3.1)	
263	0.2	(0.0)	(0.0)	-	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	
264	(0.1)	(0.2)	(0.1)	-	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	
265	(6.0)	(6.2)	(2.2)	-	(4.5)	(1.1)	(8.3)	(8.7)	(8.3)	(8.9)	(9.5)	(10.2)	(11.0)	(11.7)	(12.6)	(13.5)	(14.4)	(15.5)	(16.6)	(17.7)	
266	(0.3)	(0.3)	(0.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
267	(0.4)	(0.4)	(0.1)	-	(0.3)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	
268	1.1	0.2	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
269	6.827	1.6	(0.6)	-	(23.4)	(0.5)	(1.6)	(1.2)	(0.6)	0.8	(0.5)	(1.3)	(0.5)	(1.1)	0.7	(1.6)	(0.5)	(1.7)	(0.4)	(1.6)	
270																					
271	<u>Cash Balance</u>																				
272	67.8	96.5	138.4	134.9	148.8	162.0	128.7	109.7	88.0	79.3	81.1	88.9	97.4	95.5	99.4	101.9	101.6	102.7	100.7	95.5	
273	96.5	138.4	134.9	148.8	162.0	128.7	109.7	88.0	79.3	81.1	88.9	97.4	95.5	99.4	101.9	101.6	102.7	100.7	95.5	88.6	
274																					
275	<u>VI. Credit Measures</u>																				
276																					
277	<u>Contract TIER</u>																				
278					10.8	16.1	13.6	16.2	16.2	16.3	16.3	16.4	16.5	16.4	16.3	16.2	16.1	16.0	16.0	15.8	
279					31.8	47.3	46.7	46.0	45.3	44.6	43.8	42.9	42.4	40.9	39.3	37.5	35.8	33.8	32.0	29.6	
280					-	-	2.5	2.6	2.7	2.7	2.8	2.8	2.9	3.0	3.0	3.1	3.2	3.2	3.3	3.4	
281					-	-	-	(2.6)	(2.7)	(2.7)	(2.8)	(2.8)	(2.9)	(3.0)	(3.0)	(3.1)	(3.2)	(3.2)	(3.3)	(3.4)	
282					(1.0)	(1.5)	(1.6)	(1.7)	(1.7)	(1.8)	(1.9)	(2.0)	(2.1)	(2.2)	(2.2)	(2.3)	(2.4)	(2.5)	(2.7)	(2.8)	
283					41.6	61.8	61.2	60.5	59.8	59.1	58.2	57.3	56.9	55.1	53.3	51.4	49.5	47.3	45.3	42.6	
284					8.9	13.3	13.9	14.5	15.1	15.7	16.3	17.0	17.8	18.6	19.4	20.3	21.3	22.4	23.5	24.7	
285					50.5	75.2	75.1	75.0	74.9	74.8	74.5	74.4	74.7	73.7	72.8	71.8	70.8	69.7	68.8	67.3	
286					Divided by																
287					31.8	47.3	46.7	46.0	45.3	44.6	43.8	42.9	42.4	40.9	39.3	37.5	35.8	33.8	32.0	29.6	
288					8.9	13.3	13.9	14.5	15.1	15.7	16.3	17.0	17.8	18.6	19.4	20.3	21.3	22.4	23.5	24.7	
289					40.7	60.6	60.6	60.5	60.4	60.3	60.1	60.0	60.2	59.5	58.7	57.9	57.1	56.2	55.5	54.3	
290																					
291					1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	
292																					
293	<u>Conventional TIER</u>																				
294					10.8	16.1	13.6	16.2	16.2	16.3	16.3	16.4	16.5	16.4	16.3	16.2	16.1	16.0	16.0	15.8	
295					31.8	47.3	46.7	46.0	45.3	44.6	43.8	42.9	42.4	40.9	39.3	37.5	35.8	33.8	32.0	29.6	
296					-	-	-	-	-	0.6	0.7	0.7	0.7	0.8	0.8	0.8	0.9	0.9	0.9	1.0	
297					42.6	63.4	60.3	62.2	61.6	61.6	60.7	60.0	59.7	58.1	56.4	54.6	52.8	50.7	48.9	46.4	
298					8.9	13.3	13.9	14.5	15.1	15.7	16.3	17.0	17.8	18.6	19.4	20.3	21.3	22.4	23.5	24.7	
299					51.5	76.7	74.2	76.7	76.6	77.2	77.1	77.0	77.5	76.6	75.8	74.9	74.1	73.1	72.4	71.1	
300					Divided by																
301					31.8	47.3	46.7	46.0	45.3	44.6	43.8	42.9	42.4	40.9	39.3	37.5	35.8	33.8	32.0	29.6	
302					8.9	13.3	13.9	14.5	15.1	15.7	16.3	17.0	17.8	18.6	19.4	20.3	21.3	22.4	23.5	24.7	
303					40.7	60.6	60.6	60.5	60.4	60.3	60.1	60.0	60.2	59.5	58.7	57.9	57.1	56.2	55.5	54.3	
304																					
305					1.26	1.27	1.22	1.27	1.27	1.28	1.28	1.28	1.29	1.29	1.29	1.29	1.30	1.30	1.30	1.31	
306																					

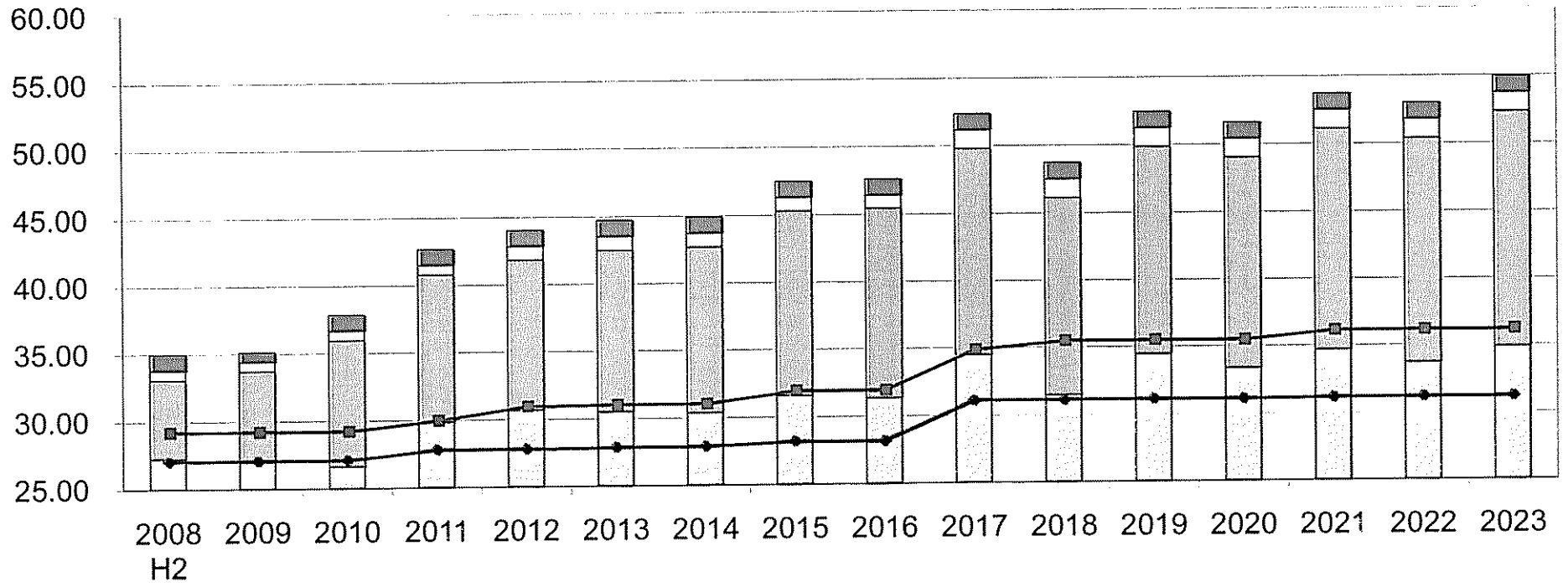
Calendar Year	Transaction																							
	2005	2007	2008H1	2008 H2	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023					
Unwind Allocation	0.000	0.000	0.000	0.000	0.669	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000					
Pre-Transaction Allocation	1.000	1.000	0.331	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000					
Transaction Index	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000					
																			Transaction Closing Date:		4/30/2008			
307	DSCR - Cash Basis, Pre Capex, incl Sale-Leaseback																							
308	Cash Available for Debt Service																							
309					84.2	88.3	78.3	71.9	79.4	93.1	104.0	104.6	105.6	113.7	118.0	116.6	116.1	115.2	111.6	111.8				
310					5.5	12.9	19.7	21.0	24.2	2.7														
311					(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.3)	(0.4)	(0.4)	(0.4)	(0.4)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)				
312					89.7	101.1	98.0	92.9	103.6	95.8	103.7	104.2	105.2	113.3	117.6	116.1	115.6	114.7	111.0	111.3				
313	Plus Sale-Leaseback Interest				8.9	13.3	13.9	14.5	15.1	15.7	16.3	17.0	17.8	18.6	19.4	20.3	21.3	22.4	23.5	24.7				
314	Total				98.6	114.5	111.9	107.4	118.6	111.4	120.0	121.2	123.0	131.8	137.0	136.4	137.0	137.1	134.5	136.0				
315	Divided by																							
316	Interest Expenditures																							
317					28.0	41.2	40.2	39.1	38.0	36.8	35.6	34.3	32.9	30.8	28.6	26.2	23.7	21.1	18.4	15.6				
318	Plus Sale-Leaseback Interest				11.1	17.2	18.2	19.3	20.4	21.6	22.8	17.9	36.5	38.6	40.8	43.1	45.6	48.2	51.0	53.8				
319	Total Debt Service				8.9	13.3	13.9	14.5	15.1	15.7	16.3	17.0	17.8	18.6	19.4	20.3	21.3	22.4	23.5	24.7				
320																								
321	DSCR				2.05	1.60	1.55	1.47	1.61	1.50	1.61	1.75	1.41	1.50	1.54	1.52	1.51	1.49	1.45	1.45				
322																								
323	Days Cash on Hand																							
324	Average Cash Balance				96.5	117.5	136.7	141.9	155.4	145.3	119.2	98.8	83.6	80.2	85.0	93.1	96.4	97.4	100.6	101.7	102.1	101.7	98.1	92.1
325	Line of Credit				100.0				100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
326	Total				196.5	117.5	136.7	141.9	255.4	245.3	219.2	198.8	183.6	180.2	185.0	193.1	196.4	197.4	200.6	201.7	202.1	201.7	198.1	192.1
327	Divided by																							
328	Total Operating Expense																							
329	PPA				98.0	87.9	34.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
330	Fuel Costs				-	-	-	-	137.6	203.5	222.0	225.1	227.7	235.0	244.6	245.5	252.0	250.6	257.8	252.3	261.0	265.7	267.4	270.5
331	SEPA & Other Purchases				11.4	6.9	3.8	-	11.5	22.3	18.9	28.1	25.8	29.5	25.3	27.4	28.7	38.5	29.7	38.2	35.3	38.6	42.1	46.8
332	Non-Fuel Variable Production C				0.4	0.7	0.3	-	18.3	29.0	31.4	32.9	35.9	36.4	37.9	41.9	43.3	43.2	45.6	45.4	47.6	49.9	50.3	52.4
333	Fixed Production O&M				-	-	-	-	64.2	93.2	88.3	100.7	100.7	101.8	101.3	111.0	106.8	127.8	110.9	127.6	121.6	131.7	126.4	135.1
334	Transmission O&M				6.6	7.4	2.5	-	5.1	7.8	8.1	8.3	8.6	8.8	9.1	9.4	9.6	9.9	10.2	10.5	10.9	11.2	11.5	11.9
335	APM, L/C, Cogent, CW & TVA				4.7	3.8	3.6	-	3.5	5.3	5.4	4.7	4.6	4.7	4.9	5.0	5.2	5.3	5.5	5.6	5.8	6.0	6.2	6.3
336	A&G				13.8	13.8	4.9	-	17.9	25.0	24.2	25.0	25.4	26.1	27.3	27.7	28.6	29.8	30.3	31.2	32.5	33.1	34.1	35.5
337	Property Taxes & Insurance				2.4	2.4	0.8	-	4.5	6.9	7.1	7.8	8.5	8.8	9.1	9.3	9.6	9.9	10.2	10.5	10.8	11.1	11.5	11.8
338	Interest Expense (incl. Financial)				60.7	60.0	19.3	-	31.8	47.2	46.6	46.0	45.3	44.4	43.6	42.7	42.2	40.7	39.1	37.3	35.6	33.6	31.5	29.1
339	Total				198.0	162.6	69.2	-	294.3	440.2	452.1	478.6	482.4	495.6	502.8	520.1	526.0	555.8	539.3	558.7	560.9	581.0	580.9	599.5
340																								
341	Days Cash on Hand (including Line of Credit)				362.2	234.5	721.0	-	212.0	203.4	177.0	151.6	138.9	132.7	134.3	135.5	136.3	129.7	135.8	131.8	131.5	126.7	124.5	116.9
342	Days Cash on Hand (excluding Line of Credit)				177.8	234.5	721.0	-	129.0	120.5	96.3	75.4	63.3	59.0	61.7	65.4	66.9	64.0	68.1	66.5	66.5	63.9	61.6	56.0
343																								

Calendar Year	Transaction																			
	2006	2007	2008H1	2008 H2	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Unwind Allocation	0.000	0.000	0.000	0.669	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
Pre-Transaction Allocation	1.000	1.000	0.331	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Transaction Index	0.000	0.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
																			Transaction Closing Date:	4/30/2008
VII. Debt Service Detail, as of Transaction Date (M\$)																				
Fixed/ Insured Serial Bonds (Tranche 1)																				
Beginning Principal	-	-	-	-	-	-	-	-	-	-	-	88.6	88.6	88.6	88.6	88.6	88.6	88.6	88.6	
Principal	-	-	-	-	-	-	-	-	-	-	(88.6)	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	
Interest	-	-	-	-	-	-	-	-	-	-	(88.6)	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	
Debt Service	-	-	-	-	-	-	-	-	-	-	(88.6)	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	
Blended Interest Cost	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.64%	5.64%	5.64%	5.64%	5.64%	5.64%	5.64%	5.64%	
Fixed/ Insured Serial Bonds (Tranche 2)																				
Beginning Principal	-	-	-	-	-	-	-	-	-	-	-	117.6	117.6	117.6	117.6	117.6	117.6	104.7	53.8	
Principal	-	-	-	-	-	-	-	-	-	-	(117.6)	6.5	6.5	6.5	6.5	6.5	6.5	5.8	3.0	
Interest	-	-	-	-	-	-	-	-	-	-	(117.6)	6.5	6.5	6.5	6.5	6.5	6.5	5.8	3.0	
Debt Service	-	-	-	-	-	-	-	-	-	-	(117.6)	6.5	6.5	6.5	6.5	6.5	6.5	19.3	56.7	
Blended Interest Cost	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.49%	5.49%	5.49%	5.49%	5.49%	5.49%	5.50%	5.52%	
Variable Rate Bonds																				
Beginning Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Blended Interest Cost	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Ongoing RUS Note (Stated)																				
Beginning Principal	-	794.7	594.7	583.6	566.4	548.1	528.9	508.5	486.9	464.1	240.0	203.5	164.9	124.2	81.0	35.4	(0.0)	(0.0)	(0.0)	
Principal	-	200.0	11.1	17.2	18.2	19.3	20.4	21.6	22.8	224.1	36.5	38.6	40.8	43.1	45.6	35.4	-	-	-	
Interest	-	-	22.9	33.6	32.6	31.5	30.4	29.2	28.0	26.7	13.8	11.7	9.5	7.1	4.7	2.0	-	-	-	
Debt Service	-	200.0	34.0	50.8	50.8	50.8	50.8	50.8	50.8	250.8	50.3	50.3	50.3	50.3	50.3	37.4	-	-	-	
Blended Interest Cost	-	0.00%	3.85%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	-	-	-	
ARVP																				
Beginning Principal	-	101.5	101.5	105.6	111.8	118.4	125.4	132.8	140.7	149.0	157.8	167.2	177.0	187.5	198.6	210.3	222.8	236.0	236.0	
Principal/ Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Interest/ Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Accretion Rate	-	0.00%	5.91%	5.91%	5.91%	5.91%	5.91%	5.91%	5.91%	5.91%	5.91%	5.91%	5.91%	5.91%	5.91%	5.91%	5.91%	5.91%	5.91%	
PCB																				
Beginning Principal	-	142.1	142.1	142.1	142.1	142.1	142.1	142.1	142.1	142.1	142.1	142.1	142.1	142.1	142.1	142.1	142.1	142.1	142.1	
Principal	-	-	4.8	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	
Interest	-	-	4.8	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	
Debt Service	-	-	4.8	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	
Blended Interest Cost	-	0.00%	3.35%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	
Total (Incorporates RUS on Stated Basis)																				
Beginning Principal	-	1,038.3	838.3	831.3	820.3	808.6	796.4	783.4	769.7	755.2	746.1	719.0	690.3	660.0	627.9	594.1	558.3	520.5	520.5	
Principal	-	200.0	11.1	17.2	18.2	19.3	20.4	21.6	22.8	17.9	36.5	38.6	40.8	43.1	45.6	48.2	51.0	53.8	53.8	
Interest	-	-	27.6	40.7	39.7	38.6	37.5	36.3	35.1	33.8	32.4	30.3	28.1	25.7	23.2	20.6	17.9	15.1	15.1	
Line of Credit Fee	-	-	0.3	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	
Debt Service	-	200.0	39.1	58.4	58.4	58.4	58.4	58.4	58.4	58.4	52.2	69.3	69.3	69.3	69.3	69.3	69.3	69.3	69.3	

Smelter Rate Structure

	2008 H2	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Unwind Allocation	0.669	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Pre-Transaction Allocation	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Days in Year		365	365	365	366	365	365	365	366	365	365	365	366	365	365	365
General Rate Adjustment (%)	0.00%	0.00%	0.00%	2.57%	0.00%	0.00%	0.00%	1.01%	0.00%	9.96%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1 Smelter Sales																
2 Century	2.78	4.14	4.14	4.14	4.15	4.14	4.14	4.14	4.15	4.14	4.14	4.14	4.15	4.14	4.14	4.14
3 Alcan	2.12	3.16	3.16	3.16	3.17	3.16	3.16	3.16	3.17	3.16	3.16	3.16	3.17	3.16	3.16	3.16
4 Total Energy (TWh)	4.898	7.297	7.297	7.297	7.317	7.297	7.297	7.297	7.317	7.297	7.297	7.297	7.317	7.297	7.297	7.297
5 Total Demand (GW)	6.847	10.200	10.200	10.200	10.200	10.200	10.200	10.200	10.200	10.200	10.200	10.200	10.200	10.200	10.200	10.200
6 Smelter Load Factor (%)	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%
7																
8 Smelter Rate (\$/ MWh)																
9 Large Industrial Rate																
10 Sales (TWh)	0.69	1.06	1.10	1.13	1.17	1.20	1.23	1.27	1.30	1.34	1.37	1.41	1.44	1.48	1.51	1.54
11 Load Factor (%)	78.09%	78.65%	78.65%	78.65%	78.39%	78.65%	78.65%	78.65%	78.36%	78.65%	78.65%	78.65%	78.33%	78.65%	78.65%	78.65%
12 Demand (\$/ KW-mo.)	10.15	10.15	10.15	10.41	10.41	10.41	10.41	10.52	10.52	11.56	11.56	11.56	11.56	11.56	11.56	11.56
13 Energy (\$/ MWh)	13.72	13.72	13.72	14.07	14.07	14.07	14.07	14.21	14.21	15.62	15.62	15.62	15.62	15.62	15.62	15.62
14 Power Factor Penalty/ Demand Cr. (\$/ MWh)																
15 MRDA (\$/ MWh)	(0.94)	(0.93)	(0.91)	(0.89)	(0.87)	(0.85)	(0.83)	(0.81)	(0.80)	(0.78)	(0.76)	(0.75)	(0.73)	(0.71)	(0.70)	(0.69)
16 Regulatory Account Charge																
17 Less: Regulatory Account Charge						(0.17)	(0.17)	(0.16)	(0.53)	(0.52)	(0.51)	(0.92)	(0.90)	(0.88)	(1.32)	(1.30)
18 Net Rate (\$/ MWh)	30.58	30.46	30.48	31.31	31.34	31.35	31.37	31.71	31.75	34.99	35.00	35.02	35.06	35.05	35.07	35.08
19																
20 Large Industrial Rate @ 98% LF	27.07	27.08	27.09	27.83	27.81	27.87	27.88	28.19	28.16	31.10	31.11	31.13	31.10	31.15	31.17	31.18
21 Plus Margin	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
22 Smelter Base Rate	27.32	27.33	27.34	28.08	28.06	28.12	28.13	28.44	28.41	31.35	31.36	31.38	31.35	31.40	31.42	31.43
23 Plus TIER Adjustment				1.77	2.63	2.39	2.25	3.16	2.93	3.14	0.11	3.08	2.03	3.28	2.29	3.41
24 Less TIER Related Rebate	(0.08)	(0.37)	(0.74)													
25 Smelter Rate Subject to TIER Adjustment	27.24	26.95	26.60	29.85	30.69	30.51	30.38	31.60	31.35	34.49	31.47	34.46	33.38	34.68	33.70	34.84
26																
27 Plus FAC + PPA + Environmental Surcharge	5.85	6.74	9.36	10.95	11.16	12.00	12.32	13.70	14.08	15.30	14.66	15.40	15.67	16.44	16.70	17.50
28 Plus Surcharge 1	0.70	0.70	0.70	0.70	1.00	1.00	1.00	1.00	1.00	1.40	1.40	1.40	1.39	1.40	1.40	1.40
29 Plus Surcharge 2	1.20	0.72	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
30 Effective Smelter Rate (Incl. PPA, Surcharge, & Rebate)	34.98	35.11	37.86	42.70	44.04	44.72	44.90	47.50	47.63	52.39	48.73	52.46	51.64	53.72	53.00	54.94
31																
32 TIER Adjustment Cap (\$/ MWh)	27.32	27.33	27.34	28.08	28.06	28.12	28.13	28.44	28.41	31.35	31.36	31.38	31.35	31.40	31.42	31.43
33 Bandwidth Floor	1.95	1.95	1.95	1.95	2.95	2.95	2.95	3.55	3.55	3.55	4.15	4.15	4.15	4.75	4.75	4.75
34 Bandwidth Range	29.27	29.28	29.29	30.03	31.01	31.07	31.08	31.99	31.96	34.90	35.51	35.53	35.50	36.15	36.17	36.18
35 Bandwidth Ceiling	27.24	26.95	26.60	29.85	30.69	30.51	30.38	31.60	31.35	34.49	31.47	34.46	33.38	34.68	33.70	34.84
36 Smelter Rate Subject to TIER Adjustment/ Rebate																

Smelter Price and Bandwidth



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37	TIER Adjustment Rebate/Charge																
38	Pre-TIER Rebate Member Revenues	80.0	120.6	124.6	132.3	132.7	161.0	170.9	181.3	189.0	206.0	212.9	219.2	227.2	234.1	241.9	248.2
39	Pre-TIER Adj/Rebate Smelter Revenues	171.7	258.9	281.7	298.7	303.1	308.8	311.2	323.5	327.0	359.3	354.8	360.3	363.0	368.1	370.1	376.0
40	Other Revenues	<u>75.5</u>	<u>115.0</u>	<u>103.0</u>	<u>92.6</u>	<u>86.9</u>	<u>68.6</u>	<u>64.7</u>	<u>54.2</u>	<u>52.2</u>	<u>45.3</u>	<u>49.9</u>	<u>37.1</u>	<u>37.5</u>	<u>37.8</u>	<u>36.8</u>	<u>36.3</u>
41	Pre TIER Adj/Rebate Revenues	327.2	494.5	509.2	523.6	522.6	538.4	546.8	559.0	568.2	610.7	617.5	616.6	627.7	640.0	648.8	660.4
42	Total Expenses	315.8	474.4	487.6	520.3	525.6	539.6	546.9	565.7	573.1	617.2	602.0	622.8	626.4	647.9	649.5	669.5
43	Net Margin Before TIER Adjustment	11.4	20.1	21.7	3.3	(3.0)	(1.2)	(0.1)	(6.7)	(5.0)	(6.5)	15.5	(6.2)	1.3	(7.9)	(0.7)	(9.1)
44																	
45	Interest + Margin	52.0	80.7	82.2	63.8	57.4	59.1	60.0	53.3	55.3	52.9	74.2	51.6	58.4	48.3	54.8	45.2
46	Interest Charges	40.7	60.6	60.6	60.5	60.4	60.3	60.1	60.0	60.2	59.5	58.7	57.9	57.1	56.2	55.5	54.3
47	Pre-TIER Adjustment TIER	1.28	1.33	1.36	1.05	0.95	0.98	1.00	0.89	0.92	0.89	1.26	0.89	1.02	0.86	0.99	0.83
48																	
49	Increment needed for 1.24x TIER	(1.6)	(5.6)	(7.1)	11.2	17.5	15.7	14.5	21.1	19.4	20.8	(1.4)	20.1	12.4	21.4	14.0	22.1
50	Contract TIER Adjustments																
51	Plus: Imputed Rate Increase in 2010			2.5	2.6	2.7	2.7	2.8	2.8	2.9	3.0	3.0	3.1	3.2	3.2	3.3	3.4
52	Less: Offset to Imputed Rate Increase in 2010				(2.6)	(2.7)	(2.7)	(2.8)	(2.8)	(2.9)	(3.0)	(3.0)	(3.1)	(3.2)	(3.2)	(3.3)	(3.4)
53	Less: Interest on Sequestered Funds	<u>(1.0)</u>	<u>(1.5)</u>	<u>(1.6)</u>	<u>(1.7)</u>	<u>(1.7)</u>	<u>(1.8)</u>	<u>(1.9)</u>	<u>(2.0)</u>	<u>(2.1)</u>	<u>(2.2)</u>	<u>(2.2)</u>	<u>(2.3)</u>	<u>(2.4)</u>	<u>(2.5)</u>	<u>(2.7)</u>	<u>(2.8)</u>
54	Total Adjustments	(1.0)	(1.5)	0.9	(1.7)	(1.7)	(1.8)	(1.9)	(2.0)	(2.1)	(2.2)	(2.2)	(2.3)	(2.4)	(2.5)	(2.7)	(2.8)
55	Increment needed for 1.24x TIER with Adj.	(0.6)	(4.0)	(8.1)	12.9	19.2	17.5	16.4	23.1	21.5	22.9	0.8	22.5	14.9	23.9	16.7	24.9
56																	
57	Rebate Amount (\$M)	(0.59)	(4.01)	(8.06)													
58	TIER Adjustment Charge (\$M)				12.9	19.2	17.5	16.4	23.1	21.5	22.9	0.8	22.5	14.9	23.9	16.7	24.9
59																	
60	<u>Rebate to Members/Smelters (\$/MWh)</u>																
61	Rurals	(0.08)	(0.39)	(0.77)													
62	Large Industrials	(0.07)	(0.34)	(0.67)													
63	Smelters	(0.08)	(0.37)	(0.74)													
64																	
65	<u>TIER Adjustment Charge to Smelters (\$/MWh)</u>				1.77	2.63	2.39	2.25	3.16	2.93	3.14	0.11	3.08	2.03	3.28	2.29	3.41

Member Rates Cash Method

	2008 H2	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Unwind Allocation	0.669	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Pre-Transaction Allocation	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
1 Member Sales (TWh)																
2 Rural	1.6	2.4	2.5	2.5	2.6	2.7	2.7	2.8	2.8	2.9	2.9	3.0	3.1	3.1	3.2	3.2
3 Large Industrial	0.7	1.1	1.1	1.1	1.2	1.2	1.2	1.3	1.3	1.3	1.4	1.4	1.4	1.5	1.5	1.5
4 Total	2.3	3.5	3.6	3.7	3.8	3.9	3.9	4.0	4.1	4.2	4.3	4.4	4.5	4.6	4.7	4.8
6 Rates (Cash Method)																
<u>Rural</u>																
8 Load Factor (%)	60.2%	60.0%	60.1%	60.2%	60.2%	60.4%	60.5%	60.6%	60.5%	60.7%	60.8%	60.9%	60.8%	61.0%	61.1%	61.2%
9 Demand (\$/ KW-mo.)	7.37	7.37	7.37	7.56	7.56	7.56	7.56	7.64	7.64	8.40	8.40	8.40	8.40	8.40	8.40	8.40
10 Energy (\$/ MWH)	20.40	20.40	20.40	20.92	20.92	20.92	20.92	21.14	21.14	23.24	23.24	23.24	23.24	23.24	23.24	23.24
11 Base	37.18	37.22	37.19	37.17	37.14	37.12	37.09	37.07	37.04	37.02	37.00	36.98	36.95	36.94	36.92	36.90
12 MRDA	(1.11)	(1.10)	(1.08)	(1.05)	(1.03)	(1.00)	(0.98)	(0.96)	(0.94)	(0.92)	(0.90)	(0.88)	(0.86)	(0.84)	(0.82)	(0.81)
13 Regulatory Account Charge						0.17	0.17	0.16	0.53	0.52	0.51	0.92	0.90	0.88	1.32	1.30
14 GRA				0.96	0.96	0.95	0.95	1.34	1.34	5.16	5.15	5.15	5.15	5.14	5.14	5.14
15 FAC	5.90	5.84	7.05	7.60	7.81	8.31	8.99	9.01	9.41	9.45	9.75	9.64	10.11	10.30	10.39	10.44
16 Env. Surcharge	0.49	0.85	2.68	2.62	2.89	2.89	3.02	4.14	4.17	4.12	4.28	4.25	4.45	4.63	4.65	4.82
17 Surcharge Rebate	(4.00)	(2.95)	(3.87)	(3.77)	(4.28)	(4.17)	(4.08)	(3.98)	(3.90)	(4.49)	(4.40)	(4.30)	(4.22)	(4.12)	(4.04)	(3.96)
18 TIER Related Rebate		(0.06)	(0.38)	(0.75)												
19 Economic Reserve	(2.39)	(3.68)	(5.50)	(5.72)	(6.42)	(0.69)										
20 Net	(0.00)	(0.00)	(0.02)	(0.03)		6.34	7.94	9.17	9.68	9.08	9.64	9.58	10.34	10.81	11.00	11.30
21 Effective Rate	36.07	36.11	36.10	37.04	37.06	43.57	45.17	46.78	47.64	50.85	51.40	51.75	52.48	52.93	53.56	53.84
<u>Large Industrial</u>																
24 Load Factor (%)	78.1%	78.6%	78.6%	78.6%	78.4%	78.6%	78.6%	78.6%	78.4%	78.6%	78.6%	78.6%	78.3%	78.6%	78.6%	78.6%
25 Demand (\$/ KW-mo.)	10.15	10.15	10.15	10.41	10.41	10.41	10.41	10.52	10.52	11.56	11.56	11.56	11.56	11.56	11.56	11.56
26 Energy (\$/ MWH)	13.72	13.72	13.72	14.07	14.07	14.07	14.07	14.21	14.21	15.62	15.62	15.62	15.62	15.62	15.62	15.62
27 Base	31.52	31.39	31.39	31.39	31.40	31.39	31.39	31.39	31.41	31.39	31.39	31.39	31.42	31.39	31.39	31.39
28 MRDA	(0.94)	(0.93)	(0.91)	(0.89)	(0.87)	(0.85)	(0.83)	(0.81)	(0.80)	(0.78)	(0.76)	(0.75)	(0.73)	(0.71)	(0.70)	(0.69)
29 Regulatory Account Charge						0.17	0.17	0.16	0.53	0.52	0.51	0.92	0.90	0.88	1.32	1.30
30 GRA				0.81	0.81	0.81	0.81	1.13	1.13	4.37	4.37	4.37	4.37	4.37	4.37	4.37
31 FAC	5.90	5.84	7.05	7.60	7.81	8.31	8.99	9.01	9.41	9.45	9.75	9.64	10.11	10.30	10.39	10.44
32 Env. Surcharge	0.49	0.85	2.68	2.62	2.89	2.89	3.02	4.14	4.17	4.12	4.28	4.25	4.45	4.63	4.65	4.82
33 Surcharge Rebate	(4.00)	(2.95)	(3.87)	(3.77)	(4.28)	(4.17)	(4.08)	(3.98)	(3.90)	(4.49)	(4.40)	(4.30)	(4.22)	(4.12)	(4.04)	(3.96)
34 TIER Related Rebate		(0.05)	(0.32)	(0.65)												
35 Economic Reserve	(2.39)	(3.68)	(5.50)	(5.72)	(6.42)	(0.69)										
36 Net	(0.00)	0.01	0.04	0.07		6.34	7.94	9.17	9.68	9.08	9.64	9.58	10.34	10.81	11.00	11.30
37 Effective Rate	30.58	30.47	30.52	31.39	31.34	37.86	39.48	41.05	41.95	44.58	45.15	45.52	46.30	46.74	47.39	47.68
<u>Non-Smelter Member Blend</u>																
40 Base	35.50	35.45	35.42	35.39	35.36	35.33	35.31	35.28	35.26	35.24	35.21	35.20	35.18	35.16	35.14	35.13
41 MRDA	(1.06)	(1.05)	(1.03)	(1.00)	(0.98)	(0.96)	(0.93)	(0.91)	(0.89)	(0.87)	(0.85)	(0.84)	(0.82)	(0.80)	(0.78)	(0.77)
42 Regulatory Account Charge						0.17	0.17	0.16	0.53	0.52	0.51	0.92	0.90	0.88	1.32	1.30
43 GRA				0.91	0.91	0.91	0.91	1.27	1.27	4.91	4.90	4.90	4.90	4.90	4.89	4.89
44 FAC	5.90	5.84	7.05	7.60	7.81	8.31	8.99	9.01	9.41	9.45	9.75	9.64	10.11	10.30	10.39	10.44
45 Env. Surcharge	0.49	0.85	2.68	2.62	2.89	2.89	3.02	4.14	4.17	4.12	4.28	4.25	4.45	4.63	4.65	4.82
46 Surcharge Rebate	(4.00)	(2.95)	(3.87)	(3.77)	(4.28)	(4.17)	(4.08)	(3.98)	(3.90)	(4.49)	(4.40)	(4.30)	(4.22)	(4.12)	(4.04)	(3.96)
47 TIER Related Rebate		(0.05)	(0.36)	(0.72)												
48 Economic Reserve	(2.39)	(3.68)	(5.50)	(5.72)	(6.42)	(0.69)										
49 Net	(0.00)	0.00	0.00	0.00	0.00	6.34	7.94	9.17	9.68	9.08	9.64	9.58	10.34	10.81	11.00	11.30
50 Effective Rate	34.44	34.40	34.39	35.30	35.29	41.79	43.38	44.97	45.84	48.86	49.41	49.76	50.50	50.95	51.57	51.85
<u>Revenues Delta (\$M)</u>																
53 Rural	0.14	0.81	0.97	(1.92)												
54 LI	0.05	0.31	0.39	(0.74)												
55 Total	0.19	1.11	1.35	(2.66)												
57 Smelter Rebate Lag																
58 TWh	4.90	7.30	7.30	7.30	7.32	7.30	7.30	7.30	7.32	7.30	7.30	7.30	7.32	7.30	7.30	7.30
59 Accrued (\$/ MWh)	(0.08)	(0.37)	(0.74)													
60 Realized (\$/ MWh)		(0.05)	(0.37)	(0.74)												
61 Adjust (\$M)	0.40	2.31	2.69	(5.41)												

Regulatory Accounts

December 2007

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Purchased Power Cost not Included in Member Rates (\$M)	(1.26)	0.17	(1.33)	2.69	1.72	3.11	1.20	2.23	2.09	7.32	2.69	6.70	5.01	6.93	7.83	10.72
1 EXPENSE DEFERRAL METHOD																
2																
3 Income Statement (Change in Regulatory Account)																
4 1. Deferral																
5 Power Purchase Expense																
6 Debit	1.26	-	1.33	-	-	-	-	-	-	-	-	-	-	-	-	-
7 Credit	-	(0.17)	-	(2.69)	(1.72)	(3.11)	(1.20)	(2.23)	(2.09)	(7.32)	(2.69)	(6.70)	(5.01)	(6.93)	(7.83)	(10.72)
8 Total	1.26	(0.17)	1.33	(2.69)	(1.72)	(3.11)	(1.20)	(2.23)	(2.09)	(7.32)	(2.69)	(6.70)	(5.01)	(6.93)	(7.83)	(10.72)
9																
10 2. Recognition of Prior Year Balance (Set to Start in 2013)																
11 Credit Member Revenue (Charge to Members)						0.66	0.66	0.66	2.18	2.18	2.18	4.03	4.03	4.03	6.21	6.21
12 Debit Power Purchase Expense						0.66	0.66	0.66	2.18	2.18	2.18	4.03	4.03	4.03	6.21	6.21
13																
14 Net Income	(1.26)	0.17	(1.33)	2.69	1.72	3.11	1.20	2.23	2.09	7.32	2.69	6.70	5.01	6.93	7.83	10.72
15																
16 Balance Sheet																
17 Assets																
18 Cash						0.66	1.33	1.99	4.17	6.35	8.52	12.56	16.59	20.62	26.83	33.04
19 Regulatory Asset	-	-	-	0.27	1.99	4.43	4.97	6.53	6.44	11.58	12.10	14.76	15.74	18.63	20.25	24.76
20 Total	-	-	-	0.27	1.99	5.10	6.30	8.52	10.61	17.93	20.62	27.32	32.33	39.26	47.08	57.80
21																
22 Liabilities & Equity																
23 Equity	(1.3)	(1.1)	(2.4)	0.3	2.0	5.1	6.3	8.5	10.6	17.9	20.6	27.3	32.3	39.3	47.1	57.8
24 Regulatory Liability	1.3	1.1	2.4	-	-	-	-	-	-	-	-	-	-	-	-	-
25 Total	-	-	-	0.3	2.0	5.1	6.3	8.5	10.6	17.9	20.6	27.3	32.3	39.3	47.1	57.8

FAC + A Env Sur

December 2007

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1 Production (TWh)	8.1	11.8	12.1	11.6	11.7	11.6	11.9	11.9	12.0	11.6	12.0	11.6	11.9	11.9	11.9	11.9
2 Sales (TWh)	8.3	12.3	12.5	12.3	12.3	12.3	12.4	12.4	12.5	12.4	12.6	12.4	12.5	12.6	12.7	12.8
3																
4																
5 A. FAC																
6 Fuel Costs (\$M)	137.6	203.5	222.0	225.1	227.7	235.0	244.6	245.5	252.0	250.6	257.8	252.3	261.0	265.7	267.4	270.5
7																
8 Total Costs for Passthrough (\$/ MWh Sold)	16.62	16.56	17.77	18.31	18.53	19.03	19.71	19.72	20.13	20.17	20.47	20.35	20.83	21.02	21.10	21.16
9 Fuel Cost Base (\$/MWh)	(10.72)	(10.72)	(10.72)	(10.72)	(10.72)	(10.72)	(10.72)	(10.72)	(10.72)	(10.72)	(10.72)	(10.72)	(10.72)	(10.72)	(10.72)	(10.72)
10 FAC (\$/MWh)	5.90	5.84	7.05	7.60	7.81	8.31	8.99	9.01	9.41	9.45	9.75	9.64	10.11	10.30	10.39	10.44
11 B. PPA																
12 Purchased Power Costs (\$M)	10.01	22.11	17.26	30.53	27.15	31.59	25.51	28.67	28.27	43.33	29.93	40.57	35.90	41.20	43.34	51.02
13																
14 Total Costs for Passthrough (\$/ MWh Sold)	1.21	1.80	1.38	2.48	2.21	2.56	2.06	2.30	2.26	3.49	2.38	3.27	2.86	3.26	3.42	3.99
15 Purchased Power Cost Base (\$/MWh)	(1.75)	(1.75)	(1.75)	(1.75)	(1.75)	(1.75)	(1.75)	(1.75)	(1.75)	(1.75)	(1.75)	(1.75)	(1.75)	(1.75)	(1.75)	(1.75)
16 Purchase Power Passthrough (\$/MWh)	(0.54)	0.05	(0.37)	0.73	0.46	0.81	0.30	0.55	0.51	1.73	0.63	1.52	1.11	1.51	1.67	2.24
17																
18 C. Environmental Surcharge																
19 Eligible Cost (\$M)	4.06	10.44	33.45	32.19	35.49	35.62	37.46	51.54	52.19	51.21	53.95	52.65	55.79	58.54	58.92	61.60
20																
21 Total Costs for Passthrough (\$/ MWh Sold)	0.49	0.85	2.68	2.62	2.89	2.89	3.02	4.14	4.17	4.12	4.28	4.25	4.45	4.63	4.65	4.82
22 Env. Surcharge Cost Base (\$/MWh)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23 Environmental Surcharge Passthrough (\$/MWh)	0.49	0.85	2.68	2.62	2.89	2.89	3.02	4.14	4.17	4.12	4.28	4.25	4.45	4.63	4.65	4.82
24																
25																
26 1 - FAC + Environmental Surcharge to Members																
27 <u>Rurals</u>																
28 FAC	5.90	5.84	7.05	7.60	7.81	8.31	8.99	9.01	9.41	9.45	9.75	9.64	10.11	10.30	10.39	10.44
29 Environmental Surcharge	0.49	0.85	2.68	2.62	2.89	2.89	3.02	4.14	4.17	4.12	4.28	4.25	4.45	4.63	4.65	4.82
30 Total	6.39	6.69	9.73	10.22	10.70	11.20	12.01	13.15	13.58	13.57	14.04	13.88	14.56	14.93	15.04	15.26
31 <u>Large Industrials</u>																
32 FAC	5.90	5.84	7.05	7.60	7.81	8.31	8.99	9.01	9.41	9.45	9.75	9.64	10.11	10.30	10.39	10.44
33 Environmental Surcharge	0.49	0.85	2.68	2.62	2.89	2.89	3.02	4.14	4.17	4.12	4.28	4.25	4.45	4.63	4.65	4.82
34 Total	6.39	6.69	9.73	10.22	10.70	11.20	12.01	13.15	13.58	13.57	14.04	13.88	14.56	14.93	15.04	15.26
35 2 - FAC + PPA + Environmental Surcharge to Smelters																
36 FAC	5.90	5.84	7.05	7.60	7.81	8.31	8.99	9.01	9.41	9.45	9.75	9.64	10.11	10.30	10.39	10.44
37 PPA	(0.54)	0.05	(0.37)	0.73	0.46	0.81	0.30	0.55	0.51	1.73	0.63	1.52	1.11	1.51	1.67	2.24
38 Environmental Surcharge	0.49	0.85	2.68	2.62	2.89	2.89	3.02	4.14	4.17	4.12	4.28	4.25	4.45	4.63	4.65	4.82
39 Total	5.85	6.74	9.36	10.95	11.16	12.00	12.32	13.70	14.08	15.30	14.66	15.40	15.67	16.44	16.70	17.50

UW Transaction

December 2007

(\$M)	2007	2008H1 0	Transaction	2008 H2 0
Unwind Allocation	-	-	-	0.669
Pre-Transaction Allocation	1.000	0.331	-	-
Transaction Index	-	-	1.000	-

A. Transaction Components

1	1. Cash Payment/ Credit Escrow Draws	-	-	301.5	-
2	2. WKE Residual Value Obligation				
3	WKE Gen. Capex - Cum.				
4	<u>Non-Incremental (RV Obligation Balance)</u>				
5	Beginning Balance	45.2	50.2	61.0	-
6	WKE Share of Non-Incremental Capex	6.8	11.7	-	-
7	Amortization of WKE Share	1.8	0.9	-	-
8	Net	50.2	61.0	61.0	-
9	<u>Incremental</u>				
10	Beginning Balance	95.6	90.9	89.4	-
11	WKE Share of Non-Incremental Capex	-	-	-	-
12	Amortization of WKE Share	4.6	1.6	-	-
13	Net	90.9	89.4	89.4	-
14	<u>Total</u>	141.1	150.4	150.4	-
15	3. LG&E Rental Income Advance				
16	Cash Flow	48.0	15.8	-	-
17	Income Statement	52.3	17.3	-	-
18	Balance	(13.0)	(11.4)	(11.4)	-
19	4. Fuel & Other Inventories	-	-	-	55.0
20	5. Cancellation of Settlement Prom. Note	-	-	16.0	-
21	6. Coleman Scrubber Completion	-	-	97.5	-
22	7. LG&E Emissions Allowance	-	-	10.9	-
23	8. Expense Unamortized Mktg Payment/ Settlement Note	-	-	(15.7)	-
24	9. Assurances Agreement	-	-	4.3	-
25					
26	Total Residual Value Obligation	154.1	161.8	161.8	-
27	Cancellation of RV Obligation				
28	Reclassification as Equity	-	-	161.8	-
29					
30	Net WKE Obligation	154.1	161.8	-	-
31					

UW Transaction

(SM)

2007	2008H1	Transaction	2008 H2
-	0	-	0
1.000	0.331	1.000	0.669

Unwind Allocation
Pre-Transaction Allocation
Transaction Index

32

B. Transaction Cash Flows

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			134.9
			301.5
			(4.3)
			-
			-
			(0.3)
			(1.1)
			295.9
			(207.0)
			-
	1.75%		-
	0.80%		(207.0)
			-
			(35.0)
			(75.0)
			113.8
			-
			1,051.1
			(16.0)
			7.2
			-
			791.4
			7.2
			798.6
			-
			794.7
			7.0
			801.7
			3.1
			1,045.3
			(207.0)
			-
			(207.0)
			838.4
			(2.3)
			836.1
			-
			-
			-

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UW Transaction

(\$M)		2007	2008H1	Transaction	2008 H2
			0		0
Unwind Allocation		-	-	-	0.669
Pre-Transaction Allocation		1.000	0.331	-	-
Transaction Index		-	-	1.000	-
D. Reflection on Income Statement					
78	1. Cash	-	-	301.500	-
79	2. Residual Value Payment	-	-	150.394	-
80	3. LG&E Rental Income Advance	-	-	11.445	-
81	4. Fuel Inventory & Other	-	-	55.000	-
82	5. Settlement Promissory Note	-	-	16.025	-
83	6. Coleman Scrubber	-	-	97.495	-
84	7. SO2 Allowances	-	-	10.892	-
85	8. Expense Unamortized Mktg Payment/ Settlement Note	-	-	(15.740)	-
86	9. Assurances Agreement Payment	-	-	(4.263)	-
87	Total	-	-	622.748	-
88					
89					
90	E. Non-Patronage Allocations and Taxable Income				
91					
92	Cash Flows	15%	-	45.23	-
93					
94	Income Statement				
95	Cash	15%	-	45.23	-
96	RVP	15%	-	24.28	-
97	Fuel Inventory & Other (plus emissions allowances)	15%	-	9.88	-
98	Settlement Promissory Note	15%	-	2.40	-
99	Coleman Scrubber	15%	-	14.62	-
100	Expense Unamortized Mktg Payment/ Settlement Note	15%	-	(5.93)	-
101	Total	15%	-	90.49	-
102					
103					
104	Taxable Income				
105	Gain on Transaction (above)		-	90.49	-
106	Less RVP		-	(24.28)	-
107	Less M1 - Coleman Scrubber		-	(14.62)	-
108	Plus Previously Expensed Mktg. Pmt.		-	4.20	-
109	Total		-	55.78	-
110					
111	Assumptions				
112	(a) Non-Patronage Allocation:				
113	Transaction Settlement Attribution				
114	Patronage Eligible	89%			
115	Patronage	11%			
116	Non-Patronage	0%			
117	Patronage Eligible Allocation (based on retrospective sales)				
118	Patronage	85%			
119	Non-Patronage	15%			
120	Non-Patronage Allocation:	13%			
121					
122	(b) Base case posits no tax basis to Big Rivers. Will be treated as a non-shareholder				
123					
124	(c) Base case posits no tax basis to Big Rivers. Improvements made by LG&E, therefore no additional income.				
125					
126	(d) 100% non-patron for book and tax. As a result, the reversal will be treated in the same manner for consistency purposes.				

Production-Fixed

December 2007

Production - Fixed

(\$M)	2007	2008 H1	2008 H2	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Unwind Allocation	0.000	0.000	0.669	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Pre-Transaction Allocation	1.000	0.331	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
A&G																		
Labor			7.69	10.97	11.29	11.63	11.98	12.34	12.71	13.09	13.49	13.89	14.31	14.74	15.18	15.63	16.10	16.59
Non-Labor			6.48	9.97	10.27	10.58	10.90	11.23	11.56	11.91	12.27	12.63	13.01	13.40	13.81	14.22	14.65	15.09
Intellectual Property			3.68	4.03	2.65	2.76	2.49	2.56	2.98	2.72	2.80	3.24	2.97	3.06	3.53	3.24	3.34	3.84
Intellectual Property Contingency																		
Total	13.80	4.86	17.85	24.97	24.21	24.97	25.37	26.13	27.25	27.72	28.55	29.77	30.29	31.20	32.51	33.10	34.09	35.51
APM, L/C, Cogen, CW & TVA Trans	3.83	3.63	3.46	5.29	5.41	4.72	4.58	4.72	4.86	5.01	5.16	5.31	5.47	5.64	5.81	5.98	6.16	6.34
Property Insurance	0.4013	0.14	2.63	4.05	4.17	4.30	4.43	4.56	4.70	4.84	4.98	5.13	5.28	5.44	5.61	5.78	5.95	6.13
Property Tax																		
Baseline	1.08	0.37	1.18	1.81	1.87	2.39	2.92	3.01	3.10	3.19	3.29	3.39	3.49	3.59	3.70	3.81	3.93	4.05
Transmission -- Operations	0.77	0.26	0.57	0.88	0.91	0.98	1.01	1.04	1.07	1.10	1.14	1.17	1.21	1.24	1.28	1.32	1.36	1.40
General Plant -- Operations	0.11	0.04	0.11	0.16	0.17	0.17	0.18	0.18	0.19	0.19	0.20	0.21	0.21	0.22	0.23	0.23	0.24	0.25
Total	1.9589	0.667	1.86	2.86	2.94	3.54	4.11	4.23	4.36	4.49	4.63	4.76	4.91	5.05	5.21	5.36	5.52	5.69
Transmission O&M																		
Baseline Labor	7.38	1.89	3.83	5.89	6.07	6.25	6.44	6.63	6.83	7.03	7.24	7.46	7.69	7.92	8.15	8.40	8.65	8.91
Baseline Non-Labor		0.52	1.06	1.63	1.68	1.73	1.78	1.84	1.89	1.95	2.01	2.07	2.13	2.19	2.26	2.33	2.40	2.47
Upgrades, Phase I																		
O&M		0.08	0.16	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Property Tax		0.01	0.02	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
Property Ins.		0.00	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Total (Real)	7.38	2.52	5.10	7.84	8.08	8.32	8.57	8.83	9.09	9.36	9.65	9.93	10.23	10.54	10.86	11.18	11.52	11.86
Total (Nominal)	7.38	2.52	5.10	7.84	8.08	8.32	8.57	8.83	9.09	9.36	9.65	9.93	10.23	10.54	10.86	11.18	11.52	11.86
Total Transmission O&M	7.38	2.52	5.10	7.84	8.08	8.32	8.57	8.83	9.09	9.36	9.65	9.93	10.23	10.54	10.86	11.18	11.52	11.86
Fixed O&M																		
Labor			29.99	43.35	45.12	46.95	48.60	50.06	51.30	52.30	53.32	54.35	55.69	57.36	59.08	60.85	62.67	64.55
Non-Labor			29.21	36.97	41.06	41.89	39.65	50.31	41.88	53.38	45.49	47.13	53.86	54.34	54.56	60.42	53.05	67.77
Plant Maintenance																		
Coleman				0.58	0.24	0.24												
Green				0.34	0.24							2.58						
HMP&L				0.34	0.24	0.64	0.64	0.64	0.64	4.86	0.64	0.64	0.64	0.64	0.64	0.64	0.64	0.64
Reid				0.34								0.87						
Wilson			3.10	1.90	1.24	1.57	1.24	0.76	0.45	0.80	0.50	0.85	0.54	1.23	0.91	1.25	0.93	1.27
Adjust for Station 2				(0.10)	(0.07)	(0.19)	(0.20)	(0.20)	(0.20)	(1.56)	(0.20)	(0.20)	(0.20)	(0.20)	(0.20)	(0.20)	(0.20)	(0.20)
Total (Real)			3.10	3.39	1.90	2.25	1.68	1.19	0.89	4.10	0.93	4.72	0.97	1.66	1.35	1.68	1.36	1.70
Total (Nominal)			2.19	3.71	2.14	2.61	2.00	1.46	1.12	5.35	1.25	6.54	1.39	2.44	2.03	2.62	2.19	2.81
T/G Overhauls (Cash Flows)			2.84	9.17		9.25	10.46		6.95		6.74	19.80		13.46	5.91	7.82	8.44	
T/G Overhauls (Income Statement)			2.84	9.17		9.25	10.46		6.95		6.74	19.80		13.46	5.91	7.82	8.44	
Environmental Monitoring and Other																		
08/2007 Adjustment																		
Total Fixed O&M (to Cash Flows)			64.23	93.20	88.31	100.70	100.72	101.83	101.25	111.03	106.80	127.82	110.93	127.60	121.57	131.70	126.36	135.13
Total Fixed O&M (to Income Statement)			64.23	93.20	88.31	100.70	100.72	101.83	101.25	111.03	106.80	127.82	110.93	127.60	121.57	131.70	126.36	135.13

Capex Depreciation

December 2007

(SM)	2005	2006	2007	2008H1	2008 H2	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1 <u>Transmission--Basic</u>		5.91	9.62	5.19	6.21	9.56	9.19	4.43	5.91	0.46	0.36	0.49	1.58	2.81	3.36	3.46	3.56	3.67	3.78	3.89
2																				
3 <u>Transmission Upgrades</u>																				
4 Phase I			4.00																	
5 Phase II					3.70	5.80	1.60													
6 Total Real			4.00		3.70	5.80	1.60													
7 Total Nominal	3.00%		4.12		3.70	5.97	1.70													
8																				
9 <u>A&G</u>		0.86	1.25	0.43	0.86	1.33	1.37	1.41	1.45	1.49	1.54	1.59	1.63	1.68	1.73	1.78	1.84	1.89	1.95	2.01
10																				
11 <u>Shared HQ Building</u>																				
12 Phase I																				
13 Phase II																				
14 Total																				
15																				
16 <u>Intellectual Property</u>																				
17 Total					4.45	5.36	1.73	1.20	2.85	1.61	1.30	3.02	1.40	1.37	3.57	1.54	1.48	3.35	1.58	2.06
18																				
19 <u>WKE Share of Generation Capex</u>																				
20 (%)		51%	51%	84%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
21 (M\$)		6.69	6.84	11.73																
22																				
23 <u>Generation</u>																				
24 Baseline					22.41	29.76	21.09	24.84	25.17	24.68	24.68	24.68	24.68	24.68	24.68	24.68	24.68	24.68	24.68	24.68
25 Adjustment for Station 2					(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
26 Total Real					22.41	29.76	21.09	24.84	25.17	24.68	24.68	24.68	24.68	24.68	24.68	24.68	24.68	24.68	24.68	24.68
27 Total Nominal	3.00%	13.12	13.41	13.95	14.61	32.52	23.74	28.80	30.06	30.35	31.26	32.20	33.17	34.16	35.19	36.24	37.33	38.45	39.60	40.79
28																				
29 <u>Plant Maintenance</u>																				
30 Coleman					3.20	1.14	1.11	2.59	1.05											
31 Green						8.55	6.75	4.23	2.29	1.32						0.89	0.88			
32 HMP&L					1.46	1.33	0.85	6.21	3.94		3.49									
33 Reid						1.03									1.28					
34 Wilson					4.45	7.81	10.08	6.48	5.36							2.17				
35 Adjustment for Station 2					(0.44)	(0.41)	(0.26)	(1.89)	(1.26)		(1.12)					(0.28)	(0.28)			
36 Total Real					8.67	19.47	18.54	17.62	11.37	1.32	2.37				1.28	2.77	0.60			
37 Total Nominal	3.00%				5.65	21.27	20.86	20.42	13.58	1.62	3.00				1.83	4.07	0.91			
38																				
39 <u>Environmental</u>																				
40 NOx Removal Equipment Capital																				
41 Mercury Monitoring					3.02															
42 Cilmn FGD Equipment Capital																				
43 FGD ongoing upkeep capital (0.10%)																				
44 Additional FGD thickener & filter drum																				
45 R-CT reliability study & upgrades																				
46 Wilson super heater tubes replacment																				
47 Adjustment for Station 2																				
48 Total Real					3.02															
49 Total Nominal	3.00%				1.97															
50																				
51																				
52																				
53 <u>BigRivers Capex</u>																				
54 Gross Generation		13.12	13.41	13.95	14.61	32.52	23.74	28.80	30.06	30.35	31.26	32.20	33.17	34.16	35.19	36.24	37.33	38.45	39.60	40.79
55 Less WKE: Generation Share		6.69	6.84	11.73																
56 BigRivers Generation		6.43	6.57	2.22	14.61	32.52	23.74	28.80	30.06	30.35	31.26	32.20	33.17	34.16	35.19	36.24	37.33	38.45	39.60	40.79
57 Transmission		5.91	9.62	5.19	6.21	9.56	9.19	4.43	5.91	0.46	0.36	0.49	1.58	2.81	3.36	3.46	3.56	3.67	3.78	3.89
58 Transmission Upgrades			4.12		3.70	5.97	1.70													
59 A&G		0.86	1.25	0.43	0.86	1.33	1.37	1.41	1.45	1.49	1.54	1.59	1.63	1.68	1.73	1.78	1.84	1.89	1.95	2.01
60 Shared HQ Building																				
61 Intellectual Property					4.45	5.36	1.73	1.20	2.85	1.61	1.30	3.02	1.40	1.37	3.57	1.54	1.48	3.35	1.58	2.06
62 Plant Maintenance					5.65	21.27	20.86	20.42	13.58	1.62	3.00				1.83	4.07	0.91			
63 Environmental					1.97															
64 08/2007 Adjustment																				
65 Cash Adder																				
66 Total		13.19	21.56	7.84	37.45	76.01	58.58	56.26	53.85	35.54	37.46	37.30	37.79	40.02	45.68	47.09	45.12	47.37	46.91	48.76

Capex Depreciation

December 2007

(\$M)	2005	2006	2007	2008H1	2008 H2	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
67																				
68																				
69	<u>Depreciation</u>																			
70																				
71	<u>Additional Book Depreciation</u>																			
72		12.83	13.12	4.43	9.34	133.67	53.79	44.60	49.22	43.64	31.98	34.26	32.20	33.17	34.16	37.02	40.31	38.24	38.45	39.60
73		13.12	13.41	13.95	119.72	53.79	44.60	49.22	43.64	31.98	34.26	32.20	33.17	34.16	37.02	40.31	38.24	38.45	39.60	40.79
74		12.97	13.26	9.19																
75					10.03	16.06	16.86	12.25	5.83	7.36	1.96	1.90	2.08	3.22	4.49	5.09	5.24	5.40	5.56	5.73
76					10.77	16.86	12.25	5.83	7.36	1.96	1.90	2.08	3.22	4.49	5.09	5.24	5.40	5.56	5.73	5.90
77		6.38	10.89	5.29																
78		19.35	24.14	14.48																
79		1.53%	1.53%	1.54%	1.54%															
80					1.54%	1.63%	1.62%	2.63%	2.63%	2.63%	2.63%	2.63%	2.63%	2.63%	2.63%	2.63%	2.63%	2.63%	2.63%	2.63%
81		0.30	0.37	0.22	1.15	1.79	1.03	1.47	1.40	1.12	0.92	0.93	0.93	0.99	1.06	1.15	1.17	1.15	1.18	1.21
82																				
83	<u>HMP&L Station Two</u>																			
84		12.83	13.12	4.43	8.98	28.56	32.52	23.74	28.80	30.06	30.35	31.26	32.20	33.17	34.16	35.19	36.24	37.33	38.45	39.60
85		0.05%	0.05%	0.05%	0.11%	0.11%	0.11%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%
86		0.01	0.01	0.00	0.01	0.03	0.03	0.02	0.03	0.03	0.03	0.03	0.03	0.03	0.04	0.04	0.04	0.04	0.04	0.04
87																				
88	<u>Environmental</u>																			
89						1.97	1.97	1.97	1.97	1.97	1.97	1.97	1.97	1.97	1.97	1.97	1.97	1.97	1.97	1.97
90					1.97															
91					1.54%	1.63%	1.62%	2.63%	2.63%	2.63%	2.63%	2.63%	2.63%	2.63%	2.63%	2.63%	2.63%	2.63%	2.63%	2.63%
92					0.03	0.03	0.03	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
93																				
94	<u>Other</u>																			
95		6.00	6.77	4.96	10.03	16.39	16.86	12.25	5.83	7.36	1.96	1.90	2.08	3.22	4.49	5.09	5.24	5.40	5.56	5.73
96		6.77	10.87	5.62	10.77	16.86	12.25	5.83	7.36	1.96	1.90	2.08	3.22	4.49	5.09	5.24	5.40	5.56	5.73	5.90
97		6.38	8.82	5.29																
98		0.00	0.00	0.00	0.00															
99					0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%
100		0.02	0.03	0.02	0.05	0.10	0.09	0.05	0.04	0.03	0.01	0.01	0.02	0.02	0.03	0.03	0.03	0.03	0.03	0.03
101																				
102	<u>Book Depreciation & Amortization</u>																			
103	<u>Generation</u>																			
104		25.36	25.39	8.582	19.62	31.13	32.20	49.75	51.19	52.36	53.34	54.32	55.30	56.34	57.45	58.66	59.88	61.09	62.31	63.58
105																				
106					0.07	0.16	0.19	0.34	0.41	0.45	0.49	0.57	0.60	0.64	0.73	0.77	0.81	0.90	0.94	1.00
107		1.58	1.64	0.543	0.64	0.98	1.02	1.04	1.07	1.10	1.13	1.16	1.19	1.23	1.27	1.30	1.34	1.38	1.43	1.47
108		26.94	27.03	9.125	20.33	32.28	33.40	51.12	52.67	53.92	54.95	56.04	57.10	58.21	59.45	60.73	62.04	63.37	64.68	66.04
109		5.05	5.25	1.750	3.50	5.28	5.37	5.42	5.46	5.48	5.50	5.51	5.52	5.54	5.57	5.60	5.63	5.67	5.70	5.73
110								(11.53)	(11.66)	(12.93)	(13.90)	(13.46)	(13.08)							
111		31.99	32.27	10.88	23.83	37.56	38.77	45.01	46.47	46.47	46.55	48.09	49.54	63.75	65.02	66.34	67.67	69.04	70.38	71.78
112																				
113						52	52	46	46	47	48	47	47	37	37	37	37	37	37	37

Unwind Lot

December 2007

(SM)	2008H1	Transaction	2008H2	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Unwind Allocation	0.000	0.000	0.669	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Pre-Transaction Allocation	0.331	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	0.000	0.000	0.669	1.669	2.669	3.669	4.669	5.669	6.669	7.669	8.669	9.669	10.669	11.669	12.669	13.669	14.669	15.669
Fixed/ Insured (Tranche 1)																		
Beginning Balance											88.6	88.6	88.6	88.6	88.6	88.6	88.6	88.6
Coupon		0.00%	5.50%	5.42%	5.34%	5.26%	5.18%	5.21%	5.24%	5.26%	5.29%	5.32%	5.35%	5.39%	5.42%	5.45%	5.48%	5.52%
Principal (%)		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Interest											5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Principal										(88.6)								
Debt Service										(88.6)	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Fixed/ Insured (Tranche 2)																		
Beginning Balance											117.6	117.6	117.6	117.6	117.6	117.6	104.7	53.8
Coupon		0.00%	5.50%	5.42%	5.34%	5.26%	5.18%	5.21%	5.24%	5.26%	5.29%	5.32%	5.35%	5.39%	5.42%	5.45%	5.48%	5.52%
Principal (%)		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	10.92%	43.35%	45.73%
Interest											6.5	6.5	6.5	6.5	6.5	6.5	5.8	3.0
Principal										(117.6)						12.8	51.0	53.8
Debt Service										(117.6)	6.5	6.5	6.5	6.5	6.5	19.3	56.7	56.7
RUS - GAAP																		
Beginning Balance		791.4	592.4	581.3	564.3	546.3	527.3	507.2	485.9	463.4	239.5	203.2	164.7	124.0	80.9	35.4		
Coupon		0.00%	5.82%	5.82%	5.82%	5.82%	5.82%	5.82%	5.82%	5.82%	5.82%	5.82%	5.82%	5.82%	5.82%	5.82%	5.82%	5.82%
Principal (%)		0.00%	1.87%	2.90%	3.07%	3.24%	3.43%	3.63%	3.83%	37.68%	6.13%	6.49%	6.86%	7.25%	7.67%	5.95%	0.00%	0.00%
Interest			22.9	33.8	32.8	31.8	30.7	29.5	28.3	27.0	13.9	11.8	9.6	7.2	4.7	2.1		
Principal + Accrued Interest		199.0	11.2	17.0	18.0	19.0	20.1	21.3	22.5	223.8	36.3	38.5	40.7	43.1	45.6	35.4		
Debt Service		199.0	34.0	50.8	50.8	50.8	50.8	50.8	50.8	250.8	50.3	50.3	50.3	50.3	50.3	37.4		
Variable																		
Beginning Balance																		
Coupon		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Principal (%)		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Interest+Remarketing																		
Principal																		
Debt Service																		
PCB																		
Beginning Balance		142.1	142.1	142.1	142.1	142.1	142.1	142.1	142.1	142.1	142.1	142.1	142.1	142.1	142.1	142.1	142.1	142.1
Coupon		0.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Principal (%)		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Interest			4.8	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1
Principal																		
Debt Service			4.8	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1
ARVP																		
Beginning Balance		101.5	101.5	105.6	111.8	118.4	125.4	132.8	140.7	149.0	157.8	167.2	177.0	187.5	198.6	210.3	222.8	236.0
Accretion Rate		5.91%	5.91%	5.91%	5.91%	5.91%	5.91%	5.91%	5.91%	5.91%	5.91%	5.91%	5.91%	5.91%	5.91%	5.91%	5.91%	5.91%
Interest Rate		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Principal (%)		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Accretion			4.0	6.2	6.6	7.0	7.4	7.9	8.3	8.8	9.3	9.9	10.5	11.1	11.7	12.4	13.2	14.0
Interest																		
Principal																		
Debt Service																		
Total																		
Beginning Balance		1,035.0	836.1	828.9	818.2	806.8	794.8	782.1	768.7	754.5	745.6	718.6	690.1	659.8	627.9	594.0	558.3	520.5
Accretion			4.0	6.2	6.6	7.0	7.4	7.9	8.3	8.8	9.3	9.9	10.5	11.1	11.7	12.4	13.2	14.0
Principal		199.0	11.2	17.0	18.0	19.0	20.1	21.3	22.5	17.6	36.3	38.5	40.7	43.1	45.6	48.2	51.0	53.8
Interest			27.6	40.9	39.9	38.9	37.8	36.6	35.4	34.1	32.5	30.4	28.1	25.8	23.3	20.6	17.9	15.1
Debt Service		199.0	38.8	57.9	57.9	57.9	57.9	57.9	57.9	51.7	68.8	68.8	68.8	68.8	68.8	68.8	68.8	68.8
Ending Balance		836.1	828.9	818.2	806.8	794.8	782.1	768.7	754.5	745.6	718.6	690.1	659.8	627.9	594.0	558.3	520.5	480.6

5.9%

Unwind

December 2007

	2008H1	Transaction	2008H2	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
(SM)																		
Unwind Allocation	0.000	0.000	0.669	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Pre-Transaction Allocation	0.331	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	0.000	0.000	0.669	1.669	2.669	3.669	4.669	5.669	6.669	7.669	8.669	9.669	10.669	11.669	12.669	13.669	14.669	15.669
59 Supporting Schedules																		
60 <u>Amortization of Financing Costs</u>																		
61 Fixed/ Insured (Tranche 1)																		
62 Net Borrowing and YTM	5.98%	-	-	-	-	-	-	-	-	(85.8)	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
63 BB		-	-	-	-	-	-	-	-	-	85.8	85.9	86.1	86.2	86.3	86.5	86.7	86.9
64 YTM		-	-	-	-	-	-	-	-	-	5.1	5.1	5.1	5.2	5.2	5.2	5.2	5.2
65 Principal Amort.		-	-	-	-	-	-	-	-	(85.8)	-	-	-	-	-	-	-	-
66 Accretion		-	-	-	-	-	-	-	-	-	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2
67 EB		-	-	-	-	-	-	-	-	85.8	85.9	86.1	86.2	86.3	86.5	86.7	86.9	87.1
68																		
69 Fixed/ Insured (Tranche 2)																		
70 Net Borrowing and YTM	5.99%	-	-	-	-	-	-	-	-	(114.2)	6.5	6.5	6.5	6.5	6.5	19.3	56.7	56.7
71 BB		-	-	-	-	-	-	-	-	-	114.2	114.6	115.0	115.4	115.9	116.4	104.0	53.5
72 YTM		-	-	-	-	-	-	-	-	-	6.9	6.9	6.9	6.9	7.0	7.0	6.2	3.2
73 Principal Amort.		-	-	-	-	-	-	-	-	(114.2)	-	-	-	-	-	-	12.8	51.0
74 Accretion		-	-	-	-	-	-	-	-	-	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.2
75 EB		-	-	-	-	-	-	-	-	114.2	114.6	115.0	115.4	115.9	116.4	104.0	53.5	(0.0)
76																		
77 Variable																		
78 Net Borrowing and YTM	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
79 BB		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
80 YTM		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
81 Principal Amort.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
82 Accretion		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
83 EB		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
84																		
85																		
86 <u>Amortization of Financing Costs</u>																		
87 Deferred debit - BOY		-	-	-	-	-	-	-	-	6.2	6.2	5.7	5.2	4.6	4.0	3.3	2.6	2.0
88 Amortization		-	-	-	-	-	-	-	-	-	0.5	0.5	0.6	0.6	0.7	0.7	0.6	0.4
89 Deferred debit - EOY		-	-	-	-	-	-	-	-	6.2	5.7	5.2	4.6	4.0	3.3	2.6	2.0	1.6
90																		
91 <u>Interest Expense</u>																		
92 Total Interest		-	27.6	40.9	39.9	38.9	37.8	36.6	35.4	34.1	32.5	30.4	28.1	25.8	23.3	20.6	17.9	15.1
93 ARVP Accretion		-	4.0	6.2	6.6	7.0	7.4	7.9	8.3	8.8	9.3	9.9	10.5	11.1	11.7	12.4	13.2	14.0
94 Capitalized Interest		-	(0.5)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)
95 AMBAC Amortization (PCB) A/C 165		-	0.3	0.4	0.4	0.4	0.4	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	-
96 Line of Credit Fee		-	0.3	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
97 Total		-	31.8	47.2	46.6	46.0	45.3	44.4	43.6	42.7	41.7	40.1	38.5	36.7	34.9	32.9	30.9	28.7

Sale Leaseback

December 2007

(SM)	2007	2008H1	2008 H2	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Unwind Allocation	0.000	0.000	0.669	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Pre-Transaction Allocation	1.000	0.331	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Lease Termination	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1 BOY Deferred Gain	56.4	53.5	52.5	50.6	47.8	45.0	42.2	39.3	36.5	33.6	30.7	27.8	24.9	22.0	19.1	16.1	13.2	10.2
2 Amortization (1/5)	2.9	1.0	2.0	2.8	2.8	2.8	2.8	2.9	2.9	2.9	2.9	2.9	2.9	2.9	3.0	3.0	3.0	3.0
3 EOY Deferred Gain (B/S)	53.5	52.5	50.6	47.8	45.0	42.2	39.3	36.5	33.6	30.7	27.8	24.9	22.0	19.1	16.1	13.2	10.2	7.2
4																		
5																		
6 Investment - Special Deposit (B/S)	192.9	195.1	199.6	200.7	209.0	217.7	226.0	234.9	244.5	254.7	265.6	277.4	290.0	303.4	317.8	333.3	349.8	367.6
7 Adder	0.7	0.2	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
8 Balance Sheet	193.7	195.4	200.4	201.5	209.8	218.4	226.7	235.7	245.2	255.4	266.4	278.1	290.7	304.2	318.6	334.0	350.6	368.3
9																		
10 Liability - Long-Term Debt (B/S)	183.9	186.2	190.9	192.4	201.0	210.0	218.7	228.1	238.0	248.7	260.1	272.4	285.5	299.5	314.5	330.5	347.7	366.1
11																		
12 Cash Flow (Investment and Liability)	6.2	2.1	4.2	11.9	5.3	5.5	6.4	6.4	6.4	6.4	6.4	6.3	6.3	6.3	6.3	6.3	6.3	6.3
13																		
14 True Unrecognized Gain	(44.4)	(43.6)	(41.9)	(39.4)	(37.0)	(34.5)	(32.1)	(29.6)	(27.2)	(24.8)	(22.3)	(19.9)	(17.5)	(15.1)	(12.8)	(10.4)	(8.0)	(5.7)
15																		
16 Sale-Leaseback Interest Income	12.5	4.3	8.7	13.0	13.6	14.1	14.7	15.3	15.9	16.6	17.3	18.1	18.9	19.8	20.8	21.8	22.9	24.1
17																		
18 Sale-Leaseback Interest Expense	12.8	4.4	8.9	13.3	13.9	14.5	15.1	15.7	16.3	17.0	17.8	18.6	19.4	20.3	21.3	22.4	23.5	24.7
19 Sale-Leaseback Gain Amortization	2.9	1.0	2.0	2.8	2.8	2.8	2.8	2.9	2.9	2.9	2.9	2.9	2.9	2.9	3.0	3.0	3.0	3.0
20 Net Sale-Leaseback Expense	9.9	3.4	6.9	10.6	11.1	11.7	12.2	12.8	13.5	14.2	14.9	15.7	16.5	17.4	18.4	19.4	20.5	21.7
21																		
22 Net Sale-Leaseback Income	2.6	0.8	1.7	2.4	2.5	2.5	2.5	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4
23																		
24 <u>Sale-Leaseback - LeaseCo.</u>																		
25 Defeasance Income	64.5	21.3	64.9	61.3	62.1	62.9	63.1	63.4	63.6	63.9	64.1	64.4	64.7	65.1	65.4	65.8	66.2	66.6
26 Rent Expense	(48.9)	(16.2)	(48.9)	(48.9)	(48.9)	(48.9)	(50.6)	(59.7)	(59.7)	(59.7)	(59.7)	(59.7)	(59.7)	(59.7)	(59.7)	(59.7)	(59.7)	(59.7)
27 Net	15.6	5.2	16.0	12.4	13.2	14.1	12.5	3.6	3.9	4.1	4.4	4.7	5.0	5.3	5.7	6.1	6.5	6.9

Income Taxes

December 2007

	2007	2008H1	Transaction	2008 H2	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
(\$M)																			
Unwind Allocation	0.000	0.000	0.000	0.669	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Pre-Transaction Allocation	1.000	0.331	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Transaction Index	0.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
1 Summary																			
2 Income Tax Expense									0.6	0.7	0.7	0.7	0.8	0.8	0.8	0.9	0.9	0.9	1.0
3 Income Taxes Paid	0.9	0.1	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.6
4 Current Provision for Deferred Income Tax	(0.9)	(0.1)	(1.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	0.6	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4
5																			
6 Calculation																			
7 Offsystem Sales	64.9	26.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 Interest Earnings	-	-	-	1.0	1.5	1.6	1.7	1.7	1.8	1.9	2.0	2.1	2.2	2.2	2.3	2.4	2.5	2.7	2.8
9 Nonpatronage Revenues	64.9	26.9	-	1.0	1.5	1.6	1.7	1.7	1.8	1.9	2.0	2.1	2.2	2.2	2.3	2.4	2.5	2.7	2.8
10 Nonpatronage Expenses																			
11 Nonpatronage MWH	25.7%	39.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
12 Nonpatronage Expenses (Ex. Int.)	38.2	23.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Nonpatronage Interest Expense	15.4	7.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Nonpatronage Net Margin (pre-tax)	11.3	(3.9)	-	1.0	1.5	1.6	1.7	1.7	1.8	1.9	2.0	2.1	2.2	2.2	2.3	2.4	2.5	2.7	2.8
15																			
16 Transaction Impact	-	-	55.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17																			
18																			
19 Temporary Differences (Timing)																			
20 Depreciation:																			
21 Prorated from Pre-Transaction Model	6.1	3.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22 Effect of Additional Capex (Incl. Coleman Scrubber)	(1.4)	(0.8)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23 Other Ms	0.3	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24 Sale-Leaseback																			
25 Defeasance Income	64.5	8.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26 Rent Expense	(48.9)	(6.4)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27 Other Interest Allocation																			
28 Net	15.6	2.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29 Total	20.5	4.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30 Taxable Income before NOLs	31.8	0.6	55.8	1.0	1.5	1.6	1.7	1.7	1.8	1.9	2.0	2.1	2.2	2.2	2.3	2.4	2.5	2.7	2.8
31																			
32 Regular Tax																			
33 Regular NOLs Used	31.8	0.6	55.8	1.0	1.5	1.6	1.7	1.7	0.0	-	-	-	-	-	-	-	-	-	-
34 Taxable Income after NOLs	-	-	-	-	-	-	-	-	1.8	1.9	2.0	2.1	2.2	2.2	2.3	2.4	2.5	2.7	2.8
35 Regular Tax before Min. Credit Carryover	-	-	-	-	-	-	-	-	0.6	0.7	0.7	0.7	0.8	0.8	0.8	0.9	0.9	0.9	1.0
36 AMT Offset (Min. Tax Credit Carryover Utilized)	-	-	-	-	-	-	-	-	0.6	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4
37 Tax	-	-	-	-	-	-	-	-	0.0	0.3	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.6
38																			
39 AMT																			
40 ACE Adjustment	(0.9)	(0.3)	-	(0.6)	(0.9)	(0.9)	(0.6)	(0.4)	(0.4)	(0.3)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
41 Taxable Income	30.9	0.3	55.8	0.4	0.6	0.7	1.1	1.3	1.4	1.6	1.9	2.0	2.1	2.2	2.3	2.4	2.5	2.7	2.8
42 AMT NOLs Used	27.8	0.3	50.2	0.3	0.6	0.7	1.0	1.2	1.3	-	-	-	-	-	-	-	-	-	-
43 Net Taxable Income	3.1	0.0	5.6	0.0	0.1	0.1	0.1	0.1	0.1	1.6	1.9	2.0	2.1	2.2	2.3	2.4	2.5	2.7	2.8
44 TMT	0.9	0.1	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.6
45 Less Regular Tax Paid (up to AMT)	-	-	-	-	-	-	-	-	0.0	0.3	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.6
46 Net AMT	0.9	0.1	1.1	0.0	0.0	0.0	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-
47 AMT Balance																			
48 BB	4.7	5.6	5.7	6.8	6.8	6.8	6.9	6.9	6.9	6.2	6.0	5.6	5.3	5.0	4.7	4.3	3.9	3.6	3.2
49 Additions	0.9	0.1	1.1	0.0	0.0	0.0	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-
50 Reductions	-	-	-	-	-	-	-	-	0.6	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4
51 EB	5.6	5.7	6.8	6.8	6.8	6.9	6.9	6.9	6.3	6.0	5.6	5.3	5.0	4.7	4.3	3.9	3.6	3.2	2.7
52																			
53 Total Tax	0.9	0.1	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.6
54																			
55 Est. Book Tax	-	-	-	-	-	-	-	-	0.6	0.7	0.7	0.7	0.8	0.8	0.8	0.9	0.9	0.9	1.0

Income Taxes

December 2007

	2007	2008H1	Transaction	2008 H2	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
(\$M)																			
Unwind Allocation	0.000	0.000	0.000	0.669	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Pre-Transaction Allocation	1.000	0.331	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Transaction Index	0.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
56																			
57 <u>Capex Not Reflected in Pre-Transaction Tax Calculation</u>																			
58																			
59 WKE Share																			
60 Non-Incremental	0.5	0.5	-	0.5	0.5	0.5	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
61 Incremental	0.8	0.8	-	0.8	0.8	0.8	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
62 Capex Amounts																			
63 Non-Incremental	6.8	7.1	-	7.4	16.6	12.1	17.2	19.9	20.1	20.7	21.3	21.9	22.6	23.3	24.0	24.7	25.4	26.2	27.0
64 Incremental Generation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
65 WKE Total	6.8	7.1	-	7.4	16.6	12.1	17.2	19.9	20.1	20.7	21.3	21.9	22.6	23.3	24.0	24.7	25.4	26.2	27.0
66 Plant Maintenance	-	-	-	5.7	21.3	20.9	20.4	13.6	1.6	3.0	-	-	-	1.8	4.1	0.9	-	-	-
67 Environmental	-	-	-	2.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
68 Transmission Upgrades	4.1	-	-	3.7	6.0	1.7	-	-	-	-	-	-	-	-	-	-	-	-	-
69 Shared HQ Building	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70 Intellectual Property	-	-	-	4.5	5.4	1.7	1.2	2.9	1.6	1.3	3.0	1.4	1.4	3.6	1.5	1.5	3.4	1.6	2.1
71 8/07 Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
72 Total	11.0	7.1	-	23.2	49.2	36.4	38.8	36.3	23.3	25.0	24.3	23.3	24.0	28.7	29.6	27.1	28.8	27.8	29.0
73																			
74 Cumulative Balance	167.5	174.6	174.6	197.9	247.0	283.4	322.3	358.6	381.9	406.8	431.2	454.5	478.4	507.1	536.7	563.7	592.5	620.2	649.3
75																			
76 Book Depreciation @ 60 Years	2.8	1.0	-	3.3	4.1	4.7	5.4	6.0	6.4	6.8	7.2	7.6	8.0	8.5	8.9	9.4	9.9	10.3	10.8
77																			
78 Tax Depreciation @ 20 Years	8.4	2.9	-	9.9	12.4	14.2	16.1	17.9	19.1	20.3	21.6	22.7	23.9	25.4	26.8	28.2	29.6	31.0	32.5
79																			
80 Timing Difference (Tax Deduction)	(5.6)	(1.9)	-	(6.6)	(8.2)	(9.4)	(10.7)	(12.0)	(12.7)	(13.6)	(14.4)	(15.1)	(15.9)	(16.9)	(17.9)	(18.8)	(19.7)	(20.7)	(21.6)

STATEMENT 60
FEDERAL CUMULATIVE NONPATRON NET OPERATING LOSSES
TAX YEARS 1983-2023

TAX YEAR	NONPATRON TAXABLE LOSS (INCOME)	NOL UTILIZED	NONPATRON SECTION 172 USAGE	NONPATRON EXPIRED NOL'S	NONPATRON REMAINING NOL'S	TOTAL NET NOLS
1983	7,182,833	0	(5,694,777)	(1,488,056)	0	0
1984	22,448,681	0	(11,951,703)	(10,496,978)	0	0
1985	67,286,392	0	(67,286,392)	0	0	0
1986	56,198,468	0	(56,198,468)	0	0	0
1987	75,567,924	0	(75,567,924)	0	0	0
1988	44,315,156	0	(44,315,156)	0	0	0
1989	22,819,745	0	(22,819,745)	0	0	0
1990	36,952,270	0	(34,627,493)	(2,324,777)	0	0
1991	29,446,433	0	(20,568,120)	(8,878,313)	0	0
1992	14,648,800	0	(14,648,800)	0	0	0
1993	30,220,578	0	(30,220,578)	0	0	0
1994	36,390,275	0	(36,390,275)	0	0	0
1995	43,631,999	0	(11,132,402)	(32,499,597)	0	0
1996	12,713,387	0	(1,675,643)	(11,037,744)	0	0
1997	29,946,372	0	(1,747,361)	(28,199,011)	0	0
1998	(5,694,777)	5,694,777	0	0	0	0
1999	(11,951,703)	11,951,703	0	0	0	0
2000	(211,273,153)	211,273,153	0	0	0	0
2001	(20,133,776)	20,133,776	0	0	0	0
2002	(18,036,546)	18,036,546	0	0	0	0
2003	(17,437,192)	17,437,192	0	0	0	0
2004	(14,433,689)	14,433,689	0	0	0	0
2005	(19,500,822)	19,500,822	0	0	0	0
2006	(20,568,120)	20,568,120	0	0	0	0
2007	(31,833,276)	31,833,276	0	0	0	0
2008	(627,320)	627,320	0	0	0	0
Transaction	(55,780,912)	55,780,912	0	0	0	0
2008	(1,002,760)	1,002,760	0	0	0	0
2009	(1,540,918)	1,540,918	0	0	0	0
2010	(1,606,869)	1,606,869	0	0	0	0
2011	(1,675,643)	1,675,643	0	0	0	0
2012	(1,747,361)	1,747,361	0	0	0	0
2013	(1,822,148)	0	0	0	0	0
2014	(1,900,136)	0	0	0	0	0
2015	(1,981,462)	0	0	0	0	0
2016	(2,066,268)	0	0	0	0	0
2017	(2,154,705)	0	0	0	0	0
2018	(2,246,926)	0	0	0	0	0
2019	(2,343,094)	0	0	0	0	0
2020	(2,443,379)	0	0	0	0	0
2021	(2,547,955)	0	0	0	0	0
2022	(2,657,008)	0	0	0	0	0
2023	(2,770,728)	0	0	0	0	0
Total Carryforward to 2024	<u>69,990,667</u>	<u>434,844,837</u>	<u>(434,844,837)</u>	<u>(94,924,476)</u> 185,791,428	<u>0</u>	<u>0</u>

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STATEMENT 60
FEDERAL CUMULATIVE NONPATRON NET OPERATING LOSSES
TAX YEARS 1983-2023

TAX YEAR	NONPATRON TAXABLE LOSS (INCOME)	NOL UTILIZED	NONPATRON SECTION 172 USAGE	NONPATRON EXPIRED NOL'S	NONPATRON REMAINING NOL'S	TOTAL NET NOL'S
Total Carryforward to 2002	280,715,904	249,053,409	(249,053,409)	(11,985,034)	268,730,870	268,730,870
Total Carryforward to 2003	262,679,358	267,089,955	(267,089,955)	(11,985,034)	250,694,324	250,694,324
Total Carryforward to 2004	245,242,166	284,527,147	(284,527,147)	(11,985,034)	233,257,132	233,257,132
Total Carryforward to 2005	230,808,477	298,960,836	(298,960,836)	(11,985,034)	218,823,443	218,823,443
Total Carryforward to 2006	211,307,655	318,461,658	(318,461,658)	(14,309,811)	196,997,844	196,997,844
Total Carryforward to 2007	190,739,535	339,029,778	(339,029,778)	(23,188,124)	167,551,411	167,551,411
Total Carryforward to H1 2008	158,906,259	370,863,054	(370,863,054)	(23,188,124)	135,718,135	135,718,135
Total Carryforward to Transactio	158,278,939	371,490,374	(371,490,374)	(23,188,124)	135,090,815	135,090,815
Total Carryforward to H2 2008	102,498,027	427,271,286	(427,271,286)	(23,188,124)	79,309,903	79,309,903
Total Carryforward to 2009	101,495,267	428,274,046	(428,274,046)	(23,188,124)	78,307,143	78,307,143
Total Carryforward to 2010	99,954,349	429,814,964	(429,814,964)	(23,188,124)	76,766,225	76,766,225
Total Carryforward to 2011	98,347,480	431,421,833	(431,421,833)	(55,687,721)	42,659,759	42,659,759
Total Carryforward to 2012	96,671,837	433,097,476	(433,097,476)	(66,725,465)	29,946,372	29,946,372
Total Carryforward to 2013	94,924,476	434,844,837	(434,844,837)	(94,924,476)	0	0
Total Carryforward to 2014	93,102,328	434,844,837	(434,844,837)	(94,924,476)	0	0
Total Carryforward to 2015	91,202,192	434,844,837	(434,844,837)	(94,924,476)	0	0
Total Carryforward to 2016	89,220,730	434,844,837	(434,844,837)	(94,924,476)	0	0
Total Carryforward to 2017	87,154,462	434,844,837	(434,844,837)	(94,924,476)	0	0
Total Carryforward to 2018	84,999,757	434,844,837	(434,844,837)	(94,924,476)	0	0
Total Carryforward to 2019	82,752,831	434,844,837	(434,844,837)	(94,924,476)	0	0
Total Carryforward to 2020	80,409,737	434,844,837	(434,844,837)	(94,924,476)	0	0
Total Carryforward to 2021	77,966,358	434,844,837	(434,844,837)	(94,924,476)	0	0
Total Carryforward to 2022	75,418,402	434,844,837	(434,844,837)	(94,924,476)	0	0
Total Carryforward to 2023	72,761,394	434,844,837	(434,844,837)	(94,924,476)	0	0

* Carryback/Carryforward Rules: For years beginning before 8/6/97 carryback 5 years, carryforward 15.
For years beginning after 8/6/97 carryback 2 years, carryforward 20.

BIG RIVERS ELECTRIC CORPORATION & SUBSIDIARY
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ALTERNATIVE MINIMUM TAX NONPATRON NET OPERATING LOSSES

TAX YEAR	AMT NONPATRON LOSS (INCOME)	NONPATRON NOL UTILIZED (90% LIMIT **)	REMAINING AMT NONPATRON (INCOME)	NONPATRON SECTION 172 USAGE	NONPATRON EXPIRED NOL'S	NONPATRON REMAINING NOL'S	TOTAL NET NOLS
1983	7,182,833	0	0	0	(7,182,833)	0	0
1984	22,448,681	0	0	0	(22,448,681)	0	0
1985	67,286,392	0	0	(67,286,392)	0	0	0
1986	56,198,468	0	0	(56,198,468)	0	0	0
1987	74,385,162	0	0	(62,522,466)	(11,862,696)	0	0
1988	44,314,663	0	0	(14,775,845)	(29,538,819)	0	0
1989	20,107,778	0	0	(12,087,111)	(8,020,667)	0	0
1990	29,346,400	0	0	(16,651,074)	(12,695,326)	0	0
1991	22,667,781	0	0	(17,624,779)	(5,043,002)	0	0
1992	9,553,735	0	0	(9,553,735)	0	0	0
1993	21,693,629	0	0	(21,693,629)	0	0	0
1994	27,573,481	0	0	(27,573,481)	0	0	0
1995	34,018,244	0	0	(21,087,586)	(12,930,658)	0	0
1996	9,443,662	0	0	(968,129)	(8,475,533)	0	0
1997	32,657,152	0	0	(1,184,282)	(31,472,870)	0	0
1998	44,897	0	0	(44,897)	0	0	0
1999	8,082,161	0	0	(1,254,439)	(6,827,722)	0	0
2000	(165,931,656)	149,338,490	(16,593,166)	0	0	0	0
2001	(19,634,252)	19,634,252	0	0	0	0	0
2002	(17,034,584)	17,034,584	0	0	0	0	0
2003	(16,417,605)	14,775,845	(1,641,761)	0	0	0	0
2004	(13,430,123)	12,087,111	(1,343,012)	0	0	0	0
2005	(18,501,193)	16,651,074	(1,850,119)	0	0	0	0
2006	(19,583,088)	17,624,779	(1,958,309)	0	0	0	0
2007	(30,915,813)	27,824,231	(3,091,581)	0	0	0	0
2008	(324,006)	291,606	(32,401)	0	0	0	0
Transaction	(55,780,912)	50,202,821	(5,578,091)	0	0	0	0
2008	(388,611)	349,750	(38,861)	0	0	0	0
2009	(647,037)	582,333	(64,704)	0	0	0	0
2010	(730,767)	657,691	(73,077)	0	0	0	0
2011	(1,075,699)	968,129	(107,570)	0	0	0	0
2012	(1,315,869)	1,184,282	(131,587)	0	0	0	0
2013	(1,443,707)	1,299,336	(144,371)	0	0	0	0
2014	(1,638,356)	0	(1,638,356)	0	0	0	0
2015	(1,883,882)	0	(1,883,882)	0	0	0	0
2016	(2,042,669)	0	(2,042,669)	0	0	0	0
2017	(2,149,181)	0	(2,149,181)	0	0	0	0
2018	(2,241,548)	0	(2,241,548)	0	0	0	0
2019	(2,337,861)	0	(2,337,861)	0	0	0	0
2020	(2,437,831)	0	(2,437,831)	0	0	0	0
2021	(2,542,573)	0	(2,542,573)	0	0	0	0
2022	(2,651,791)	0	(2,651,791)	0	0	0	0
2023	(2,765,676)	0	(2,765,676)	0	0	0	0
Total Carryforward to 2024	101,158,829	330,506,313	(55,339,977)	(330,506,313)	(156,498,806)	0	0

BIG RIVERS ELECTRIC CORPORATION & SUBSIDIARY
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ALTERNATIVE MINIMUM TAX NONPATRON NET OPERATING LOSSES

TAX YEAR	AMT NONPATRON LOSS (INCOME)	NONPATRON NOL UTILIZED (90% LIMIT **)	REMAINING AMT NONPATRON (INCOME)	NONPATRON SECTION 172 USAGE	NONPATRON EXPIRED NOL'S	NONPATRON REMAINING NOL'S	TOTAL NET NOLs
Total Carryforward to 2002	301,439,211	168,972,742	(16,593,166)	(168,972,742)	(29,631,514)	288,400,863	288,400,863
Total Carryforward to 2003	284,404,627	186,007,326	(16,593,166)	(186,007,326)	(41,494,210)	259,503,583	259,503,583
Total Carryforward to 2004	267,987,022	200,783,171	(18,234,926)	(200,783,171)	(71,033,028)	215,188,920	215,188,920
Total Carryforward to 2005	254,556,899	212,870,282	(19,577,938)	(212,870,282)	(79,053,695)	195,081,142	195,081,142
Total Carryforward to 2006	236,055,706	229,521,355	(21,428,058)	(229,521,355)	(91,749,022)	165,734,742	165,734,742
Total Carryforward to 2007	216,472,618	247,146,135	(23,386,367)	(247,146,135)	(96,792,024)	143,066,961	143,066,961
Total Carryforward to H1 2008	185,556,805	274,970,366	(26,477,948)	(274,970,366)	(96,792,024)	115,242,730	115,242,730
Total Carryforward to Transacti	185,232,799	275,261,971	(26,510,348)	(275,261,971)	(96,792,024)	114,951,124	114,951,124
Total Carryforward to H2 2008	185,232,799	325,464,792	(32,088,440)	(325,464,792)	(96,792,024)	120,529,215	120,529,215
Total Carryforward to 2009	129,063,276	325,814,542	(32,127,301)	(325,814,542)	(96,792,024)	FALSE	FALSE
Total Carryforward to 2010	128,416,240	326,396,875	(32,192,004)	(326,396,875)	(96,792,024)	FALSE	FALSE
Total Carryforward to 2011	127,685,472	327,054,566	(32,265,081)	(327,054,566)	(109,722,681)	FALSE	FALSE
Total Carryforward to 2012	126,609,773	328,022,695	(32,372,651)	(328,022,695)	(118,198,214)	FALSE	FALSE
Total Carryforward to 2013	125,293,904	329,206,977	(32,504,238)	(329,206,977)	(149,671,084)	FALSE	FALSE
Total Carryforward to 2014	123,850,198	330,506,313	(32,648,609)	(330,506,313)	(149,671,084)	FALSE	FALSE
Total Carryforward to 2015	122,211,841	330,506,313	(34,286,965)	(330,506,313)	(156,498,806)	0	0
Total Carryforward to 2016	120,327,959	330,506,313	(36,170,847)	(330,506,313)	(156,498,806)	0	0
Total Carryforward to 2017	118,285,290	330,506,313	(38,213,516)	(330,506,313)	(156,498,806)	0	0
Total Carryforward to 2018	116,136,109	330,506,313	(40,362,697)	(330,506,313)	(156,498,806)	0	0
Total Carryforward to 2019	113,894,562	330,506,313	(42,604,244)	(330,506,313)	(156,498,806)	0	0
Total Carryforward to 2020	111,556,701	330,506,313	(44,942,105)	(330,506,313)	(156,498,806)	0	0
Total Carryforward to 2021	109,118,869	330,506,313	(47,379,937)	(330,506,313)	(156,498,806)	0	0
Total Carryforward to 2022	106,576,296	330,506,313	(49,922,510)	(330,506,313)	(156,498,806)	0	0
Total Carryforward to 2023	103,924,506	330,506,313	(52,574,301)	(330,506,313)	(156,498,806)	0	0

* Carryback/Carryforward Rules: For years beginning before 8/6/97 carryback 5 years, carryforward 15.
 For years beginning after 8/6/97 carryback 2 years, carryforward 20.

** For years ended December 31, 2001 and December 31, 2002, the Job Creation and Worker Assistance Act of 2002 allowed 100% of the AMTI to be offset with NOL carryforwards.

Inputs

	Source	2005/ Other	2008	2007	2008H1	Transaction	2008 H2	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
90	VOM	file: annual output - 12-15-07.xls					17.35	25.66	27.66	29.29	32.11	32.82	33.78	37.85	38.87	39.23	40.97	40.87	42.83	45.04	45.17	47.38
91	Net Allowances	file: annual output - 12-15-07.xls					(14.49)	(25.74)	(4.06)	(4.64)	(4.06)	(4.63)	(4.07)	1.80	1.86	0.62	0.68	0.24	0.31	0.29	0.27	0.21
92	Total	file: annual output - 12-15-07.xls					4.06	10.44	33.45	32.19	35.40	35.62	37.46	51.54	52.19	51.21	53.95	52.65	55.79	58.54	58.92	61.60
93	Allowed in ES																					
94	NOx + SO3	file: annual output - 12-15-07.xls																				
95	VOM	file: annual output - 12-15-07.xls					0.99	3.30	3.74	3.56	3.80	3.62	4.10	4.09	4.36	4.01	4.63	4.48	4.72	4.86	5.17	5.05
96	Allowances	file: annual output - 12-15-07.xls					0.21	7.23	6.10	3.97	3.65	3.81	3.66	7.80	7.07	7.35	7.47	7.04	7.93	8.34	8.31	8.96
97	SO2	file: annual output - 12-15-07.xls																				
98	VOM in Excess of 2009	file: annual output - 12-15-07.xls					17.35	25.66	27.66	29.29	32.11	32.82	33.78	37.85	38.87	39.23	40.97	40.87	42.83	45.04	45.17	47.38
99	Net Allowance Costs in Excess of 2009	file: annual output - 12-15-07.xls					(14.49)	(25.74)	(4.06)	(4.64)	(4.06)	(4.63)	(4.07)	1.80	1.86	0.62	0.68	0.24	0.31	0.29	0.27	0.21
100	Total	file: annual output - 12-15-07.xls					4.06	10.44	33.45	32.19	35.40	35.62	37.46	51.54	52.19	51.21	53.95	52.65	55.79	58.54	58.92	61.60
101																						
102	Smelter Rate Structure																					
103	Bandwidth	Smelter Retail Agreements, Section 4 7.1					2.20	2.20	2.20	2.20	3.20	3.20	3.20	3.80	3.80	3.80	4.40	4.40	4.40	5.00	5.00	5.00
104																						
105																						
106	Financing																					
107																						
108	Principal Schedules																					
109	Fixed/ Insured	Modeled for 30-Year Debt Levelization/ Cost Minimization					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
110	Fixed/ Non-Insured	Modeled for 30-Year Debt Levelization/ Cost Minimization					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	10.82%	43.35%	45.73%
111	RUS	Modeled for 30-Year Debt Levelization/ Cost Minimization					1.87%	2.90%	3.07%	3.24%	3.43%	3.63%	3.83%	37.68%	6.13%	6.49%	6.86%	7.25%	7.67%	5.55%	0.00%	0.00%
112	Variable	Modeled for 30-Year Debt Levelization/ Cost Minimization					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
113	PCB (Swapped to Fixed)	Modeled for 30-Year Debt Levelization/ Cost Minimization					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
114	ARVP	Modeled for 30-Year Debt Levelization/ Cost Minimization					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
115																						
116	Rates																					
117	Fixed/ Insured	Indicative Big Rivers borrowing rates, 4/23/2007, Goldman Sachs					5.50%	5.42%	5.34%	5.26%	5.18%	5.21%	5.24%	5.26%	5.29%	5.32%	5.35%	5.39%	5.42%	5.45%	5.48%	5.52%
118	Fixed/ Non-Insured	Indicative Big Rivers borrowing rates, 4/23/2007, Goldman Sachs					5.50%	5.42%	5.34%	5.26%	5.18%	5.21%	5.24%	5.26%	5.29%	5.32%	5.35%	5.39%	5.42%	5.45%	5.48%	5.52%
119	RUS -- Stated	Long Term Debt Schedule Actual 2006 - Budget 2007.xls					5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%
120	Variable	NA					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
121	PCB (Swapped to Fixed/ Refi)	Long Term Debt Schedule Actual 2006 - Budget 2007.xls					5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
122	ARVP (Accretion/ Refi)	Long Term Debt Schedule Actual 2006 - Budget 2007.xls	0.05914				0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
123	RUS -- GAAP	Long Term Debt Schedule Actual 2006 - Budget 2007.xls					5.62%	5.62%	5.62%	5.62%	5.62%	5.62%	5.62%	5.62%	5.62%	5.62%	5.62%	5.62%	5.62%	5.62%	5.62%	5.62%
124																						
125	Beginning Balances (M\$)														88.6							
126	Fixed/ Insured	Modeled for 30-Year Debt Levelization																				
127	Fixed/ Non-Insured	Modeled for 30-Year Debt Levelization													117.6							
128	Variable	NA																				
129	PCB	Long Term Debt Schedule Actual 2006 - Budget 2007.xls																				
130	ARVP	Long Term Debt Schedule Actual 2006 - Budget 2007.xls																				
131	RUS -- GAAP	Long Term Debt Schedule Actual 2006 - Budget 2007.xls																				
132	Remarketing on Variable	NA																				
133																						
134	Fees																					
135	Underwriting & Other	Goldman Sachs verbal guidance																				
136	Bond Insurance	Goldman Sachs verbal guidance																				
137																						
138	Capitalized Interest	Big Rivers' estimate					(0.48)	(0.84)	(0.84)	(0.84)	(0.84)	(0.84)	(0.84)	(0.84)	(0.84)	(0.84)	(0.84)	(0.84)	(0.84)	(0.84)	(0.84)	(0.84)
139	Deferred Debt - PCB Refunding A/C 181																					
140	Beginning Balance	Long Term Debt Schedule Actual 2006 - Budget 2007.xls					0.90	0.84	0.79	0.77	0.77	0.74	0.69	0.63	0.58	0.52	0.47	0.42	0.37	0.31	0.26	0.21
141	Amortization	Long Term Debt Schedule Actual 2006 - Budget 2007.xls					0.05	0.05	0.02	0.04	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
142	Ending Balance	Long Term Debt Schedule Actual 2006 - Budget 2007.xls					0.84	0.79	0.77	0.72	0.74	0.68	0.63	0.58	0.52	0.47	0.42	0.37	0.31	0.26	0.21	0.15
143	AMRAC Amortization (PCB) A/C 185																					
144	Amortization	Long Term Debt Schedule Actual 2006 - Budget 2007.xls					0.42	0.42	0.14	0.28	0.42	0.42	0.30	0.21	0.21	0.21	0.21	0.21	0.21	0.21	0.21	0.16
145	Balance	Long Term Debt Schedule Actual 2006 - Budget 2007.xls					4.69	4.27	4.13	4.13	3.85	3.43	3.00	2.58	2.16	1.66	1.44	1.22	1.01	0.80	0.59	0.37
146	Settlement Note/Marketplace Payment																					
147	Amortization	Long Term Debt Schedule Actual 2006 - Budget 2007.xls					1.00	1.00	0.33	0.87	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.01
148	Ending Balance	Long Term Debt Schedule Actual 2006 - Budget 2007.xls					17.08	16.07	15.74	15.74	15.07	14.06	13.06	12.06	11.05	10.05	9.04	8.04	7.04	6.03	5.03	4.02
149	Green River Coal Settlement Ending Balance	Long Term Debt Schedule Actual 2006 - Budget 2007.xls					0.09	0.05	0.03	0.03	0.00											
150	Other	Big Rivers' estimate					(0.21)	(0.34)	(0.44)	(0.44)	(0.44)	(0.44)	(0.44)	(0.44)	(0.44)	(0.44)	(0.44)	(0.44)	(0.44)	(0.44)	(0.44)	(0.44)
151	Line of Credit	Big Rivers' estimate					0.50%	100.00														
152	Prepayment on Transaction Date	Modeled to achieve target cash balances																				
153	Pre-Transaction Debt Service																					
154	Principal	Long Term Debt Schedule Actual 2006 - Budget 2007.xls					26.43	12.47	13.05													
155	Interest (Cash Flow)	Long Term Debt Schedule Actual 2006 - Budget 2007.xls					36.93	36.724	16.944													
156	Interest (Income Statement)	Long Term Debt Schedule Actual 2006 - Budget 2																				

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Source	2005/ Otha	2006	2007	2008H1	transaction	2008 H2	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
272 Environmental (Real Basis 2006)																					
274 NOx Removal Equipment Capital	file: Fin Model inputs BREC Nov-07 w outage shift.xls																				
275 Mercury Monitoring	file: Fin Model inputs BREC Nov-07 w outage shift.xls				3.02																
276 Cinn FGD Equipment Capital	file: Fin Model inputs BREC Nov-07 w outage shift.xls																				
277 FGD ongoing upkeep capital (0.10%)	file: Fin Model inputs BREC Nov-07 w outage shift.xls																				
278 Additional FGD thickener & filter drum	file: Fin Model inputs BREC Nov-07 w outage shift.xls																				
279 R-CT reliability study & upgrades	file: Fin Model inputs BREC Nov-07 w outage shift.xls																				
280 Watson super heater tubes replacement	file: Fin Model inputs BREC Nov-07 w outage shift.xls																				
281 Adjustment for Station 2	file: Fin Model inputs BREC Nov-07 w outage shift.xls																				
282																					
283 <u>Transmission Upgrades</u>																					
284 Phase I	Per Crockett Memo dated 11/12/07		4.00																		
285 Phase II	Per Crockett Memo dated 11/12/07			3.70	5.80	1.60															
286																					
287 <u>Shared HQ Building</u>																					
288 Phase I																					
289 Phase II																					
290																					
291 <u>Intellectual Property</u>																					
292 Capex Purposes	Unwind spreadsheet -- 8-20-07_Rav1.xls				4.45	5.36	1.73	1.20	2.85	1.01	1.30	3.02	1.40	1.37	3.57	1.54	1.48	3.25	1.58	2.06	
293 Depreciation Purposes	Depreciated at Average Capital Depreciation Rate				0.07	0.16	0.19	0.34	0.41	0.45	0.49	0.57	0.60	0.64	0.73	0.77	0.81	0.90	0.94	1.00	
294 Trial Balance Adjust		101.0%																			
295																					
296 Cash Adder																					
297																					
298 <u>Other Disbursements (M\$)</u>																					
299																					
300 PPA	Historic results and adapted from 2007 Budget-REVISED-MARCH 2-	98.00	87.89	34.07																	
301 Environmental	Historic results and adapted from 2007 Budget-REVISED-MARCH 2-	0.41	0.68	0.25																	
302 PCB Restructuring	Performa transaction and bond insurance costs									2.77										3.28	
303 LEM Settlement Note	Long Term Debt Schedule Actual 2006 - Budget 2007.xls	1.82	1.82	0.60	1.22	1.82	1.82	1.82	1.82	1.82	1.82	1.82	1.82	1.82	1.82	1.82	1.82	1.82	1.82	1.82	1.06
304 'Other Deductions'	Historic results and adapted from 2007 Budget-REVISED-MARCH 2-	0.14	0.12	0.08	(1.22)	(1.82)	(1.82)	(1.82)	(1.82)	(1.82)	(1.82)	(1.82)	(1.82)	(1.82)	(1.82)	(1.82)	(1.82)	(1.82)	(1.82)	(1.82)	(1.06)
305 Transition Costs																					
306 Deferred Debt - PCB Refunding A/C 181	Long Term Debt Schedule Actual 2006 - Budget 2007.xls	(0.05)	(0.05)	(0.02)	(0.04)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	
307 Green River Coal Settlement	Long Term Debt Schedule Actual 2006 - Budget 2007.xls	0.35	0.05	0.01	0.03																
308 MISO Credit Fee																					
309 Deferred Tax Asset Write-Down																					
310 Payment to City of Henderson	file: annual output - 12-15-07.xls				4.26	0.19	0.31	0.31	0.31	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33
311 Smelter Payment (Assurance Agreement)	Coordination Agreement																				
312 Lease-Equity Consent Fees/ Smelter Fee																					
313 Non-Smelter Member Excess Cash Rebate																					
314 <u>Economic Reserve</u>					75.00	(5.54)	(12.89)	(19.70)	(21.01)	(24.16)	(2.67)										
315 Working Capital Adj.	Historic results and adapted from 2007 Budget-REVISED-MARCH 2-	1.09	0.21	0.02																	
316 CoBank Patronage Capital	Historic results and adapted from 2007 Budget-REVISED-MARCH 2-	2.25	2.64	3.03	3.42	3.81	4.17	4.53	4.60	5.26	5.62	5.58	6.33	6.68	7.03	7.37	7.71	8.05	8.38	8.70	
317 Amortization of RUS/PCB Charges	Straightline amortization of RUS and PCB restructuring costs				0.04	0.06	0.06	0.06	0.06	0.06	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.47	0.47
318 Other Assumptions																					
319																					
320 <u>Interest Earnings Rate on Cash Balances</u>	Big Rivers estimate		4.28%																		
321																					
322 <u>Inflation</u>	Big Rivers estimate		3.00%																		
323																					
324 <u>Recoveries (days)</u>	Big Rivers estimate		30.00																		
325																					
326 <u>Payables (days)</u>	Big Rivers estimate		52.50																		
327																					
328 <u>Non-Patronage Taxable Allocation (Transaction)</u>	Orrick Harrington/ Daloite		15%																		
329																					
330 <u>Sequestered Cash Ending Balance</u>	Smelter Retail Agreements, Section 1.1 119	35.00		0																	
331																					
332																					
333 <u>Balance Sheet (2005)</u>																					
334																					
335 <u>Assets</u>																					
336 <u>Property</u>																					
337 Total Utility Plant in Service	Historic Balance Sheet	1,714.8	1,731.2	1,760.4	1,780.2																
338 Construction in Progress	Historic and Projected Balance Sheet	12.7	13.1	13.1	13.1	13.1	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
339 Depreciation & Amortization	Historic Balance Sheet	798.7	826.6																		
340 Other Property	Historic Balance Sheet	184.0	190.7																		
341 <u>Current</u>																					
342 Cash General Funds & Special Deposits	Historic Balance Sheet	0.0	0.0	0.0	0.0	0.0															
343 Ending Cash Balance	Historic Balance Sheet	67.8	96.5																		
344 Accounts Receivable	Historic Balance Sheet	16.3	17.5	17.7	17.7																
345 Fuel Stock & Related	Historic Balance Sheet																				
346 Credit Escrow	Economic Reserve				75.0	71.6	61.8	44.7	25.6	2.6											
347 Materials and Supplies Other	Historic Balance Sheet	0.7	0.8	0.8	0.8																
348 Other Current Assets	Historic Balance Sheet	0.3	4.1	4.7	4.7	4.7															
349 <u>Credits</u>																					
350 AMBAC/Credit Suisse July '98	Historic and Projected Balance Sheet	5.1	4.7	4.3	4.1	4.1	3.8	3.4	3.0	2.6	2.2	1.9	1.7	1.4	1.2	1.0	0.8	0.6	0.4	0.2	
351 Deferred Tax	Historic Balance Sheet	4.3																			
352 Other Deferred Debts/PCB Refunding 10/01	Historic Balance Sheet																				
353 LEM Settlement Note/Marketing Payment	Historic Balance Sheet	18.1	17.1	16.1	15.7																
354 Total Assets																					

Inputs

	Source	2005/ Other	2008	2007	2008H1	Transaction	2008 H2	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
363	Accounts Payable	Historic Balance Sheet	13.1	12.6	11.7																	
364	Taxes Accrued	Historic Balance Sheet	0.4	0.2	0.2																	
365	Deferred Revenue (Credit Escrow)																					
366	Interest Accrued	Historic Balance Sheet	7.5	7.6	7.8	7.0	0.4	0.4														
367	Other Accrued Liabilities	Historic Balance Sheet	5.9	6.0	6.2	6.3	6.3	6.4														
368	WKEC Lease (Resid. Value Obligation)	Historic Balance Sheet		158.1																		
369	Sale-Leaseback Gain	Historic Balance Sheet																				
370	Other Deferred Credits & Century Reactive Power	Historic Balance Sheet	1.0	0.4	0.3	0.3																
371	Total Liabilities & Equity	Historic Balance Sheet																				
372																						
373	Misc included in Other Property		1																			
374																						
375																						
376	Sale-Leaseback																					
377																						
378	BOY Deferred Gain	Sale-Leaseback	62.12																			
379	Amortization (1/5)	Sale-Leaseback	2.86	2.88	2.90	0.97	1.56	2.76	2.70	2.83	2.84	2.85	2.87	2.88	2.89	2.91	2.92	2.94	2.95	2.97	2.99	3.01
380																						
381	Investment - Special Deposit (B/S)	Sale-Leaseback	180.85																			
382	Adder	Sale-Leaseback	0.50	0.73	0.74	0.24	0.74	0.74	0.74	0.74	0.74	0.74	0.74	0.74	0.74	0.74	0.74	0.74	0.74	0.74	0.74	0.74
383																						
384	Liability - Long-Term Debt (B/S)	Sale-Leaseback	170.95																			
385																						
386	Interest Income (1/5)	Sale-Leaseback	11.67	12.07	12.48	4.27	8.65	13.02	13.56	14.13	14.68	15.27	15.90	16.58	17.30	18.08	18.91	19.61	20.76	21.78	22.88	24.05
387	Interest Expense (1/5)	Sale-Leaseback	11.07	12.39	12.82	4.39	8.69	13.33	13.60	14.50	15.07	15.68	16.33	17.03	17.78	18.58	19.43	20.35	21.33	22.38	23.50	24.70
388																						
389	Cash Flow (Investment and Liability)	Sale-Leaseback	5.72	6.03	6.24	2.06	4.18	11.91	5.27	5.45	6.36	6.36	6.36	6.35	6.35	6.35	6.34	6.34	6.33	6.33	6.32	6.31
390																						
391	Sale-Leaseback - LeaseCo																					
392	Defalcance Income	Sale-Leaseback	63.53	64.06	64.47	21.31	64.91	61.26	62.10	62.92	63.14	63.36	63.60	63.86	64.13	64.42	64.73	65.06	65.41	65.79	66.19	66.62
393	Rent Expense	Sale-Leaseback	(48.87)	(48.67)	(48.87)	(16.16)	(48.87)	(48.87)	(48.87)	(48.87)	(50.65)	(59.73)	(59.73)	(59.73)	(59.73)	(59.73)	(59.73)	(59.73)	(59.73)	(59.73)	(59.73)	(59.73)
394																						
395																						
396	Unwind Transaction																					
397																						
398	WKE Residual Value Obligation																					
399	WKE Gen. Capex - Cum.																					
400	Non-Incremental (RV Obligation Balance)																					
401	Beginning Balance	Historic results and adapted from 2007 Budget-REVISED-MARCH 2	40.2	45.3	50.3	61.2																
402	WKE Share of Non-Incremental Capex	Historic results and adapted from 2007 Budget-REVISED-MARCH 2	6.7	6.8	11.7																	
403	Amortization of WKE Share	Historic results and adapted from 2007 Budget-REVISED-MARCH 2	1.6	1.8	0.9																	
404	Unattributed Plugs	Historic results and adapted from 2007 Budget-REVISED-MARCH 2	(145.1)																			
405	Incremental																					
406	Beginning Balance	Historic results and adapted from 2007 Budget-REVISED-MARCH 2	100.2	95.6	90.9	89.4																
407	WKE Share of Non-Incremental Capex	Historic results and adapted from 2007 Budget-REVISED-MARCH 2	0.8																			
408	Amortization of WKE Share	Historic results and adapted from 2007 Budget-REVISED-MARCH 2	5.4	4.6	1.6																	
409																						
410	LG&E Rental Income Advance																					
411	Cash Flow	Historic results and adapted from 2007 Budget-REVISED-MARCH 2	47.9	48.0	16.8																	
412	Income Statement	Historic results and adapted from 2007 Budget-REVISED-MARCH 2	52.3	52.3	17.3																	
413	Balance	Historic results and adapted from 2007 Budget-REVISED-MARCH 2	(17.3)	(13.0)	(11.4)	(11.4)																
414																						
415	Net WKE Obligation																					
416																						
417	Fuel & Other Inventories	Termination Agreement				55.0																
418																						
419	Coleman Scrubber Completion	Termination Agreement/ Ise Coleman Scrubber.xls				97.5																
420																						
421	Cancellation of Settlement Prom. Note	Termination Agreement				16.0																
422																						
423	6. Other 3rd Party Add-ons																					
424	Smelter Payment	Smelter Coordination Agreement				4.3																
425	Consent Fees																					
426																						
427	7. Non-Smelter Member Excess Cash Rebate																					
428																						
429	8. Non-Smelter Member Excess Cash Rate Mitigation Account						75.0	71.6	61.8	44.7	25.6	2.6										
430	BB																					
431	IE	Assumed 4.28% interest earnings rate					2.1	3.1	2.6	1.0	1.1	0.1										
432	Contribution	LG&E Unwind Deal Stipulated				75.0																
433	Releases/ Amortization	Releases to offset FAC + ES. net of surcharge rebates					(5.5)	(12.9)	(19.7)	(21.0)	(24.2)	(2.7)										
434	EB						75.0	71.6	61.8	44.7	25.6	2.6										
435																						
436	10. DSL Termination																					
437																						
438	11. LG&E Emissions Allowance																					
439	Volume (tons)	Termination Agreement				14,000																
440	Price (\$/ton)	I/e annual output - 12-15-07.xls				778																
441																						
442	Lease Termination Payment																					
443	Assumed Make Whole to CoBank	</																				

Inputs

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	Source:	2005/ Other	2006	2007	2008 H1	Transaction	2008 H2	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
454																						
455	Additional Book Depreciation																					
456	First year non-incremental + in service	Historic																				
457	Average of Transmission and A&G	Historic	12.83	13.12	4.43																	
458	Depreciation as a Percentage of Gross PPE	Historic depreciation rate	6.38	10.88	5.29																	
459	Capitalization Policy (0-100% rate)	Historic depreciation rate	0.02	0.02	0.02		0.02															
460	Capital Depreciation Rate (excl. Environmental)	Based on 1993 Depreciation Study		2011	2.4%																	
461	Capital Depreciation Rate (Environmental)	Based on 1993 Depreciation Study	38																			
462			38																			
463																						
464	HMP&L Station Two																					
465	First year non-incremental	Historic	12.83	13.12	4.43																	
466	Depreciation as a Percentage of Gross PPE	Historic depreciation rate	0.00	0.00	0.00		0.00															
467																						
468	Other																					
469	First year	Historic	6.00	6.77	4.96																	
470	Depreciation as a Percentage of Gross PPE	Historic depreciation rate	0.00	0.00	0.00		0.00															
471																						
472	Book Depreciation & Amortization																					
473	Generation																					
474	Big Rivers' Plants	Historic	25.36	25.39	8.58		26.58	9.01														
475	HMP&L Station Two	Historic	1.59	1.64	0.54		0.93	0.31														
476	Other	Historic	5.05	5.25	1.75		5.06	1.69														
477																						
478	Adjustment to Depreciation		0																			
479	9/24/07 Extended Depreciation Amount	Coordination Agreement, Section 3.10					0.01976	0.0204	0.02103	0.02155	0.02167	0.02122	0.0209	0.02123	0.0215							
480	Income Tax Related																					
481																						
482	Previously Expensed Marketing Payment	Historic	0	0	0	4.156																
483																						
484	Status Quo Depreciation	Proforma	23.60																			
485																						
486	WKE Share of Capex																					
487	Non-Incremental	Participation Agreement - Cost Sharing	51%	51%	51%		51%	51%	51%	60%	66%	66%	66%	66%	66%	66%	66%	66%	66%	66%	66%	66%
488	Incremental	Participation Agreement - Cost Sharing	0%	80%	80%		80%	80%	80%	60%	66%	66%	66%	66%	66%	66%	66%	66%	66%	66%	66%	66%
489	Incremental Dep		0.80	0.00	0.00																	
490	Temporary Differences																					
491	2005 Cumulative Balance of Capex not reflected in SO	Historic	149.87																			
492	Other Temporary Differences	Historic	19.65																			
493																						
494	NDI Related																					
495	Year		1953	1964	1984	1984	1984	1980	1987	1988	1980	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
496																						
497	Tax Rates																					
498	Regular	Big Rivers' estimate	35%																			
499	AMT	Big Rivers' estimate	20%																			
500																						
501	ACE																					
502	ACE Deduction		(1.23)	(1.22)	(0.40)		(0.82)	(1.19)	(1.17)	(0.80)	(0.58)	(0.50)	(0.35)	(0.13)	(0.03)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
503	ACE %		75%																			
504																						
505	SQ Addings	Historic	0.41	0.89	0.13		0.26	0.44	0.43	0.71	1.61	0.47	0.60	1.35	1.77	2.26	4.72	5.56	6.36	6.71	6.76	7.87
506	2006 AMT RB		4.28	4.69	5.58	5.70																
507																						
508	Nonferrous MWH	Historic	38%	0.25652	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
509	Offsystem Sales	Orrick Harrington/ Deloitte	RE																			
510	Interest Income on Unrestricted Cash	Orrick Harrington/ Deloitte	RE																			
511	Interest on Transition Reserve	Orrick Harrington/ Deloitte	NP																			
512	Interest on Economic Reserve	Orrick Harrington/ Deloitte	RE																			
513																						
514	Carbon Tax Cost (\$/MWh)	\$7/ton charge starting in 2012, escalating \$1/year																				
515	Carbon Allowance Cost (\$/MWh)	\$7/ton charge starting in 2012, escalating \$1/year																				
516	Carbon BY Allowance Cost (\$/MWh)	5,073,775 tons in base year, \$7/ton charge starting in 2012, escalating at \$1/year																				

Fuel Inventory

December 2007

(\$M)	Transaction	2008 H2	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Unwind Allocation	0.000	0.669	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Pre-Transaction Allocation	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Lease Termination	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1 Inventory Maintenance	100%																
2																	
3 Fuel Purchases (\$/mmbtu)	1.48	1.48	1.50	1.64	1.70	1.71	1.81	1.82	1.84	1.88	1.92	1.90	1.92	1.95	1.97	1.99	2.01
4																	
5 Heat Value btu/ lb		11,034	11,014	11,015	11,100	10,999	11,019	11,045	11,021	11,060	11,069	11,037	11,015	11,028	11,021	11,037	11,003
6 Heat Value mmbtu/ ton		22.07	22.03	22.03	22.20	22.00	22.04	22.09	22.04	22.12	22.14	22.07	22.03	22.06	22.04	22.07	22.01
7 Coal Consumed [from PCM (000s tons)]		4,072	5,970	6,085	5,813	5,881	5,811	5,909	5,919	5,933	5,752	5,963	5,777	5,913	5,958	5,922	5,958
8 Coal Consumed (Gbtus)		89,860	131,498	134,049	129,052	129,383	128,057	130,536	130,460	131,239	127,332	131,626	127,278	130,423	131,329	130,729	131,111
9																	
10 Volumes Fuel Inventory (Gbtus)																	
11 BB		37,085	37,085	37,085	37,085	37,085	37,085	37,085	37,085	37,085	37,085	37,085	37,085	37,085	37,085	37,085	37,085
12 Fuel Purchased		89,860	131,498	134,049	129,052	129,383	128,057	130,536	130,460	131,239	127,332	131,626	127,278	130,423	131,329	130,729	131,111
13 LG&E Additions to Fuel Inventory	37,085																
14 Fuel Consumed		(89,860)	(131,498)	(134,049)	(129,052)	(129,383)	(128,057)	(130,536)	(130,460)	(131,239)	(127,332)	(131,626)	(127,278)	(130,423)	(131,329)	(130,729)	(131,111)
15 EB	37,085	37,085	37,085	37,085	37,085	37,085	37,085	37,085	37,085	37,085	37,085	37,085	37,085	37,085	37,085	37,085	37,085
16																	
17 \$Millions																	
18 BB		55.0	55.0	55.8	61.0	63.0	63.6	67.1	67.7	68.2	69.7	71.1	70.6	71.2	72.4	73.1	73.6
19 Fuel Purchased		133.3	197.7	220.4	219.2	221.7	231.6	238.1	239.8	246.5	244.0	250.5	244.3	254.5	258.8	259.6	263.0
20 LG&E Additions to Fuel Inventory	55.0																
21 Fuel Expensed		(133.3)	(197.0)	(215.2)	(217.2)	(221.2)	(228.1)	(237.6)	(239.3)	(245.0)	(242.6)	(250.9)	(243.7)	(253.3)	(258.1)	(259.0)	(262.3)
22 EB	55.0	55.0	55.8	61.0	63.0	63.6	67.1	67.7	68.2	69.7	71.1	70.6	71.2	72.4	73.1	73.6	74.4

EXHIBIT 76

**TABLE OF CONTENTS TO APPLICATION EXHIBITS
ADDED BY FINANCING DOCUMENTS FILINGS**

EXHIBIT 76

LIST OF FINANCING-RELATED DOCUMENTS

[Documents requiring Commission Approval are in BOLD]

Exhibit 45, Revolving Line of Credit Agreement dated as of _____, 2008, between Big Rivers Electric Corporation and National Rural Utilities Cooperative Finance Corporation (Commission approval sought) Filed March 31, 2008; discussed in First Amendment ¶¶ 11, 13.

Exhibit 46, Revolving Credit Agreement dated as of _____, 2008, by and between Big Rivers Electric Corporation and CoBank ACB, including note dated as of _____, 2008, by and between Big Rivers Electric Corporation and CoBank ACB (Commission approval sought) Filed March 31, 2008; discussed in First Amendment ¶¶ 11, 14.

Exhibit 49, Indenture dated as of _____, 2008, from Big Rivers Electric Corporation, Grantor to [Name of Trustee], Trustee, First Mortgage Obligations, (Commission approval sought) Filed April 11, 2008; discussed in First Amendment ¶ 22; Second Amendment ¶¶ 1-5.

Exhibit 50, Facility Lessor (D) Secured Note (PBR-1), dated as of _____, 2008, from Big Rivers Electric Corporation to PBR-1 Statutory Trust, a Connecticut statutory trust acting through U. S. Bank National Association, as Trustee (Commission approval sought) Filed April 11, 2008; discussed in Second Amendment ¶¶ 6, 8.

See Exhibit 50, Facility Lessor (D) Secured Note (PBR-2), dated as of _____, 2008, from Big Rivers Electric Corporation to PBR-2 Statutory Trust, a Connecticut statutory trust acting through U. S. Bank National Association, as Trustee (Commission approval sought); discussed in Second Amendment ¶¶ 6, 8.

See Exhibit 50, Facility Lessor (D) Secured Note (PBR-3), dated as of _____, 2008, from Big Rivers Electric Corporation to PBR-3 Statutory Trust, a Connecticut statutory trust acting through U. S. Bank National Association, as Trustee (Commission approval sought); discussed in Second Amendment ¶¶ 6, 8.

Exhibit 51, Facility Lessor (E) Secured Note (PBR-1), dated as of _____, 2008, from Big Rivers Electric Corporation to PBR-1 Statutory Trust, a Connecticut statutory trust acting through U. S. Bank National Association, as Trustee (Commission approval sought) Filed April 11, 2008; discussed in Second Amendment ¶¶ 7-8.

See Exhibit 51, Facility Lessor (E) Secured Note (PBR-2), dated as of _____, 2008, from Big Rivers Electric Corporation to PBR-2 Statutory Trust, a Connecticut statutory trust acting through U. S. Bank National Association, as Trustee (Commission approval sought); discussed in Second Amendment ¶¶ 7-8.

See Exhibit 51, Facility Lessor (E) Secured Note (PBR-3), dated as of _____, 2008, from Big Rivers Electric Corporation to PBR-3 Statutory Trust, a Connecticut statutory trust acting through U. S. Bank National Association, as Trustee (Commission approval sought); discussed in Second Amendment ¶¶ 7-8.

Exhibit 52, Ambac Credit Products Secured Note (PBR-1), dated as of _____, 2008, from Big Rivers Electric Corporation to Ambac Credit Products, LLC (Commission approval sought) Filed April 11, 2008; discussed in Second Amendment ¶ 9.

See Exhibit 52, Ambac Credit Products Secured Note (PBR-2), dated as of _____, 2008, from Big Rivers Electric Corporation to Ambac Credit Products, LLC (Commission approval sought); discussed in Second Amendment ¶ 9.

See Exhibit 52, Ambac Credit Products Secured Note (PBR-3), dated as of _____, 2008, from Big Rivers Electric Corporation to Ambac Credit Products, LLC (Commission approval sought); discussed in Second Amendment ¶ 9.

Exhibit 53, PCB Series 2001A Note dated as of _____, 2008, from Big Rivers Electric Corporation to the County of Ohio, Kentucky (Commission approval sought) Filed April 11, 2008; discussed in Second Amendment ¶ 10.

Exhibit 54, Ambac Municipal Bond Insurance Policy Series 1983 Note dated as of _____, 2008, from Big Rivers Electric Corporation to Ambac Assurance Corporation (Commission approval sought) Filed April 11, 2008; discussed in Second Amendment ¶ 11.

Exhibit 55, Standby Bond Purchase Agreement Note (Series 1983 Bonds), dated as of _____, 2008, from Big Rivers Electric Corporation to Dexia Credit Local, acting by and through its New York Branch (Commission approval sought) Filed April 11, 2008; discussed in Second Amendment ¶ 12.

Exhibit 56, Termination of Third Amended and Restated Subordination, Nondisturbance, Attornment and Intercreditor Agreement dated as of

_____, 2008, among (a) Big Rivers Electric Corporation; (b) LG&E Energy Marketing Inc., and Western Kentucky Energy Corp.; (c) The United States of America, acting through the Administrator of the Rural Utilities Service; (d) Ambac Assurance Corporation; (e) National Rural Utilities Cooperative Finance Corporation; (e) Dexia Credit Local, New York Branch; (f) U.S. Bank Trust National Association, as trustee under the Trust Indenture dated as of August 1, 2001 (g) PBR-1 Statutory Trust; (h) PBR-2 Statutory Trust; (i) PBR-3 Statutory Trust; (j) FBR-1 Statutory Trust; (k) FBR-2 Statutory Trust; (l) PBR-1 OP Statutory Trust; (m) PBR-2 OP Statutory Trust; (n) PBR-3 OP Statutory Trust; (o) FBR-1 OP Statutory Trust; (p) FBR-2 OP Statutory Trust; (q) Bluegrass Leasing; (r) Bank of America Leasing Corporation; (s) AME Investments, LLC; (t) CoBank, ACB; and (u) Ambac Credit Products, LLC (Commission approval sought) Filed April 11, 2008; discussed in First Amendment ¶ 21; Second Amendment ¶ 13.

Exhibit 57, Termination of Third Restated Mortgage and Security Agreement dated _____, 2008, among (a) Big Rivers Electric Corporation; (b) The United States of America, acting through the Administrator of the Rural Utilities Service; (d) Ambac Assurance Corporation; (e) National Rural Utilities Cooperative Finance Corporation; (e) Dexia Credit Local, New York Branch; (f) U.S. Bank Trust National Association, as trustee under the Trust Indenture dated as of August 1, 2001 (g) PBR-1 Statutory Trust; (h) PBR-2 Statutory Trust; (i) PBR-3 Statutory Trust; (j) FBR-1 Statutory Trust; (k) FBR-2 Statutory Trust; and (v) Ambac Credit Products, LLC (Commission approval sought) Filed April 11, 2008; discussed in First Amendment ¶ 21; Second Amendment ¶ 14.

Exhibit 58, Amended and Restated Stock Pledge Agreement dated as of _____, 2008, made by Big Rivers Electric Corporation, as Pledgor, in favor of US Bank National Association, as Collateral Agent, as Pledgee, for the benefit of Ambac Credit Products, LLC, PBR-1 Statutory trust, PBR-2 Statutory trust, PBR-3 Statutory trust, FBR-1 Statutory trust, FBR-2 Statutory trust, in each case acting through U.S. Bank National Association, not in its individual capacity, but solely as the respective Trustee, and _____, as the Indenture Trustee, as the respective Secured Parties, and Ambac Assurance Corporation (Commission approval sought) Filed April 11, 2008; discussed in First Amendment ¶ 28; Second Amendment ¶ 15.

Exhibit 59, Amended and Restated Funding Agreement Pledge Agreement (PBR-1) dated as of _____, 2008, among Big Rivers Leasing, LLC, Ambac Credit Products, LLC and _____, as Indenture Trustee (No Commission approval sought) Filed April 11, 2008; discussed in First Amendment ¶ 27; Second Amendment ¶ 17.

See Exhibit 59, Amended and Restated Funding Agreement Pledge Agreement (PBR-2) dated as of _____, 2008, among Big Rivers Leasing, LLC, Ambac Credit Products, LLC and _____, as Indenture Trustee (No Commission approval sought); discussed in First Amendment ¶ 27; Second Amendment ¶ 17.

See Exhibit 59, Amended and Restated Funding Agreement Pledge Agreement (PBR-3) dated as of _____, 2008, among Big Rivers Leasing, LLC, Ambac Credit Products, LLC and _____, as Indenture Trustee (No Commission approval sought); discussed in First Amendment ¶ 27; Second Amendment ¶ 17.

Exhibit 60, Amended and Restated Payment Agreement Pledge Agreement (PBR-1) dated as of _____, 2008 Among Big Rivers Leasing LLC, PBR-1 Statutory Trust, acting through U.S. Bank National Association, not in its individual capacity, but solely as Trustee, Ambac Credit Products, LLC, and _____, as Indenture Trustee (No Commission approval sought) Filed April 11, 2008; discussed in First Amendment ¶ 27; Second Amendment ¶ 18.

See Exhibit 60, Amended and Restated Payment Agreement Pledge Agreement (PBR-2) dated as of _____, 2008 Among Big Rivers Leasing LLC, PBR-2 Statutory Trust, acting through U.S. Bank National Association, not in its individual capacity, but solely as Trustee, Ambac Credit Products, LLC, and _____, as Indenture Trustee (No Commission approval sought); discussed in First Amendment ¶ 27; Second Amendment ¶ 18.

See Exhibit 60, Amended and Restated Payment Agreement Pledge Agreement (PBR-3) dated as of _____, 2008 Among Big Rivers Leasing LLC, PBR-3 Statutory Trust, acting through U.S. Bank National Association, not in its individual capacity, but solely as Trustee, Ambac Credit Products, LLC, and _____, as Indenture Trustee (No Commission approval sought); discussed in First Amendment ¶ 27; Second Amendment ¶ 18.

Exhibit 61, Amended and Restated Government Securities Pledge Agreement (PBR-1) dated as of _____, 2008 among Big Rivers Leasing LLC, Ambac Credit Products, LLC, _____, as Indenture Trustee, PBR-1 Statutory Trust, acting through U.S. Bank, National Association, not in its individual capacity but solely as trustee, and U.S. Bank, National Association, as Government Securities Collateral Agent and as Government Securities Intermediary (No Commission approval sought); discussed in First Amendment ¶ 27; Second Amendment ¶ 19.

See Exhibit 61, Amended and Restated Government Securities Pledge Agreement (PBR-2) dated as of _____, 2008 among Big Rivers Leasing LLC, Ambac Credit Products, LLC, _____, as Indenture

Trustee, PBR-2 Statutory Trust, acting through U.S. Bank, National Association, not in its individual capacity but solely as trustee, and U.S. Bank, National Association, as Government Securities Collateral Agent and as Government Securities Intermediary (No Commission approval sought); discussed in First Amendment ¶ 27; Second Amendment ¶ 19.

See Exhibit 61, Amended and Restated Government Securities Pledge Agreement (PBR-3) dated as of _____, 2008 among Big Rivers Leasing LLC, Ambac Credit Products, LLC, _____, as Indenture Trustee, PBR-3 Statutory Trust, acting through U.S. Bank, National Association, not in its individual capacity but solely as trustee, and U.S. Bank, National Association, as Government Securities Collateral Agent and as Government Securities Intermediary (No Commission approval sought); discussed in First Amendment ¶ 27; Second Amendment ¶ 19.

Exhibit 62, Partial Termination of Funding Agreement Pledge Agreement (PBR-1) dated as of _____, 2008, by and among Big Rivers Leasing LLC, The United States of America, acting through the Administrator of the Rural Utilities Service, National Rural Utilities Cooperative Finance Corporation, PBR-1 Statutory Trust, PBR-2 Statutory Trust, PBR-3 Statutory Trust, Ambac Credit Products, LLC and Ambac Assurance Corporation (No Commission approval sought) Filed April 11, 2008; discussed in First Amendment ¶ 26; Second Amendment ¶ 20.

See Exhibit 62, Partial Termination of Funding Agreement Pledge Agreement (PBR-2) dated as of _____, 2008, by and among Big Rivers Leasing LLC, The United States of America, acting through the Administrator of the Rural Utilities Service, National Rural Utilities Cooperative Finance Corporation, PBR-1 Statutory Trust, PBR-2 Statutory Trust, PBR-3 Statutory Trust, Ambac Credit Products, LLC and Ambac Assurance Corporation (No Commission approval sought); discussed in First Amendment ¶ 26; Second Amendment ¶ 20.

See Exhibit 62, Partial Termination of Funding Agreement Pledge Agreement (PBR-3) dated as of _____, 2008, by and among Big Rivers Leasing LLC, The United States of America, acting through the Administrator of the Rural Utilities Service, National Rural Utilities Cooperative Finance Corporation, PBR-1 Statutory Trust, PBR-2 Statutory Trust, PBR-3 Statutory Trust, Ambac Credit Products, LLC and Ambac Assurance Corporation (No Commission approval sought); discussed in First Amendment ¶ 26; Second Amendment ¶ 20.

Exhibit 63, Partial Termination of Payment Agreement Pledge Agreement (PBR-1) dated _____, 2008, among Big Rivers Leasing LLC; The United States of America, acting through the Administrator of the Rural Utilities Service; National Rural Utilities Cooperative Finance Corporation; Ambac Assurance Corporation; PBR-1 Statutory Trust; PBR-2 Statutory Trust; PBR-3 Statutory

Trust; and Ambac Credit Products, LLC (No Commission approval sought) Filed April 11, 2008; discussed in First Amendment ¶ 26; Second Amendment ¶ 21.

See Exhibit 63, Partial Termination of Payment Agreement Pledge Agreement (PBR-2) dated _____, 2008, among Big Rivers Leasing LLC; The United States of America, acting through the Administrator of the Rural Utilities Service; National Rural Utilities Cooperative Finance Corporation; Ambac Assurance Corporation; PBR-1 Statutory Trust; PBR-2 Statutory Trust; PBR-3 Statutory Trust; and Ambac Credit Products, LLC (No Commission approval sought); discussed in First Amendment ¶ 26; Second Amendment ¶ 21.

See Exhibit 63, Partial Termination of Payment Agreement Pledge Agreement (PBR-3) dated _____, 2008, among Big Rivers Leasing LLC; The United States of America, acting through the Administrator of the Rural Utilities Service; National Rural Utilities Cooperative Finance Corporation; Ambac Assurance Corporation; PBR-1 Statutory Trust; PBR-2 Statutory Trust; PBR-3 Statutory Trust; and Ambac Credit Products, LLC (No Commission approval sought); discussed in First Amendment ¶ 26; Second Amendment ¶ 21.

Exhibit 64, Partial Termination of Government Securities Pledge Agreement (PBR-1) dated as of _____, 2008, by and among Big Rivers Leasing, LLC, The United States of America acting through the Administrator of the Rural Utilities Service, National Rural Utilities Cooperative Finance Corporation, PBR-1 Statutory Trust, PBR-2 Statutory Trust, PBR-3 Statutory Trust, Ambac Credit Products, LLC and Ambac Assurance Corporation (No Commission approval sought) Filed April 11, 2008; discussed in First Amendment ¶ 26; Second Amendment ¶ 22.

See Exhibit 64, Partial Termination of Government Securities Pledge Agreement (PBR-2) dated as of _____, 2008, by and among Big Rivers Leasing, LLC, The United States of America acting through the Administrator of the Rural Utilities Service, National Rural Utilities Cooperative Finance Corporation, PBR-1 Statutory Trust, PBR-2 Statutory Trust, PBR-3 Statutory Trust, Ambac Credit Products, LLC and Ambac Assurance Corporation (No Commission approval sought); discussed in First Amendment ¶ 26; Second Amendment ¶ 22.

See Exhibit 64, Partial Termination of Government Securities Pledge Agreement (PBR-3) dated as of _____, 2008, by and among Big Rivers Leasing, LLC, The United States of America acting through the Administrator of the Rural Utilities Service, National Rural Utilities Cooperative Finance Corporation, PBR-1 Statutory Trust, PBR-2 Statutory Trust, PBR-3 Statutory Trust, Ambac Credit Products, LLC and Ambac Assurance Corporation (No Commission approval sought); discussed in First Amendment ¶ 26; Second Amendment ¶ 22.

Exhibit 65, Intercreditor Agreement dated _____, 2008, among Big Rivers Electric Corporation; The United States of America, acting through

the Administrator of the Rural Utilities Service; Ambac Assurance Corporation; PBR-1 Statutory Trust; PBR-2 Statutory Trust; PBR-3 Statutory Trust; FBR-1 Statutory Trust; FBR-2 Statutory Trust; PBR-1 OP Statutory Trust; PBR-2 OP Statutory Trust; PBR-3 OP Statutory Trust; FBR-1 OP Statutory Trust; FBR-2 OP Statutory Trust; Bluegrass Leasing; Bank of America Leasing Corporation; AME Investments, LLC; CoBank, ACB; AME Asset Funding, LLC; and Ambac Credit Products, LLC (Commission approval sought) Filed April 23, 2008; discussed in First Amendment ¶ 23; Third Amendment ¶ 2.

Exhibit 66, Letter Agreement dated as of _____, 2008, among Big Rivers Electric Corporation, Ambac Assurance Corporation and Ambac Credit Products, LLC (Commission approval sought) Filed April 23, 2008; discussed in Third Amendment ¶ 3.

Exhibit 67, Letter Agreement dated as of _____, 2008, between Big Rivers Electric Corporation and Bank of America Leasing Corporation (Commission approval sought) Filed April 23, 2008; discussed in Third Amendment ¶ 4.

Exhibit 68, Creditor Consent, Termination and Release Agreement dated as of _____, 2008, by and among (a) Big Rivers Electric Corporation; (b) E.ON U.S. LLC., LG&E Energy Marketing Inc., and Western Kentucky Energy Corp.; (c) The United States of America, acting through the Administrator of the Rural Utilities Service; (d) Ambac Assurance Corporation; (e) National Rural Utilities Cooperative Finance Corporation; (e) Dexia Credit Local, New York Branch; (f) U.S. Bank Trust National Association, as trustee under the Trust Indenture dated as of August 1, 2001 (g) PBR-1 Statutory Trust; (h) PBR-2 Statutory Trust; (i) PBR-3 Statutory Trust; (j) PBR-1 OP Statutory Trust; (k) PBR-2 OP Statutory Trust; (l) PBR-3 OP Statutory Trust; (m) Bluegrass Leasing; (n) Bank of America Leasing Corporation; (o) AME Investments, LLC; (p) CoBank, ACB; (q) AME Asset Funding, LLC; and (r) Ambac Credit Products, LLC (Commission approval sought) Filed April 23, 2008; discussed in First Amendment ¶ 20; Third Amendment ¶ 5.

Exhibit 69, First Amendment to ISDA Master Agreement (PBR-1) (Big Rivers Swap) dated as of _____, 2008, by and between Ambac Credit Products, LLC, and Big Rivers Electric Corporation (Commission approval sought) Filed April 23, 2008; discussed in First Amendment ¶ 29; Third Amendment ¶ 6.

See Exhibit 69, First Amendment to ISDA Master Agreement (PBR-2) (Big Rivers Swap) dated as of _____, 2008, by and between Ambac Credit Products, LLC, and Big Rivers Electric Corporation (Commission

approval sought); discussed in First Amendment ¶ 29; Third Amendment ¶ 6.

See Exhibit 69, First Amendment to ISDA Master Agreement (PBR-3) (Big Rivers Swap) dated as of _____, 2008, by and between Ambac Credit Products, LLC, and Big Rivers Electric Corporation (Commission approval sought); discussed in First Amendment ¶ 29; Third Amendment ¶ 6.

Exhibit 70, Escrow Agreement (PBR-1) dated as of _____, 2008, by and between Bluegrass Leasing, and [an E.ON U.S., LLC Cayman affiliate] and [_____], Escrow Agent, Big Rivers Electric Corporation, PBR-1 Statutory Trust, PBR-1 OP Statutory Trust, State Street Bank and Trust Company of Connecticut, Trustee, AME Investments, LLC, CoBank, ACB, Ambac Credit Products, LLC, and Ambac Assurance Corporation (Commission approval sought) Filed April 23, 2008; discussed in First Amendment ¶ 30; Third Amendment ¶ 7.

See Exhibit 70, Escrow Agreement (PBR-2) dated as of _____, 2008, by and between Bluegrass Leasing, and [an E.ON U.S., LLC Cayman affiliate] and [_____], Escrow Agent, Big Rivers Electric Corporation, PBR-2 Statutory Trust, PBR-2 OP Statutory Trust, State Street Bank and Trust Company of Connecticut, Trustee, AME Investments, LLC, CoBank, ACB, Ambac Credit Products, LLC, and Ambac Assurance Corporation (Commission approval sought); discussed in First Amendment ¶ 30; Third Amendment ¶ 7.

See Exhibit 70, Escrow Agreement (PBR-3) dated as of _____, 2008, by and between Bluegrass Leasing, and [an E.ON U.S., LLC Cayman affiliate] and [_____], Escrow Agent, Big Rivers Electric Corporation, PBR-3 Statutory Trust, PBR-3 OP Statutory Trust, State Street Bank and Trust Company of Connecticut, Trustee, AME Investments, LLC, CoBank, ACB, Ambac Credit Products, LLC, and Ambac Assurance Corporation (Commission approval sought); discussed in First Amendment ¶ 30; Third Amendment ¶ 7.

Exhibit 71, First Amendment to ISDA Master Agreement (PBR-1) dated as of _____, 2008, between Ambac Credit Products, LLC, and PBR-1 Statutory Trust (No Commission approval sought) Filed April 23, 2008; discussed in First Amendment ¶ 29; Third Amendment ¶ 9.

See Exhibit 71, First Amendment to ISDA Master Agreement (PBR-2) dated as of _____, 2008, between Ambac Credit Products, LLC, and PBR-2 Statutory Trust (No Commission approval sought); discussed in First Amendment ¶ 29; Third Amendment ¶ 9.

See Exhibit 71, First Amendment to ISDA Master Agreement (PBR-3) dated as of _____, 2008, between Ambac Credit Products, LLC, and PBR-3 Statutory Trust (No Commission approval sought); discussed in First Amendment ¶¶ 29; Third Amendment ¶¶ 9.

Exhibit 72, Amended and Consolidated Loan Contract Dated as of _____, 2008, between Big Rivers Electric Corporation and United States of America (No Commission approval sought) Filed April 23, 2008; discussed in First Amendment ¶¶ 24; Third Amendment ¶¶ 10.

Exhibit 73, RUS 2008 Promissory Note, Series A, dated as of _____, 2008, between Big Rivers Electric Corporation and United States of America (No Commission approval sought) Filed April 23, 2008; discussed in First Amendment ¶¶ 24; Third Amendment ¶¶ 11.

Exhibit 74, RUS 2008 Promissory Note, Series B, dated as of _____, 2008, between Big Rivers Electric Corporation and United States of America (No Commission approval sought) Filed April 23, 2008; discussed in First Amendment ¶¶ 24; Third Amendment ¶¶ 12.

Exhibit 75, Revised (April 23, 2008) Unwind Financial Model.

Exhibit 76, Table of Contents to Application Exhibits Added by Financing Documents Filings.

Exhibit 77, Supplemental Testimony of C. William Blackburn

EXHIBIT 77

**SUPPLEMENTAL TESTIMONY OF C. WILLIAM
BLACKBURN**

(REDACTED)

COMMONWEALTH OF KENTUCKY
BEFORE THE
PUBLIC SERVICE COMMISSION OF KENTUCKY

Case No. 2007-00455

SUPPLEMENTAL TESTIMONY OF
C. WILLIAM BLACKBURN

ON BEHALF OF
APPLICANTS

APRIL 23, 2008

1 SUPPLEMENTAL TESTIMONY OF
2 C. WILLIAM BLACKBURN
3

4 I. INTRODUCTION

5
6 Q. Please state your name.

7
8 A. My name is C. William Blackburn.

9
10 Q. Are you the same C. William Blackburn who previously submitted direct
11 testimony in this proceeding?

12
13 A. Yes, I am.

14
15 Q. Please summarize the purpose of your supplemental testimony in these
16 proceedings.

17
18 A. The purpose of my supplemental testimony is to update my description of the
19 new financial arrangements that Big Rivers Electric Corporation (“Big
20 Rivers”) proposes to use in connection with the Unwind Transaction, as that
21 term is defined in my direct testimony, Exhibit 10. Specifically, I am
22 updating the discussion that appears at pages 118-129 of my direct testimony,
23 to describe and support the principal financing arrangements for which Big

1 Rivers is seeking approval through the First Amendment and Supplement to
2 the Application for Approval of the Unwind Transaction filed March 28, 2008
3 (the "First Amendment"), the Second Amendment and Supplement to the
4 Application for Approval of the Unwind Transaction filed April 11, 2008 (the
5 "Second Amendment"), and the Third Amendment and Supplement to the
6 Application for Approval of the Unwind Transaction filed with this
7 supplemental testimony on April 23, 2008 (the "Third Amendment," and
8 collectively with the First Amendment and the Second Amendment, the
9 "Financing Amendments"). Effectively, my supplemental testimony is a
10 substitute for that portion of my direct testimony. To the extent not
11 separately defined herein, capitalized terms appearing in this supplemental
12 testimony have the same meaning as the identical terms in my direct
13 testimony.

14
15 II. BIG RIVERS' PROPOSED FINANCING ARRANGEMENTS

16
17 Q. What new financial arrangement does Big Rivers propose to use in place of
18 the existing financial arrangement?

19
20 A. A rather comprehensive description of the arrangements Big Rivers seeks to
21 implement to accommodate its financing needs following the Unwind
22 Transaction closing is contained in the First Amendment, and I will not

1 repeat it verbatim. But I would note that the nature of the financing
2 arrangements originally proposed by Big Rivers in its Application filed
3 December 28, 2007, has changed. In the Application, Big Rivers anticipated
4 that it would issue capital market debt of approximately \$263.5 million
5 concurrently with the Unwind Closing, and that the proceeds net of the
6 financing costs, \$253.9 million, would be used to prepay a portion of Big
7 Rivers' outstanding indebtedness to its principal secured creditor, the Rural
8 Utilities Service ("RUS"). Together with an additional prepayment to RUS of
9 \$188.8 million from the proceeds of the Unwind Transaction, Big Rivers
10 would have prepaid RUS a total of \$442.7 million at the Unwind Transaction
11 closing.

12
13 Q. How has that plan changed?

14
15 A. First, Big Rivers has abandoned the proposed capital market debt issuance at
16 the Unwind Closing because of instability in the financing markets, and
17 resulting higher interest rates. These circumstances were described in the
18 First Amendment, on page 8 in paragraph 19. At such time as Big Rivers
19 does seek to issue bonds, it will seek approval from the Commission to do so.
20 In the meantime, Big Rivers seeks the financial approvals I have outlined
21 previously, and will proceed to seek investment grade credit ratings from the
22 credit ratings agencies. Second, Big Rivers is also terminating its Leveraged

1 Lease with Bank of America Leasing Corporation, one of the two equity
2 parties involved in the leveraged lease transactions consummated by Big
3 Rivers in 2000.¹ These two changes simplify the financing transactions for
4 which Big Rivers seeks approval in this Application.

5
6 Q. What evidences of indebtedness does Big Rivers propose to issue in
7 connection with the Unwind Transaction closing?

8
9 A. Big Rivers proposes to issue the evidences of indebtedness identified in bold
10 typeface in the "List of Financing-Related Documents," Exhibit 76, attached
11 to the Third Amendment. Also listed are documents Big Rivers will be
12 entering into or indirectly interested in related to the financing arrangements
13 of the Unwind Transaction. Those documents are submitted to complete the
14 picture of those financing arrangements. The documents bearing an exhibit
15 number up to Exhibit 64 have been submitted with the First Amendment and
16 the Second Amendment. The documents bearing an exhibit number of
17 Exhibit 65 through Exhibit 74 are attached to the Third Amendment.

18

¹ *In the Matter of Big Rivers Electric Corporation's Application for Approval of a Leveraged Lease of Three Generating Units*, P S C Case No. 99-450

1 Q. Do these documents constitute all the documents related to the financing
2 arrangements of the Unwind Transaction, and include all the evidences of
3 indebtedness for which Commission approval is sought in the Application?
4

5 A. Yes. To the best of my knowledge, these documents, although not complete,
6 are in substantially complete form. I would point out, however, that the letter
7 agreement between Big Rivers and Bank of America Leasing Corporation ("B
8 of A"), attached as Exhibit 67, is basically a letter of intent that contemplates
9 a number of other documents being prepared and executed at closing to
10 implement termination of the B of A leveraged lease interests. But the terms
11 of the termination are set out in the letter of intent. Big Rivers will make a
12 compliance filing with the Commission after closing of the Unwind
13 Transaction providing it with the final, executed versions of all financing
14 documents, along with a list of the changes that have been made from the
15 drafts that are submitted with Big Rivers' Amendments. Big Rivers
16 recognizes that any material change in a draft document prior to closing of
17 the Unwind Transaction will require resubmission of the document to the
18 Commission prior to execution and delivery of the document by Big Rivers.
19

20 Q. Please identify and describe each of the documents that is submitted with the
21 Third Amendment, beginning with the intercreditor agreement attached to
22 the Third Amendment as Exhibit 65.

1
2 A. First, please refer back to Exhibit 49, the Indenture Big Rivers proposes to
3 issue. It is described in detail in the Second Amendment, page 2 through 5.
4 In general terms, Big Rivers' existing Third Restated Mortgage will be
5 replaced by an indenture at closing. The indenture will secure on a *pro rata*,
6 *pari passu* basis all of the indebtedness owed to Big Rivers' existing senior
7 secured creditors as well as future senior secured creditors of Big Rivers. The
8 new intercreditor agreement (the "New Intercreditor Agreement") is a greatly
9 pared-down version of the intercreditor agreement Big Rivers and its
10 creditors signed in connection with the existing Lease Transaction (the
11 "Existing Intercreditor Agreement"). One effect of the Unwind Transaction is
12 the elimination from the New Intercreditor Agreement of the E.ON U.S.
13 subsidiaries and their mortgages, as those mortgages are related to
14 obligations created by the existing Lease Transaction. This change, coupled
15 with the establishment of the Indenture trustee, create a need to terminate
16 the Existing Intercreditor Agreement. In its place the greatly simplified New
17 Intercreditor Agreement will be implemented. The New Intercreditor
18 Agreement will establish certain covenants, notice provisions and cure rights
19 among the parties to the Leveraged Lease transaction closed in 2000 (on the
20 one hand) and the trustee under the Indenture on behalf of the holders of the
21 obligations secured by the Indenture (on the other hand). Big Rivers requires
22 Commission approval of the New Intercreditor Agreement.

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Q. Are there other agreements associated with the Indenture and New Intercreditor Agreement that Big Rivers proposes to enter into, and for which it requires Commission approval?

A. Yes. Big Rivers proposes to enter into a separate agreement (the "Ambac Agreement") to reflect commitments made to Ambac, which is a party to both the Indenture and the New Intercreditor Agreement, in order to obtain Ambac's participation in these financing arrangements. The Ambac Agreement is attached as Exhibit 66 to the Third Amendment. The Ambac Agreement includes several key provisions: (i) Big Rivers will retire its pollution control bonds no later than March 31, 2009, with Ambac Assurance Corporation having no obligation to insure the obligations used to refund the issues refunded (Exhibit 66, page 3); (ii) Big Rivers will maintain and use the Transition Reserve, the account Big Rivers will establish at the closing of the Unwind Transaction to serve as a cushion against possible adverse financial impacts on Big Rivers of early termination by the Smelters of the Smelter Agreements (see Application, page 29-30, paragraph 53, and Testimony of C. William Blackburn, Exhibit 10, pages 84-88), in the manner described on page 2 of the Ambac Agreement; and (iii) Big Rivers will refrain from other actions (see pages 3 and 4 of the Ambac Agreement) that could adversely affect its financial condition. The Ambac Agreement contemplates a "fee

1 letter," which will document the consent fee negotiated with the Ambac
2 entities for giving their consent to the transaction. Big Rivers anticipates
3 that the Ambac consent fee will be no more than \$2.5 million.

4
5 Q. Please explain the agreement to terminate the B of A lease interests for
6 which Big Rivers is seeking Commission approval at this time?

7
8 A. Yes. B of A holds lease interests under the existing Lease Transaction that
9 Big Rivers has agreed to terminate on the terms stated in the letter
10 agreement attached as Exhibit 67. The terms for termination of the B of A
11 lease interests, which will be eventually translated into a definitive
12 termination agreement, are highly confidential, and are subject to a pending
13 petition for confidential treatment, so the balance of the response to this
14 question will be redacted in the public version of my testimony, along with
15 the entirety of Exhibit 67. Big Rivers seeks Commission approval to
16 terminate these lease interests, the creation of which was approved by the
17 Commission in 2000 as noted above.

18
19 [REDACTED]

20 [REDACTED]

21 [REDACTED]

22 [REDACTED]

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[REDACTED]

[REDACTED]

Q. Please describe the nature and purpose of the Creditor Consent, Termination and Release Agreement attached as Exhibit 68.

A. The Creditor Consent, Termination and Release Agreement (the "Creditor Consent Agreement") is described in detail in paragraph 20 on page 9 of the First Amendment. As stated in that description, Big Rivers seeks Commission approval of that Agreement.

Q. Are there other agreements for which Big Rivers seeks Commission approval in the Application?

A. Yes. Big Rivers seeks Commission approval to issue the First Amendment to ISDA Master Agreement (PBR-1), the First Amendment to ISDA Master Agreement (PBR-2) and the First Amendment to ISDA Master Agreement (PBR-3), which are identified as the "Big Rivers Swaps." Because each of these documents is identical except for the trust that is a party, Big Rivers provides only a copy of First Amendment to ISDA Master Agreement (PBR-1) as Exhibit 69 to the Application. Big Rivers does not seek Commission approval to issue amendments to the "Qualifying Swaps," which are First

1 Amendment to ISDA Master Agreement (PBR-1), First Amendment to ISDA
2 Master Agreement (PBR-2), and First Amendment to ISDA Master
3 Agreement (PBR-3). Each of these documents is also identical except for the
4 statutory trust that is a party, so Big Rivers provides only a copy of First
5 Amendment to ISDA Master Agreement (PBR-1) as Exhibit 71 to the
6 Application. The amendments to the Big Rivers Swaps and the Qualifying
7 Swaps are described in paragraph 29 on page 14 of the First Amendment.

8
9 Q. Are there any other documents filed with the Third Amendment for which
10 Big Rivers seeks Commission approval?

11
12 A. Yes. The last documents for which Big Rivers seeks Commission approval
13 are Escrow Agreement (PBR-1), Escrow Agreement (PBR-2) and Escrow
14 Agreement (PBR-3). As with other documents in this filing, each of the
15 Escrow Agreements is identical except for the trust that is a party, so Big
16 Rivers again provides only a copy of Escrow Agreement (PBR-1) as Exhibit 70
17 to the Application. The nature and purpose of the Escrow Agreements is
18 described in paragraph 30 on page 14 of the First Amendment.

19
20 Q. Are there other agreements for which Big Rivers is seeking Commission
21 approval at this time?

1 A. No. But there are other agreements between Big Rivers and RUS for which
2 Commission approval is not required that form an integral part of the
3 financial arrangements Big Rivers will rely upon post-Unwind Transaction
4 closing. Those documents are the Amended and Restated Loan Contract
5 ("RUS Loan Contract"), attached as Exhibit 72, the RUS 2008 Promissory
6 Note, Series A ("RUS Note A"), attached as Exhibit 73 and RUS 2008
7 Promissory Note, Series B ("RUS Note B"), attached as Exhibit 74.

8
9 Q. Please describe the RUS Loan Contract.

10
11 A. The RUS Loan Contract between Big Rivers and the United States of
12 America, attached as Exhibit 72 to the Third Amendment, governs the credit
13 relationship between the RUS and Big Rivers. In doing so, the RUS Loan
14 Contract sets forth the ongoing affirmative and negative covenants that must
15 be complied with by Big Rivers. Included among these covenants are
16 limitations on the following: (i) incurrence of additional debt; (ii) incurrence
17 of liens; (iii) execution of new contracts, loans and investments, (iv) together
18 with certain amendments thereto; (v) acquisition and disposition of assets;
19 distributions; (vi) changes in depreciation rates; and (vii) mergers. The RUS
20 Loan Contract also establishes the events and occurrences that will
21 constitute an event of default as between Big Rivers and the RUS. The new
22 RUS Loan Contract, in combination with the Indenture, allows Big Rivers

1 greater flexibility than the combination of the existing loan contract and
2 mortgage. Attached as an exhibit to the RUS Loan Contract is a formal
3 lockbox agreement that Big Rivers will be required to enter into in connection
4 with execution of the new RUS Loan Contract. However, the lockbox
5 arrangements will not be effective unless one or more of the events specified
6 in Section 4.12 of the RUS Loan Contract occur.

7
8 Q. Please describe the RUS Note A.

9
10 A. The RUS Note A is essentially the same as the New RUS Note signed by Big
11 Rivers in 1998, except that the Maximum Allowable Balance is reduced by
12 \$200 million, and the debt service schedule is maintained at the level stated
13 in the Unwind Financial Model filed with the Application on December 28,
14 2007, until 2016. In 2016 the debt service amounts increase to amortize the
15 remaining RUS Note A principal balance by 2021.

16
17 Q. Please describe the RUS Note B.

18
19 A. As part of the 1998 Lease Transaction, Big Rivers provided the RUS with a
20 promissory note in the amount of \$265 million (the "ARVP Note"). The ARVP
21 Note bears no interest and comes due in full on December 31, 2023. Big
22 Rivers has paid down portions of the ARVP Note, in accordance with its

1 terms, with revenue from certain wholesale sales of power it has purchased
2 from the E.ON U.S. Parties excess to Big Rivers' needs. In order to account
3 for the remaining amount due on the ARVP Note, the Big Rivers financial
4 model treats the ARVP Note as a zero coupon interest-bearing bond. The
5 financial model assumes that the ARVP Note will be paid when it is due in
6 December 31, 2023. Under the new arrangement with RUS, the ARVP Note
7 will be redenominated the RUS 2008 Promissory Note, Series B, a draft of
8 which is attached to the Third Amendment as Exhibit 74. The terms of the
9 RUS Note B no longer require that certain revenue from wholesale sales of
10 power be paid on the note principal.

11
12 Q. Have you now described all finance-related documents Big Rivers has filed
13 with the Commission in support of its financing application and Unwind
14 Transaction?

15
16 A. Yes.

17
18 Q. Then would you please explain the Big Rivers financing arrangements
19 documents in a functional context?

20
21 A. Yes. First, we should recognize that Big Rivers is not proposing to issue new
22 debt at the Unwind Transaction closing. In fact, Big Rivers will reduce its

1 outstanding debt by \$200 million by paying down its existing RUS New Note
2 with proceeds from the Unwind Transaction. Although Big Rivers does
3 propose to issue several notes at closing (RUS, Exhibits 73 and 74; Leveraged
4 Lease Facility Lessors, Exhibits 50 and 51; Ambac Credit Products, Exhibit
5 52; PCB Series 2001A, Exhibit 53; Ambac Municipal Bond Insurance Policy
6 Series 1983, Exhibit 54; Standby Bond Purchase Agreement, Exhibit 55),
7 these notes for the most part do nothing but change the instrument under
8 which the notes are secured from the existing RUS mortgage to the new
9 Indenture. As stated above, the RUS Note A (Exhibit 73) additionally
10 reflects the \$200 million reduction in principal, and a restructuring of the
11 debt service schedule. The RUS Note B (Exhibit 74) also replaces the old
12 ARVP note, and eliminates the requirement that Big Rivers reduce the
13 principal on RUS debt by two-thirds of the revenue from its inter-system
14 power sales. Big Rivers will enter into two, \$50 million revolving credit
15 facilities at closing (CFC, Exhibit 45; CoBank, Exhibit 46), but no draw on
16 either facility is contemplated in the Unwind Financial Model (Exhibit 8).
17 Most of the other documents filed simply release parties who are exiting
18 arrangements with Big Rivers, or terminate agreements that are replaced or
19 eliminated. The RUS Loan Contract is a new document, which restructures
20 the contractual control RUS exercises over Big Rivers. But that contract is
21 not subject to Commission approval, even though it forms part of the post-
22 Unwind Transaction financing structure in which the Commission does have

1 an interest. My point is that most of the documents filed perform mundane,
2 almost ministerial functions, and are quite brief and uncomplicated.

3
4 Q. Please explain the impact of the proposed financing arrangements on the
5 Unwind Financial Model.

6
7 A. We have prepared for this purpose a new run of the Unwind Financial Model,
8 which is attached as Exhibit 75. The base for comparison is the Unwind
9 Financial Model filed with the Application as Exhibit 8, as corrected and filed
10 with the Commission on February 14, 2008. The closing date is assumed to
11 be April 30, 2008, to maintain consistency with the base model. We have
12 made the following assumptions regarding debt restructuring that will occur
13 at closing: (i) cash applied from net Transaction proceeds to reduce the RUS
14 New Note upon closing is increased by \$4.2 million, from \$195.8 million to
15 \$200 million (see Exhibit 75, page 15, line 369, column "Transaction"); (ii)
16 capital markets debt issuance is deferred to the beginning of 2016 in an
17 amount sufficient to reduce the RUS Note A by an additional \$200 million
18 plus transaction costs at the time (see Exhibit 75, page 15, lines 348 and 355 ,
19 column "2015"); and (iii) debt service steps up in 2016 and thereafter to
20 amortize the remaining RUS Note A by 2021 (see Exhibit 75, page 1, line 10,
21 column "2016"). We have also assumed that Big Rivers' pollution control
22 bonds bear interest going forward at 5% rather than 3.6%. Creditor consent

1 fees and expenses are covered from operating cash flow with no impact on
2 cash balances shown in Unwind Transaction Models filed to date.

3
4 Q. Does Big Rivers still require an investment grade credit rating from Moody's
5 and Standard & Poor's, even if it is not going to sell capital markets debt at
6 the closing of the Unwind Transaction?

7
8 A. Absolutely. A principal reason for Big Rivers' interest in the Unwind
9 Transaction is to obtain the ability to borrow money at reasonable rates. If
10 Big Rivers closes the Unwind Transaction without an investment grade
11 rating, it has accomplished nothing in this regard. In order for Big Rivers to
12 obtain an attractive rate of interest on the debt it undertakes in the future,
13 Big Rivers requires an investment grade rating from these credit rating
14 agencies. Obtaining lower than investment grade ratings would increase Big
15 Rivers' cost of capital to unacceptable levels. Obtaining an investment grade
16 rating is a condition to closing the Unwind Transaction under the
17 Termination Agreement. In addition, as I have explained, the Ambac
18 Agreement requires Big Rivers to have a BBB credit rating at Closing. A
19 BBB rating is higher than the floor for investment grade rating (BBB-).

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21 Q. Does Big Rivers have the requisite corporate authority to permit it to
22 restructure its finances?

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A. Yes. Big Rivers has the authority to borrow money under its articles of incorporation and bylaws, and under KRS Chapter 279. At the next meeting of the Big Rivers Board, which currently is scheduled for May 16, 2008, Big Rivers will obtain the necessary Board resolutions authorizing it to restructure its finances in the manner contemplated.

Q. Please describe the financial approvals Big Rivers is requesting from the KPSC in this Application.

A. At this time, Big Rivers is seeking approval to: (i) enter into the Indenture; (ii) ; (iii) enter into the CoBank and CFC lines of credit; (iv) enter into the New Intercreditor Agreement; (v) execute related amendments to some of the documents in the defeased sale/leaseback transaction approved by the Commission and entered into by Big Rivers in 2000; and (vi) enter into the related agreements that I have described or which are described in the Application.

Q. What are the purposes and uses of the financing for which Big Rivers is seeking approval?

12 reason of the Unwind Transaction, and release parties from contracts that
13 are terminated or replaced. All these actions are required as part of the
14 Unwind Transaction.

15

16 Q. Does this conclude your testimony at this time?

17

18 A. Yes.