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EXHIBIT 87

**STATION TWO
AGREEMENTS AND AMENDMENTS**

- a. Second Amendatory Agreement**
- b. Amendments to 1970 Station Two Power Sales Contract**
- c. Station Two Termination and Release Agreement**
- d. Station Two G&A Allocation Agreement**
- e. Agreement for Assignment of Responsibility for Complying with Reliability Standards**

SECOND AMENDATORY AGREEMENT

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THIS SECOND AMENDATORY AGREEMENT ("*Amendment*"), dated as of _____, 2008 (the "*Amendment Effective Date*"), by and among (a) BIG RIVERS ELECTRIC CORPORATION, a Kentucky rural electric generation and transmission cooperative ("*Big Rivers*"), (b) LG&E ENERGY MARKETING INC., an Oklahoma corporation ("*LEM*"), and WESTERN KENTUCKY ENERGY CORP., a Kentucky corporation ("*WKEC*") and the successor by merger of (i) WKE Corp., a Kentucky corporation ("*WKE*"), and (ii) WKE Station Two Inc., a Kentucky corporation ("*Station Two Subsidiary*") (WKEC, together with LEM, the "*E.ON Station Two Parties*"), and (c) the CITY OF HENDERSON, KENTUCKY (the "*City of Henderson*") and the CITY OF HENDERSON UTILITY COMMISSION, d/b/a HENDERSON MUNICIPAL POWER & LIGHT (the "*City Utility Commission*") (collectively, the "*Parties*").

RECITALS:

A. Prior to the effectiveness of the Plan of Reorganization (defined below), Big Rivers operated a two unit electric Generating Plant owned by the City of Henderson ("*Station Two*"), and purchased a certain portion of the output of such facility.

B. In accordance with the First Amended Plan of Reorganization in Big River's bankruptcy proceeding, as modified and restated on June 9, 1997 (as so modified, the "*Plan of Reorganization*"), Big Rivers, LEM, Station Two Subsidiary and WKEC entered into a New Participation Agreement, dated April 6, 1998 (as amended, the "*Participation Agreement*") and certain other documents.

C. In accordance with the Participation Agreement, upon the closing of the transactions contemplated therein on July 15, 1998, Station Two Subsidiary assumed certain of Big Rivers' operational responsibilities with respect to Station Two, and WKEC, LEM, Station Two Subsidiary, the City of Henderson, the City Utility Commission, Big Rivers and E.ON U.S. LLC, the indirect parent company of WKEC and LEM and the successor to LG&E Energy Corp. ("*E.ON*"), executed and delivered certain agreements, including the "Station Two Agreement" (as hereinafter defined), creating (among other rights and responsibilities) certain interests in favor of one or more of the E.ON Station Two Parties with respect to Station Two, certain of the energy generated thereby, and the land on which Station Two is situated and to which it is adjacent.

D. Prior to the date hereof, WKE and Station Two Subsidiary were merged with and into WKEC in accordance with Kentucky law, with WKEC being the surviving entity in that merger succeeding to all of the assets, properties, rights, debts, obligations and liabilities of WKE and Station Two Subsidiary, respectively, including without limitation, their respective rights, debts, obligations and liabilities relating to Station Two.

E. Big Rivers, the E.ON Station Two Parties and E.ON have concluded that it is in their respective best interests to terminate and release between and among them the property interests and contractual relationships between them created by the Participation Agreement, the Station Two Agreement and the other "Operative Documents" (as defined in the Participation Agreement), and have each executed and delivered a Transaction Termination Agreement dated as of March 26, 2007, as amended (the "**Transaction Termination Agreement**"), setting forth the terms and conditions upon which Big Rivers, the E.ON Station Two Parties and E.ON are willing to terminate and release such property interests and contractual relationships between them (collectively, the "**Unwind Transactions**").

F. In order to effect the Unwind Transaction among them with respect to Station Two, the E.ON Station Two Parties and Big Rivers have requested that the City of Henderson and the City Utility Commission agree to amend the Station Two Agreement by accelerating, to the Amendment Effective Date, the date on which the Station Two Agreement will expire in accordance with its terms, subject to such provisions of the Station Two Agreement which, by their express terms, survive the expiration of the Station Two Agreement.

G. As an inducement for the City of Henderson and the City Utility Commission to agree to that amendment, WKEC has agreed to pay to the City Utility Commission an "Expiration Fee" as provided for in Section 2.1 of this Amendment.

H. The City of Henderson and the City Utility Commission have decided that it is in their respective best interests to accommodate the Unwind Transactions by entering into this Amendment with the other Parties, thereby amending the Station Two Agreement to provide for its early expiration on and as of the Amendment Effective Date, upon the terms and subject to the conditions set forth in this Amendment, including without limitation, in exchange for WKEC's payment to the City Utility Commission of the Expiration Fee contemplated in Section 2.1.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth below, and for other valuable consideration, the receipt of which is hereby acknowledged, the Parties each agree as follows, effective immediately:

ARTICLE 1

DEFINITIONS

Section 1.1 Definitions. As used in this Amendment, the "**Station Two Agreement**" shall mean the Agreement and Amendments to Agreement dated as of July 15, 1998, as amended, among the City of Henderson, the City Utility Commission, Big Rivers, LEM and WKEC (for itself and as successor to WKE and Station Two Subsidiary), including without limitation, as amended by the Amendatory Agreement, dated as of April 1, 2005, among the City of Henderson, the City Utility Commission, Big Rivers, WKEC (for itself and as successor to WKE and Station Two Subsidiary) and LEM. Capitalized terms used in

this Amendment (including the Recitals hereto) and not otherwise defined herein shall have the meanings set forth in the Station Two Agreement.

ARTICLE 2

EXPIRATION FEE; ESCROW FOR STATION TWO IMPROVEMENTS

Section 2.1 Expiration Fee. In consideration of the execution and delivery of this Amendment by the City of Henderson and the City Utility Commission, and as a material inducement for such execution and delivery, WKEC has paid to the City Utility Commission, contemporaneous with the execution and delivery of this Amendment, the amount of _____ DOLLARS (\$_____.00) in immediately available funds, the receipt of which is hereby acknowledged by the City Utility Commission (the "*Expiration Fee*").

Section 2.2 Escrow Funding. Contemporaneous with the execution and delivery of this Amendment, WKEC has deposited the amount of _____ DOLLARS (\$_____.00) in immediately available funds with _____ ("*Escrow Agent*") in accordance with that certain Escrow Agreement of even date herewith among the City of Henderson, the City Utility Commission, WKEC and Escrow Agent, which amount shall be available for use by the City of Henderson or the City Utility Commission for the purpose of funding its or their share of the costs of Station Two Improvements to be implemented following the date hereof pursuant to the Station Two Operating Agreement, upon the terms and subject to the conditions set forth in that Escrow Agreement.

ARTICLE 3

AMENDMENTS TO STATION TWO AGREEMENT

Section 3.1 Amendment to Section 9.3. Section 9.3 of the Station Two Agreement is hereby amended to be and read in its entirety as follows:

"9.3 Term of Assignment. The term (the "Phase II Assignment Term") of the assignment by Big Rivers to Station Two Subsidiary, its successors and permitted assigns, of certain rights and obligations under the Assigned Station Two Contracts, as contemplated in Section 9.1 of this Agreement, shall commence on the Phase II Effective Date and shall end at and as of _____ **[Insert Unwind Closing Date and Time]."**

Section 3.2 Acknowledgments. The Parties acknowledge and agree that, by virtue of the amendments effected pursuant to Section 3.1 above, and by virtue of Section 2.4 of the Station Two Agreement, the Station Two Agreement shall expire at and as of _____ **[Insert Unwind Closing Date and Time]** (the "*Expiration Date*") for all purposes contemplated in the Station Two Agreement, in the G&A Allocation Agreement, in the New Reserves Agreement and in the Guaranty, in each case without notice or further action on the part of any Party, including without limitation, as contemplated in Section

10.16 of the Station Two Agreement for the purpose of effecting the automatic reversion and assignment to Big Rivers provided for therein. Consistent with the foregoing, the Expiration Date shall be deemed to be the “date of expiration” and the “expiration date” of the Station Two Agreement, and the “date the Station Two Agreement expires”, as those terms are used in the Station Two Agreement and in the G&A Allocation Agreement and the New Reserves Agreement. Notwithstanding the foregoing provisions of this Section 3.2, the Parties agree that the expiration of the Station Two Agreement as contemplated above shall not be deemed to affect those provisions of the Station Two Agreement, the G&A Allocation Agreement, the New Reserves Agreement and/or the Guaranty which, by their terms, are to continue in force and effect following the expiration of the Station Two Agreement.

ARTICLE 4

STATION TWO TERMINATED DOCUMENTS; MORTGAGE RELEASES

Section 4.1 Termination. Effective immediately, and without notice or further action on the part of any Party, each of Big Rivers, the City of Henderson, the City Utility Commission and the E.ON Station Two Parties, for themselves and their respective successors, predecessors and assigns, and for all other persons or entities claiming by, through or under them, hereby collectively and irrevocably terminate, discharge and render null and void and of no further force or effect whatsoever each of the easements, agreements and other instruments and documents set forth or identified on Schedule 4.1 hereto (collectively, the “*Station Two Terminated Documents*”) to which such Parties are signatories or beneficiaries; provided, that the foregoing shall not be deemed to relieve any E.ON Station Two Party or Big Rivers, on the one hand, or the City of Henderson or the City Utility Commission, on the other hand, of or from any obligation(s) to the others resulting from or arising out of its breach or default under a Station Two Terminated Document occurring prior to the Expiration Date.

Section 4.2 Filing of Releases and Termination Statements. On the Amendment Effective Date, and consistent with the last sentence of Subsection 10.11(a) of the Station Two Agreement, the relevant Parties agree to execute and deliver to the appropriate Party or Parties for purposes of recording or filing the same: (a) terminations of easements and rights of way in the forms attached hereto as Exhibits A-1 and A-2, (b) a termination of Assignment of Easements in the form attached hereto as Exhibit A-3, (c) a Partial Termination and Release of Deed of Easement in the form attached hereto as Exhibit A-4, (d) a Partial Release of Grantors’ Rights to Rights and Easements in the form attached hereto as Exhibit A-5, and (e) all such other instruments of termination or discharge (in form reasonably satisfactory to the relevant Parties) as shall be required by or otherwise provided for in any Station Two Terminated Document, or as shall be reasonably requested by any Party, to evidence such termination and discharge or for the purpose of updating the real estate records of Henderson County, Kentucky, in respect of the terminations and discharges of the Station Two Terminated Documents as contemplated herein.

Section 4.3 Releases of Mortgages and Security Agreements. Each of the E.ON Station Two Parties and Big Rivers severally agrees with the City of Henderson and the City Utility Commission (a) to execute and deliver on the date hereof written releases of

mortgages and security agreements in form satisfactory to the E.ON Station Two Parties and Big Rivers ("**Mortgage Releases**"), sufficient to terminate, release and discharge in their entirety (i) the Mortgage and Security Agreement, dated July 15, 1998, by Big Rivers in favor of LEM and WKEC (for itself and as successor to Station two Subsidiary and WKE), and (ii) the Mortgage and Security Agreement (LEM Mortgage), dated July 15, 1998, by Big Rivers in favor of LEM and WKEC (for itself and as successor to Station two Subsidiary and WKE), and (b) promptly following the execution and delivery of this Amendment, to file those Mortgage Releases, together with all terminations of security interests under Financing Statements (fixture filings) filed under the Kentucky Uniform Commercial Code in connection with the Mortgage and Security Agreements described above (or either of them), in Henderson County, Kentucky or in the office of the Secretary of State of the Commonwealth of Kentucky, as applicable, in order to terminate, release and discharge of record any mortgages, fixture filings or other security interests created by or in connection with the Mortgage and Security Agreements described above (or either of them).

ARTICLE 5

RELEASED STATION TWO DOCUMENTS

Section 5.1 Released Station Two Documents. Schedule 5.1 attached hereto sets forth or identifies an agreement and certain easements to which Big Rivers, one or more of the E.ON Station Two Parties, the City of Henderson and/or the City Utility Commission (among other parties) are parties as of the date hereof (collectively, the "**Released Station Two Documents**").

Section 5.2 Release of E.ON Station Two Parties by City of Henderson and City Utility Commission. In light of the Parties' intentions that the Released Station Two Documents continue in force and effect following the Amendment Effective Date as between or among the City of Henderson, the City Utility Commission and Big Rivers (in certain cases among other parties), but that the E.ON Station Two Parties, on the one hand, and the City of Henderson and City Utility Commission, on the other hand, be relieved by the others from further obligation under those documents arising or accruing following the Amendment Effective Date, the E.ON Station Two Parties, the City of Henderson and the City Utility Commission agree with each others as follows:

(a) effective immediately, and without notice or further action on the part of any Party, the City of Henderson and the City Utility Commission, for themselves and their respective successors, predecessors and assigns, and for all other persons or entities claiming by, through or under any of them, hereby fully, irrevocably and forever remise, release, acquit, waive and discharge each of LEM and WKEC, and their respective members, shareholders, directors, officers, employees, agents, representatives, advisors, successors, predecessors and assigns, and each of them, of and from any and all debts, obligations or liabilities of any nature whatsoever, whether in contract, in equity, in tort or otherwise, whether known or unknown, whether accrued or unaccrued, and whether fixed, contingent or otherwise (collectively, "**Claims**"), which the City of Henderson or the City Utility Commission ever had, now have, may now have or may hereafter have against LEM or WKEC,

resulting from, arising out of or in any manner relating to the Released Station Two Documents (or any of them); provided, that the foregoing provisions of this Subsection (a) shall not be deemed to remise, release, acquit, waive or discharge LEM or WKEC of or from any Claims resulting from or arising out of any breach or default on the part of LEM or WKEC under or pursuant to a Released Station Two Document occurring prior to the Expiration Date; and

(b) effective immediately, and without notice or further action on the part of any Party, LEM and WKEC, for themselves and their respective successors, predecessors and assigns, and for all other persons or entities claiming by, through or under any of them, hereby fully, irrevocably and forever remise, release, acquit, waive and discharge each of the City of Henderson and the City Utility Commission, and their respective directors, officers, employees, agents, representatives, advisors, successors, predecessors and assigns, and each of them, of and from any and all Claims which LEM or WKEC ever had, now have, may now have or may hereafter have against the City of Henderson or the City Utility Commission, resulting from, arising out of or in any manner relating to the Released Station Two Document (or any of them); provided, that the foregoing provisions of this Subsection (b) shall not be deemed to remise, release, acquit, waive or discharge the City of Henderson or the City Utility Commission of or from any Claims resulting from or arising out of any breach or default on the part of the City of Henderson or the City Utility Commission under or pursuant to a Released Station Two Document occurring prior to the Expiration Date.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES

Section 6.1 Representations and Warranties of the E.ON Station Two Parties. Each of the E.ON Station Two Parties hereby severally represents and warrants to Big Rivers, the City of Henderson and the City Utility Commission that:

(a) Organization and Existence. Each of the E.ON Station Two Parties is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and WKEC is duly qualified to transact business as a foreign corporation in any jurisdiction where the nature of its business and its activities require it to be so qualified. LEM is qualified to transact business as a foreign corporation in (i) any jurisdiction where the nature of its business and its activities require it to be so qualified and (ii) in the Commonwealth of Kentucky.

(b) Execution, Delivery and Binding Effect. This Amendment has been duly authorized, executed and delivered by each E.ON Station Two Party and, assuming the due authorization, execution and delivery hereof by Big Rivers, the City of Henderson and the City Utility Commission, constitutes a legal, valid and binding obligation of each E.ON Station Two Party, enforceable against each such E.ON Station Two Party in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency,

reorganization, arrangement, moratorium or other laws relating to or affecting the rights of creditors generally and by general principles of equity.

(c) No Violation. The execution and delivery of this Amendment by each E.ON Station Two Party, the consummation by each E.ON Station Two Party of the transactions contemplated hereby, and the compliance by each E.ON Station Two Party with the terms and provisions hereof, do not and will not (i) contravene any Applicable Laws or its organizational documents or by-laws, or (ii) contravene the provisions of, or constitute a default (or an event which, with notice or the passage of time, or both, would constitute a default) by it under, any indenture, mortgage or other material contract, agreement or instrument to which any E.ON Station Two Party is a party or by which any E.ON Station Two Party, or its property, is bound, or result in the creation of any lien on the property of any E.ON Station Two Party.

(d) No Required Consents. All consents, approvals, resolutions, authorizations, actions or orders, including those which must be obtained from any Governmental Entities, required for the authorization, execution and delivery of, and for the consummation of the transactions contemplated by, this Amendment by any E.ON Station Two Party have been obtained prior to the date hereof.

Section 6.2 Representations and Warranties of Big Rivers. Big Rivers hereby represents and warrants to each of the E.ON Station Two Parties, the City of Henderson and the City Utility Commission that:

(a) Organization and Existence. Big Rivers is a rural electric cooperative duly organized, validly existing, and in good standing under the laws of the Commonwealth of Kentucky, and is duly licensed or qualified and in good standing in each jurisdiction where the nature of its business and its activities requires it to be so qualified.

(b) Authorization, Execution, Binding Effect. This Amendment has been duly authorized, executed and delivered by all necessary cooperative action by Big Rivers and, assuming the due authorization, execution and delivery hereof by each E.ON Station Two Party, the City of Henderson and the City Utility Commission, constitutes the legal, valid and binding obligation of Big Rivers, enforceable against Big Rivers in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium or other laws relating to or affecting the rights of creditors generally and by general principles of equity.

(c) No Violation. The execution, delivery and performance by Big Rivers of this Amendment, the consummation by Big Rivers of the transactions contemplated hereby, and the compliance by Big Rivers with the terms and provisions hereof, do not and will not (i) contravene any Applicable Laws or Big Rivers' Articles of Incorporation or By-Laws, or (ii) contravene the provisions of, or constitute a default (or an event which, with notice or the passage of time, or both, would constitute a default) by it under, any indenture, mortgage or other material contract, agreement or instrument to which Big Rivers is a party or by which Big Rivers, or its property, is bound, or result in the creation of any lien on the property of Big Rivers.

(d) No Required Consents. All consents, approvals, resolutions, authorizations, actions or orders, including, those which must be obtained from any Governmental Entities, required for the authorization, execution and delivery of, and for the consummation of the transactions contemplated by, this Amendment by Big Rivers have been obtained prior to the date hereof.

Section 6.3 Representations and Warranties of the City of Henderson and the City Utility Commission. The City of Henderson and the City Utility Commission hereby severally represent and warrant to each of the E.ON Station Two Parties and Big Rivers that:

(a) Organization and Existence. The City of Henderson is a municipal corporation and city of the second class duly organized and existing under the laws of the Commonwealth of Kentucky. The City Utility Commission is a public body politic and corporate duly organized and existing under Kentucky Revised Statutes § 96.530 and related statutes.

(b) Authorization, Execution, Binding Effect. This Amendment has been duly authorized, executed and delivered by the City of Henderson and the City Utility Commission, and, assuming the due authorization, execution and delivery hereof by each E.ON Station Two Party and Big Rivers, constitutes the legal, valid and binding obligation of the City of Henderson and the City Utility Commission, enforceable against the City of Henderson and the City Utility Commission in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium or other laws relating to or affecting the rights of creditors generally and by general principles of equity.

(c) No Violation. The execution, delivery and performance by the City of Henderson and the City Utility Commission of this Amendment, the consummation by the City of Henderson and the City Utility Commission of the transactions contemplated hereby, and the compliance by the City of Henderson and the City Utility Commission with the terms and provisions hereof, do not and will not (i) contravene any Applicable Laws, or (ii) contravene the provisions of, or constitute a default (or an event which, with notice or the passage of time, or both, would constitute a default) by it under, any indenture, mortgage or other material contract, agreement or instrument to which the City of Henderson or the City Utility Commission is a party or by which the City of Henderson or the City Utility Commission, or its property, is bound, or result in the creation of any lien on the property of the City of Henderson or the City Utility Commission.

(d) No Required Consents. All consents, approvals, resolutions, authorizations, actions or orders, including, those which must be obtained from any Governmental Entities, required for the authorization, execution and delivery of, and for the consummation of the transactions contemplated by, this Amendment by the City of Henderson and the City Utility Commission have been obtained prior to the date hereof.

ARTICLE 7

SO2 ALLOWANCES AND NOx ALLOWANCES

Section 7.1 Allowances under Station Two Contracts. Big Rivers agrees with the City of Henderson and the City Utility Commission that, notwithstanding anything contained in this Station Two Termination and Release to the contrary, following the date hereof (a) the City of Henderson and the City Utility Commission shall receive the Station Two SO2 allowances and Station Two NOx allowances to which the City of Henderson and the City Utility Commission are entitled as provided for in the Station Two Contracts, and (b) in the case of any such allowances accruing or arising with respect to periods prior to the date hereof which are to be allocated in accordance with the Station Two Contracts subsequent to the date hereof, the City of Henderson and the City Utility Commission shall receive such allowances to which they shall be entitled upon allocation thereof following the date hereof in accordance with the Station Two Contracts.

ARTICLE 8

TAX MATTERS

Section 8.1 Tax Acknowledgments and Commitments. Big Rivers and the E.ON Station Two Parties agree with the City of Henderson and the City Utility Commission that, in the event any of the transfers or assignments by WKEC to Big Rivers, effected or to be effected pursuant to the Transaction Termination Agreement (or one or more other "Definitive Documents" referred to in the Transaction Termination Agreement), of inventory, personal property, agreements, permits, SO2 allowances or NOx allowances relating to Station Two or to the Joint Use Facilities shall result in the assessment or imposition of any sales or use taxes by any taxing authority, those sales or use taxes shall not be allocated by Big Rivers or the E.ON Station Two Parties to Station Two as operating or maintenance costs or expenses (or other expenses) recoverable by them under the Station Two Operating Agreement. In addition, the City of Henderson and the City Utility Commission, on the one hand, and Big Rivers, on the other hand, agree that, as between them, the apportionment of property taxes (or responsibility for the same) between the E.ON Station Two Parties and Big Rivers, and the allocation of responsibility for unemployment taxes and workers' compensation premiums between the E.ON Station Two Parties and Big Rivers, in each case pursuant to the Transaction Termination Agreement (or any other Definitive Document), shall not relieve Big Rivers from responsibility for the payment or discharge following the date hereof of property taxes, unemployment taxes and workers' compensation premiums to the extent and in the manner contemplated in the Station Two Contracts (but subject to the provisions of the Station Two Contracts). Nothing contained in this Section 8.1 shall amend, modify or supplement the agreements as between Big Rivers and the E.ON Station Two Parties with respect to sales and use taxes, property taxes, unemployment taxes and workers' compensation premiums set forth in the Transaction Termination Agreement or the other Definitive Documents.

ARTICLE 9

MISCELLANEOUS

Section 9.1 Successors and Assigns. This Amendment shall be binding upon, and shall inure to the benefit of and be enforceable by, the Parties named herein and their respective members, shareholders, directors, officers, employees, agents, representatives, advisors, successors, predecessors and permitted assigns, and all other persons or entities claiming by, through or under any of them.

Section 9.2 Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF KENTUCKY.

Section 9.3 Waivers. No waiver of any of the provisions of this Amendment shall be deemed to or shall constitute a continuing waiver or a waiver of any other provision hereof (whether or not similar). No delay on the part of any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

Section 9.3 Further Assurances. Each Party hereby agrees, from and after the date hereof, and upon the reasonable request of any other Party, to do, execute, acknowledge and deliver any and all such other actions, instruments and documents as shall be necessary or appropriate in order to give full force and effect to this Amendment and to the transactions contemplated herein.

IN WITNESS WHEREOF, the Parties have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

[Signatures appear on the following page.]

BIG RIVERS ELECTRIC CORPORATION

By: _____
Name:
Title:

LG&E ENERGY MARKETING INC.

By: _____
Name:
Title:

WESTERN KENTUCKY ENERGY CORP.

By: _____
Name:
Title:

CITY OF HENDERSON, KENTUCKY

By: _____
Name:
Title:

**CITY OF HENDERSON UTILITY
COMMISSION, D/B/A, HENDERSON
MUNICIPAL POWER & LIGHT**

By: _____
Name:
Title:

FOR VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, the undersigned, E.ON U.S. LLC, a Kentucky limited liability company and the successor in interest of LG&E Energy Corp. ("E.ON"), in its capacity as the guarantor under that certain Guarantee Agreement [Station Two Obligations] dated as of July 15, 1998, among E.ON, the City of Henderson, Kentucky, and the City of Henderson Utility Commission, hereby consents to the amendments to the Station Two Agreement effected

pursuant to the foregoing Second Amendatory Agreement.

WITNESS the signature of the undersigned as of the ____ day of _____, 2008.

E.ON U.S. LLC

By: _____

Name:

Title:

EXHIBIT A-1

TERMINATION OF CITY EASEMENT

TERMINATION AND RELEASE OF DEED OF EASEMENT

On July 15, 1998, the CITY OF HENDERSON, KENTUCKY, a municipal corporation, and the CITY OF HENDERSON UTILITY COMMISSION, a body politic and corporate (hereinafter collectively referred to as "Henderson") granted to WKE STATION TWO, INC., formerly known as LG&E Station Two, Inc., a Kentucky corporation, LG&E ENERGY MARKETING, INC., an Oklahoma corporation, and WESTERN KENTUCKY ENERGY CORP., a Kentucky Corporation, (hereinafter collectively referred to as the "LG&E Parties") a non-exclusive easement for access to Henderson's property for the purpose of enabling the LG&E Parties to perform and fulfill their respective obligations under certain agreements relating to the operation and maintenance of Henderson's Station Two Power Plant, all in accordance with the rights, privileges, reservations, exceptions and limitations recited therein, and

WHEREAS, the LG&E Parties will, upon the effective date of this Termination and Release of Deed of Easement, cease to operate, maintain and control Henderson's Station Two Power Plant, and will thereupon cease to use the easement and right-of-way granted to them by Henderson by the terms of the Deed of Easement and Right-of-Way dated July 15, 1998, of record in Miscellaneous book 6, at page 373, in the Henderson County Clerk's Office, Henderson County, Kentucky (the "Deed of Easement"); and

WHEREAS, prior to the date hereof, WKE Station Two, Inc., formerly known as LG&E Station Two, Inc., a Kentucky corporation, was merged with and into Western Kentucky Energy Corp. in accordance with Kentucky law, with Western Kentucky Energy Corp. being the surviving entity in that merger succeeding to all of the assets, properties, rights, debts, obligations and liabilities of WKE Station Two, Inc., whereby the execution of this document by Western Kentucky Energy Corp. will transfer and convey all right, title and interest of WKE Station Two, Inc. in the Deed of Easement herein referred to.

NOW, THEREFORE, in consideration of the premises, the said LG&E Energy Marketing, Inc. and Western Kentucky Energy Corp. (for itself and as successor by merger of WKE Station Two Inc.) do hereby bargain, sell, and convey, and by these presents release, remise and quit-claim unto the said City of Henderson, Kentucky and City of Henderson Utility Commission, their respective successors and assigns, any and all right, title and interest in and to the property conveyed by said Deed of Easement, and all and any other interest the said LG&E Energy Marketing, Inc. and Western Kentucky Energy Corp., their respective successors and assigns, may have in and to the said property of City of Henderson, Kentucky and City of Henderson Utility Commission conveyed by said Deed of Easement.

IN TESTIMONY WHEREOF, the said parties to this Termination and Release of Deed of Easement have hereunto executed this document by their respective duly

authorized representatives to be effective the _____ day of _____, 2008.

LG&E ENERGY MARKETING, INC.

By: _____

Title: _____

WESTERN KENTUCKY ENERGY CORP.

By: _____

Title: _____

CITY OF HENDERSON, KENTUCKY

By: _____

Title: _____

CITY OF HENDERSON UTILITY
COMMISSION

By: _____

Title: _____

EXHIBIT A-2

TERMINATION OF BIG RIVERS EASEMENT

TERMINATION AND RELEASE OF DEED OF EASEMENT

On July 15, 1998, BIG RIVERS ELECTRIC CORPORATION, a Kentucky rural electric cooperative (hereinafter referred to as "Big Rivers") granted to WKE STATION TWO INC., formerly known as LG&E Station Two Inc., a Kentucky corporation, LG&E ENERGY MARKETING INC., an Oklahoma corporation, and WESTERN KENTUCKY ENERGY CORP., a Kentucky Corporation, (hereinafter collectively referred to as the "LG&E Parties") a non-exclusive easement for access to Big Rivers' property for the purpose of enabling the LG&E Parties to perform and fulfill their respective obligations under certain agreements relating to the operation and maintenance of Big Rivers Green Station and Reid Station Power Plants and Henderson's Station Two Power Plant, all in accordance with the rights, privileges, reservations, exceptions and limitations recited therein, and

WHEREAS, the LG&E Parties will, upon the effective date of this Termination and Release of Deed of Easement, cease to operate, maintain and control Big Rivers Green Station and Reid Station Power Plants and Henderson's Station Two Power Plant, and will thereupon cease to use the easement and right-of-way granted to them by Big Rivers by the terms of the Deed of Easement and Right-of-Way dated July 15, 1998, of record in Miscellaneous Book 6, at page 378, in the Henderson County Clerk's Office, Henderson County, Kentucky (the "Deed of Easement"); and

WHEREAS, prior to the date hereof, WKE Station Two Inc., formerly known as LG&E Station Two Inc., a Kentucky corporation, was merged with and into Western Kentucky Energy Corp. in accordance with Kentucky law, with Western Kentucky Energy Corp. being the surviving entity in that merger succeeding to all of the assets, properties, rights, debts, obligations and liabilities of WKE Station Two Inc., whereby the execution of this document by Western Kentucky Energy Corp. will transfer and convey all right, title and interest of WKE Station Two Inc. in the Deed of Easement herein referred to.

NOW, THEREFORE, in consideration of the premises, the said LG&E Energy Marketing Inc. and Western Kentucky Energy Corp. (for itself and as successor by merger of WKE Station Two Inc.) do hereby bargain, sell, and convey, and by these presents release, remise and quit-claim unto the said Big Rivers Electric Corporation, its successors and assigns, any and all right, title and interest in and to the property conveyed by said Deed of Easement, and all and any other interest the said LG&E Energy Marketing Inc. and Western Kentucky Energy Corp., their respective successors and assigns, may have in the said property of Big Rivers conveyed by said Deed of Easement.

IN TESTIMONY WHEREOF, the said parties to this Termination and Release of Deed of Easement have hereunto executed this document by their respective duly authorized

representatives to be effective on the _____ day of _____, 2008.

LG&E ENERGY MARKETING INC.

By: _____

Title: _____

WESTERN KENTUCKY ENERGY CORP.

By: _____

Title: _____

BIG RIVERS ELECTRIC CORPORATION

By: _____

Title: _____

This Instrument Was Prepared By:

EXHIBIT A-3

TERMINATION OF ASSIGNMENT OF EASEMENTS

TERMINATION AND RELEASE OF ASSIGNMENT OF EASEMENTS

By ASSIGNMENT OF EASEMENTS entered into on April 30, 2006 by and among WKE STATION TWO INC., a Kentucky corporation, LG&E ENERGY MARKETING INC., an Oklahoma corporation (hereinafter referred to as "Assignors") and WESTERN KENTUCKY ENERGY CORP., a Kentucky corporation (hereinafter referred to as "Assignee"), which Assignment of Easements is of record in Miscellaneous Book 8, beginning at page 902 in the Office of the Henderson County Court Clerk, Henderson County, Kentucky, Assignors assigned to Assignee (1) a Deed of Easement and Right-of-Way by and among the City of Henderson, Kentucky, and the City of Henderson Utility Commission, as Grantors, and WKE Station Two Inc., LG&E Energy Marketing Inc. and Western Kentucky Energy Corp., as Grantees, which Deed of Easement is of record in Miscellaneous Book 6, beginning at page 373 in the Office of the Henderson County Court Clerk, and (2) a Deed of Easement and Right-of-Way by and among Big Rivers Electric Corporation, as Grantor, and WKE Station Two Inc., LG&E Energy Marketing Inc. and Western Kentucky Energy Corp., as Grantees, which Deed of Easement is of record in Miscellaneous Book 6, beginning at page 378 in the Office of the Henderson County Court Clerk, Henderson County, Kentucky (collectively, the "Deeds of Easement"), and

WHEREAS, the purposes for which such Deeds of Easements were granted, and thereafter assigned to Assignee, have terminated as of the effective date of this Termination and Release of Assignment of Easements. It is the desire of the Assignors and Assignee to return said Deeds of Easement to the original Grantors, free and clear of all claims of the Assignors and the Assignee herein, and

WHEREAS, prior to the date hereof, WKE Station Two Inc., formerly known as LG&E Station Two Inc., a Kentucky corporation, was merged with and into Western Kentucky Energy Corp. in accordance with Kentucky law, with Western Kentucky Energy Corp. being the surviving entity in that merger succeeding to all of the assets, properties, rights, debts, obligations and liabilities of WKE Station Two Inc., whereby the execution of this document by Western Kentucky Energy Corp. will transfer and convey all right, title and interest of WKE Station Two Inc. in the Deeds of Easement herein referred to.

NOW, THEREFORE, the Assignors and the Assignee do hereby bargain, sell and convey, and do by these presents release, remise and quit-claim unto the said City of Henderson and City of Henderson Utility Commission, their respective successors and assigns, any and all right, title and interest in and to the easement and right-of-way referred to in that certain Deed of Easement and Right-of-Way dated July 15, 1998 and of record in Miscellaneous Book 6, beginning at page 373 in the Office of the Henderson County Court Clerk, and do by these presents release, remise and quit-claim unto the said Big Rivers Electric Corporation its successors and assigns, any and all right, title and interest in and to the easement and right-of-way referred to in that certain Deed of Easement and Right-of-

Way dated July 15, 1998 and of record in Miscellaneous Book 6, beginning at page 378 in the Office of the Henderson County Court Clerk, Henderson County, Kentucky.

IN WITNESS WHEREOF, the Assignors and the Assignee have caused this instrument to be executed by their respective duly authorized representatives to be effective as of the ____ day of _____, 2008.

LG&E ENERGY MARKETING INC.

By: _____

Title: _____

WESTERN KENTUCKY ENERGY CORP.

By: _____

Title: _____

EXHIBIT A-4

PARTIAL TERMINATION AND RELEASE

**PARTIAL TERMINATION AND RELEASE OF
DEED OF EASEMENT**

On August 12, 2003 the City of Henderson, Kentucky and the City of Henderson Utility Commission (collectively, "Grantors") granted unto WKE Station Two Inc., LG&E Energy Marketing Inc., Western Kentucky Energy Corp., WKE Corp. and Big Rivers Electric Corporation a non-exclusive, irrevocable easement for access to, and ingress and egress over, Grantors' property for the construction, operation, maintenance and removal of an 8 inch diameter high pressure natural gas line and related valves, fittings and ancillary facilities, all as more particularly described in the Deed of Easement which is of record in Deed Book 527, at page 421, in the office of the Henderson County Court Clerk (the "Deed of Easement").

By the terms of paragraph 7 of said Deed of Easement it is provided that the rights and privileges of WKE Station Two Inc., LG&E Energy Marketing Inc., Western Kentucky Energy Corp. and WKE Corp., their successors and assigns, will terminate at such time as they shall cease to operate and maintain Big Rivers Electric Corporation's Reid Station and Big Rivers Electric Corporation's combustion turbine generating unit, both located in Henderson County, Kentucky.

Prior to the date hereof, WKE Station Two Inc. and WKE Corp. were merged with and into Western Kentucky Energy Corp. in accordance with Kentucky law, with Western Kentucky Energy Corp. being the surviving entity in that merger succeeding to all of the assets, properties, rights, debts, obligations and liabilities of WKE Station Two Inc. and WKE Corp. At the same time LG&E Energy Marketing Inc. assigned all of its rights and interests in the Deed of Easement to Western Kentucky Energy Corp.

Prior to the execution of this Partial Termination and Release of Deed of Easement, Western Kentucky Energy Corp. ceased to operate and maintain Big Rivers Electric Corporation's Reid Station and Big Rivers Electric Corporation's combustion turbine generating unit, whereby all rights and interests granted to them pursuant to the terms and provisions of this Deed of Easement terminated in their entirety.

NOW THEREFORE pursuant to the requirements of paragraph 7 of said Deed of Easement, WKE Station Two Inc. and WKE Corp. acting by and through Western Kentucky Energy Corp., LG&E Energy Marketing Inc. and Western Kentucky Energy Corp. hereby permanently and irrevocably release and discharge all rights and interests created by the terms and provisions of the said Deed of Easement, upon which termination they shall have no further easement rights or rights of ingress or egress over or with respect to the Grantors' property under said Deed of Easement, and shall be deemed to be fully and forever remised, released and discharged by Grantors and Big Rivers Electric Corporation of and from any

and all obligations, liabilities, rights and privileges arising under or pursuant to such Deed of Easement.

IN WITNESS WHEREOF the said Western Kentucky Energy Corp., acting for itself and WKE Station Two Inc. and WKE Corp., and LG&E Energy Marketing Inc. hereby execute this Partial Termination and Release of Deed of Easement this ____ day of _____, 2008.

LG&E ENERGY MARKETING INC.

By: _____

Title: _____

WESTERN KENTUCKY ENERGY CORP.,
acting for itself and for
WKE Station Two Inc. and WKE Corp.

By: _____

Title: _____

EXHIBIT A-5

PARTIAL RELEASE

**PARTIAL RELEASE OF GRANTORS' RIGHTS
TO RIGHTS AND EASEMENTS**

Effective on April 1, 2005, Big Rivers Electric Corporation and Western Kentucky Energy Corp. granted and conveyed to the City of Henderson, Kentucky and the City of Henderson Utility Commission certain rights of access, easements of location and use, and easements of ingress and egress across lands owned by Big Rivers Electric Corporation, and leased to Western Kentucky Energy Corp., located in Henderson County, Kentucky, for use in connection with the City's Station Two Power Plant and the construction and addition thereto of selective catalytic recovery systems, such Grant of Rights and Easements being of record in Deed Book 548, at page 169, in the office of the Henderson County Court Clerk. Big Rivers Electric Corporation and Western Kentucky Energy Corp. reserved unto themselves certain rights and privileges in connection with said Grant of Rights and Easements.

Western Kentucky Energy Corp. has, prior to the execution of this Partial Release of Grantors' Rights to Rights and Easements, terminated its lease of certain of Big Rivers Electric Corporation's property and improvements thereon, and by these presents terminates its rights and privileges reserved in its Grant of Rights and Easements to the City of Henderson, Kentucky and the City of Henderson Utility Commission under terms and provisions of the said Grant of Rights and Easements.

NOW THEREFORE, Western Kentucky Energy Corp., a Kentucky corporation, acting for itself and its successors and assigns, does hereby release and forever discharge all of its rights and interests reserved by it under the terms and provisions of the said Grant of Rights and Easements dated April 1, 2005, having terminated its lease of certain of Big Rivers Electric Corporation's property and improvements thereon upon which said rights and easements were granted to the City of Henderson, Kentucky and the City of Henderson Utility Commission.

WITNESS the signature of the undersigned duly authorized representative of Western Kentucky Energy Corp. this ____ day of _____, 2008.

WESTERN KENTUCKY ENERGY CORP.

By: _____

Title: _____

SCHEDULE 4.1

STATION TWO TERMINATED DOCUMENTS

1. Deed of Easement and Right-of-Way, dated July 15, 1998, between Big Rivers, as grantor, and Station Two Subsidiary, LEM and WKEC, as grantees;
2. Deed of Easement and Right-of-Way, dated July 15, 1998, between the City of Henderson, the City Utility Commission, as grantors, and Station Two Subsidiary, LEM and WKEC, as grantees;
3. Assignment of Easements, dated April 30, 2006, among Station Two Subsidiary and LEM, as assignors, and WKEC, as assignee;
4. Acknowledgement and Consent, dated July 15, 1998, among the City of Henderson, the City Utility Commission and LEM;
5. **[Supplementary Agreement on SO₂ Emission Allowances, dated January 18, 2002, between the City Utility Commission and WKEC (including as successor by merger of Station Two Subsidiary)] [NOTE: This document could be moved to Schedule 5.1 (as a "Released Station Two Document") before the unwind closing, should Big Rivers and the City choose to retain it in effect between them.]**
6. Excess Power Agreement (letter agreement) dated July 23, 1999, between LEM and the City Utility Commission; and
7. Designated Representative/Alternate Designated Representative Appointment Agreement, dated August 27, 2002, among the City of Henderson, the City Utility Commission, Big Rivers, Station Two Subsidiary, Gregory Black and Ralph Bowling.

SCHEDULE 5.1

RELEASED STATION TWO DOCUMENTS

1. Designated Representative Appointment Agreement, dated September 24, 2007, among the City of Henderson, the City Utility Commission, Big Rivers, WKEC, Gregory Black and Ralph Bowling;
2. Grant of Rights and Easements, dated as of April 1, 2005, among the City of Henderson, the City Utility Commission, Big Rivers and WKEC;
3. Deed of Easement, dated August 12, 2003, but with retroactive effect to June 1, 1999, among the City of Henderson, the City Utility Commission, Big Rivers, WKEC, LEM, Station Two Subsidiary and WKE, relating to the Reid Station gas line;

LOU: 2431171-5

**AMENDMENTS TO 1970 STATION TWO POWER
SALES CONTRACT**

DRAFT
September 17 2008

AMENDMENT TO CONTRACT AMONG CITY OF HENDERSON, KENTUCKY, CITY
OF HENDERSON UTILITY COMMISSION AND BIG RIVERS ELECTRIC
CORPORATION

This Amendment entered into and effective as of _____, 2008 (the “Amendment”) by and among The City of Henderson, Kentucky, a municipal corporation and city of the second class organized under the laws of the Commonwealth of Kentucky, the City of Henderson Utility Commission, a public body politic and corporate organized under Kentucky Revised Statutes 96.520 and related statutes, the said City and Commission being referred to herein collectively as “City”, and Big Rivers Electric Corporation, a rural electric cooperative corporation organized under Chapter 279 of the Kentucky Revised Statutes, known as “Big Rivers” herein.

WITNESSETH:

WHEREAS, the parties hereto are parties to a Power Sales contract dated August 1, 1970, as amended (the “Power Sales Contract”), and

WHEREAS, reference is made to the Second Amendatory Agreement of even date herewith (the “Second Amendment”) among the City, Big Rivers, LG&E Energy Marketing Inc. (“LEM”) and Western Kentucky Energy Corp. (“WKEC”) (for itself and as successor by merger of WKE Station Two Inc. and WKE Corp.), pursuant to which, among other transactions, those parties amended the Agreement and Amendments to Agreements dated as of July 15, 1998, as amended, among the City, Big Rivers, LEM and WKEC so that the same

has expired on the date hereof, upon the terms and subject to the conditions set forth in the Second Amendment, and

WHEREAS, as an inducement for the City to agree to execute and deliver the Second Amendment, Big Rivers has agreed to further amend the Power Sales Contract in the manner contemplated in this Amendment, and

WHEREAS, the City is amenable to such amendment and accepts the same as partial consideration for the City's execution and delivery of the Second Amendment, the execution and delivery of this Amendment by Big Rivers being a condition to the City's execution and delivery of the Second Amendment.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, it is covenanted and agreed among the parties hereto as follows:

ARTICLE 1

AMENDMENT TO SECTION 3.8

Amendment to Section 3.8. Section 3.8 of the Power Sales Contract is hereby amended to read in its entirety as follows:

- 3.8 Big Rivers and City hereby agree that the following provisions shall apply to energy from capacity not utilized by City or from capacity in excess of the capacity calculated in accordance with Section 3.6 of this Agreement.
- (a) In the event that at any time and from time to time City does not take the full amount of energy associated with its reserved capacity from Station Two (determined in accordance with this Agreement) to satisfy the needs of the City and its inhabitants, Big Rivers shall take and pay for all such energy not taken by the City (the "Excess Henderson Energy"), in accordance with Section 3.8(c).

- (b) If at any time Station Two capacity is generated in excess of the Total Capacity of Station Two determined in accordance with Section 3.6 of this Agreement (“Excess Henderson Capacity”), Big Rivers shall take and utilize all energy associated with such Excess Henderson Capacity.
- (c) Following the end of each calendar month, Big Rivers shall notify City of the amount of Excess Henderson Energy and energy associated with Excess Henderson Capacity, if any, taken by Big Rivers during the previous month, and Big Rivers shall pay City prior to the 25th day of the then current month for the amount of Excess Henderson Energy and energy associated with the Excess Henderson Capacity so taken by it at a rate equal to \$2.50 per mWh. In addition, Big Rivers shall provide, at its own cost, the full replacement of all fuels and reagents consumed from the Station Two fuel and reagent reserves for the production of the Excess Henderson Energy and energy associated with the Excess Henderson Capacity so taken by it. Further, Big Rivers shall pay the portion of sludge disposal costs attributable to the Excess Henderson Energy and energy associated with Excess Henderson Capacity, as calculated in accordance with Section 3.4 of the Joint Facilities Agreement.
- (d) City agrees that Big Rivers, as operator, shall be allowed, but shall not be required, to operate Station Two to obtain capacity above the Total Capacity of Station Two determined in accordance with Section 3.6 of this Agreement.

ARTICLE 2

REPRESENTATIONS AND WARRANTIES

Section 2.1 Representations and Warranties of Big Rivers. Big Rivers hereby represents and warrants to the City that:

(a) Organization and Existence. Big Rivers is a rural electric cooperative duly organized, validly existing, and in good standing under the laws of the Commonwealth of Kentucky, and is duly licensed or qualified and in good standing in each jurisdiction where the nature of its business and its activities requires it to be so qualified.

(b) Authorization, Execution, Binding Effect. This Amendment has been duly authorized, executed and delivered by all necessary cooperative action by Big Rivers

and, assuming the due authorization, execution and delivery hereof by the City, constitutes the legal, valid and binding obligation of Big Rivers, enforceable against Big Rivers in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium or other laws relating to or affecting the rights of creditors generally and by general principles of equity.

(c) No Violation. The execution, delivery and performance by Big Rivers of this Amendment, the consummation by Big Rivers of the transactions contemplated hereby, and the compliance by Big Rivers with the terms and provisions hereof, do not and will not (i) contravene any applicable laws, rules or regulations or Big Rivers' Articles of Incorporation or By-Laws, or (ii) contravene the provisions of, or constitute a default (or an event which, with notice or the passage of time, or both, would constitute a default) by it under, any indenture, mortgage or other material contract, agreement or instrument to which Big Rivers is a party or by which Big Rivers, or its property, is bound, or result in the creation of any lien on the property of Big Rivers.

(d) No Required Consents. All consents, approvals, resolutions, authorizations, actions or orders, including, those which must be obtained from any governmental entities or regulatory bodies, required for the authorization, execution and delivery of, and for the consummation of the transactions contemplated by, this Amendment by Big Rivers have been obtained prior to the date hereof.

Section 2.2 Representations and Warranties of the City of Henderson and the City Utility Commission. The City of Henderson, Kentucky ("City of Henderson"), and the City

of Henderson Utility Commission (“City Utility Commission”) hereby severally represent and warrant to Big Rivers that:

(a) Organization and Existence. The City of Henderson is a municipal corporation and city of the second class duly organized and existing under the laws of the Commonwealth of Kentucky. The *City Utility Commission* is a public body politic and corporate duly organized and existing under Kentucky Revised Statutes § 96.530 and related statutes.

(b) Authorization, Execution, Binding Effect. This Amendment has been duly authorized, executed and delivered by the City of Henderson and the City Utility Commission, and, assuming the due authorization, execution and delivery hereof by Big Rivers, constitutes the legal, valid and binding obligation of the City of Henderson and the *City Utility Commission*, enforceable against the City of Henderson and the City Utility Commission in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium or other laws relating to or affecting the rights of creditors generally and by general principles of equity.

(c) No Violation. The execution, delivery and performance by the City of Henderson and the City Utility Commission of this Amendment, the consummation by the City of Henderson and the City Utility Commission of the transactions contemplated hereby, and the compliance by the City of Henderson and the City Utility Commission with the terms and provisions hereof, do not and will not (i) contravene any applicable laws, rules or regulations, or (ii) contravene the provisions of, or constitute a default (or an event which, with notice or the passage of time, or both, would constitute a default) by it under, any

indenture, mortgage or other material contract, agreement or instrument to which the City of Henderson or the City Utility Commission is a party or by which the City of Henderson or the City Utility Commission, or its property, is bound, or result in the creation of any lien on the property of the City of Henderson or the City Utility Commission.

(d) No Required Consents. All consents, approvals, resolutions, authorizations, actions or orders, including, those which must be obtained from any governmental entities or regulatory bodies, required for the authorization, execution and delivery of, and for the consummation of the transactions contemplated by, this Amendment by the City of Henderson and the City Utility Commission have been obtained prior to the date hereof.

ARTICLE 3

MISCELLANEOUS

Section 3.1 Successors and Assigns. This Amendment shall be binding upon, and shall inure to the benefit of and be enforceable by, the parties named herein and their respective successors and assigns, and all other persons or entities claiming by, through or under any of them.

Section 3.2 Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF KENTUCKY.

Section 3.3 Reaffirmation. Except as specifically modified above, the Power Sales Contract remains in full force and effect and is not altered by this Amendment.

IN TESTIMONY WHEREOF, the parties hereto have executed this Amendment in

multiple counterparts as of the date first herein written.

CITY OF HENDERSON, KENTUCKY

By: _____

ATTEST:

CITY OF HENDERSON UTILITY
COMMISSION

By: _____

Chairman

ATTEST:

BIG RIVERS ELECTRIC CORPORATION

By: _____

President & CEO

ATTEST:

LOU: 2965874-1

**STATION TWO TERMINATION AND RELEASE
AGREEMENT**

STATION TWO TERMINATION AND RELEASE AGREEMENT

THIS STATION TWO TERMINATION AND RELEASE AGREEMENT (the "*Station Two Termination and Release*"), dated as of [_____], 2008, by and among (a) BIG RIVERS ELECTRIC CORPORATION, a Kentucky rural electric generation and transmission cooperative ("*Big Rivers*"), (b) E.ON U.S. LLC ("*E.ON*"), a Kentucky limited liability company f/k/a LG&E Energy LLC, and the successor to LG&E Energy Corp., a Kentucky corporation ("*LEC*"), (c) LG&E ENERGY MARKETING INC., an Oklahoma corporation ("*LEM*"), and (d) WESTERN KENTUCKY ENERGY CORP., a Kentucky corporation ("*WKEC*") and the successor by merger with (i) WKE Corp., a Kentucky corporation ("*WKE*"), and (ii) WKE Station Two Inc., a Kentucky corporation ("*Station Two Subsidiary*") (WKEC, together with E.ON and LEM, the "*E.ON Station Two Parties*") (collectively, the "*Parties*").

RECITALS:

A. Prior to the effectiveness of the Plan of Reorganization (defined below), Big Rivers operated Station Two and the Joint Use Facilities, and purchased a certain portion of the output of Station Two.

B. In accordance with the First Amended Plan of Reorganization in Big River's bankruptcy proceeding, as modified and restated on June 9, 1997 (as so modified, the "*Plan of Reorganization*"), Big Rivers, LEM, Station Two Subsidiary and WKEC entered into a New Participation Agreement, dated April 6, 1998 (as amended, the "*Participation Agreement*") and certain other documents.

C. In accordance with the Participation Agreement, Station Two Subsidiary assumed certain of Big Rivers' operational responsibilities with respect to Station Two and the Joint Use Facilities, and LEC, WKEC, LEM, Station Two Subsidiary, the City of Henderson, Kentucky (the "*City of Henderson*") the City of Henderson Utility Commission d/b/a Henderson Municipal Power & Light (the "*City Utility Commission*") and Big Rivers executed and delivered certain agreements, including the Station Two Agreement, and

created certain interests in favor of, and certain obligations assumed by, one or more of the E.ON Station Two Parties with respect to Station Two, the Joint Use Facilities and the Station Two Site.

D. Big Rivers and the E.ON Station Two Parties have concluded that it is in their mutual best interests to terminate and release the property interests and contractual relationships created by the Participation Agreement, the Station Two Agreement and the other operative documents, and have executed and delivered a Transaction Termination Agreement, dated as of March 26, 2007, as amended (the “*Transaction Termination Agreement*”), setting forth the terms and conditions upon which Big Rivers and the E.ON Station Two Parties are willing to terminate and release such property interests and contractual relationships.

E. Contemporaneous with the execution and delivery of this Station Two Termination and Release, WKEC, LEM, Big Rivers, the City of Henderson and the City Utility Commission executed and delivered a Second Amendatory Agreement of even date herewith, pursuant to which (among other transactions) those parties amended the Station Two Agreement so that the same expired on the date hereof, and WKE paid to the City Utility Commission a certain “Expiration Fee” as an inducement for the City of Henderson and the City Utility Commission to enter into that Second Amendatory Agreement (the “*Second Amendatory Agreement*”).

F. Contemporaneous with the execution and delivery of this Station Two Termination and Release, the City of Henderson, the City Utility Commission and Big Rivers executed and delivered an Amendment to the Station Two Power Sales Contract.

G. Prior to the date hereof, WKE and Station Two Subsidiary were merged with and into WKEC in accordance with Kentucky law, with WKEC being the surviving entity in that merger succeeding to all of the assets, properties, rights, debts, obligations and liabilities of WKE and Station Two Subsidiary, respectively.

H. Also prior to the date hereof, LEM assigned and transferred to WKEC, among other agreements and rights, all rights, title and interests of LEM under or pursuant to the Station Two Agreement, the Station Two Power Sales Agreement and certain other

agreements or instruments with Big Rivers and/or the City of Henderson (or the City Utility Commission) relating to Station Two and/or the Joint Use Facilities. However, LEM was not, by reason of such assignments and transfers, relieved from its debts, obligations or liabilities under or pursuant to those agreements or instruments.

I. This Station Two Termination and Release, together with the Second Amendatory Agreement, constitute the “Station Two Termination and Release” contemplated in the Transaction Termination Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth below, the E.ON Station Two Parties and Big Rivers each agree as follows:

ARTICLE 1

DEFINITIONS

Section 1.1 Definitions. Capitalized terms used in this Station Two Termination and Release (including the Recitals, Exhibits and Schedules hereto) and not otherwise defined herein shall have the meanings set forth in Exhibit A to this Station Two Termination and Release or, if not so defined in that Exhibit A, in the Station Two Agreement. The rules of interpretation set forth in Exhibit A to this Station Two Termination and Release shall apply to this Station Two Termination and Release and to the Parties’ respective rights and obligations hereunder.

ARTICLE 2

STATION TWO TERMINATED AGREEMENTS; MORTGAGE RELEASES

Section 2.1 Station Two Terminated Agreements. Effective immediately, without notice or further action on the part of any Party, and to the extent they may do so without the consent, approval or agreement of any other person or entity (including without limitation, the City of Henderson or the City Utility Commission), each of the E.ON Station Two Parties and Big Rivers, for themselves and their respective successors, predecessors and assigns, and for all other persons or entities claiming by, through or under them, hereby collectively and irrevocably terminate, discharge and render null and void and of no further force or effect whatsoever each of the agreements, letter agreements, guaranties, easements, implementing

letters, directives and other instruments and documents set forth or identified on Schedule 2.1 hereto (collectively, the “*Station Two Terminated Agreements*”) to which such Parties are signatories or beneficiaries.

Section 2.2 Filing of Releases and Termination Statements. Promptly following the execution and delivery hereof, and consistent with the last sentence of Subsection 10.11(a) of the Station Two Agreement, the relevant Parties agree to execute and deliver to the appropriate Party or Parties for purposes of recording or filing the same: (a) terminations of easements and rights of way in the forms attached hereto as Exhibits B-1 and B-2, (b) a termination of Assignment of Easements in the form attached hereto as Exhibit B-3, (c) a Partial Termination and Release of Deed of Easement in the form attached hereto as Exhibit B-4, (d) a Partial Release of Grantors’ Rights to Rights and Easements in the form attached hereto as Exhibit B-5, and (e) all such other instruments of termination, discharge or release (in form reasonably satisfactory to the relevant Parties) as shall be required by or otherwise provided for in any Station Two Terminated Agreement, or as shall be reasonably requested by any Party to evidence such termination, discharge or release or for the purpose of updating the real estate records of Henderson County, Kentucky, in respect of the terminations, releases and discharges of the Station Two Terminated Agreements as contemplated herein.

Section 2.3 Releases by Big Rivers. Effective immediately, and without notice or further action on the part of any Party, Big Rivers, for itself and its successors, predecessors and assigns, and for all other persons or entities claiming by, through or under any of them: (a) hereby fully, irrevocably and forever remises, releases, acquits, waives and discharges any possessory interest in real or personal property granted by any E.ON Station Two Party, and any lien, security interest, charge or encumbrance whatsoever created or granted by any E.ON Station Two Party, in each case to or in favor of Big Rivers by any one or more of the Station Two Terminated Agreements at any time prior to the execution and delivery hereof; and (b) hereby fully, irrevocably and forever remises, releases, acquits and discharges each of LEC, E.ON, LEM, WKEC, WKE and Station Two Subsidiary, and their respective members, shareholders, directors, officers, employees, agents, representatives, advisors, successors, predecessors and assigns, and each of them (collectively, the “*Big Rivers Released Parties*”), of and from any and all manner of actions, causes of action, suits, sums of money, accounts, reckonings, covenants, controversies, agreements, promises, remedies, amounts paid in

settlement, compromises, losses, levies, rights of contribution, rights of set-off, other rights, damages, judgments, executions, debts, obligations, liabilities, claims and demands of any nature whatsoever, whether or not in contract, in equity, in tort or otherwise, whether pursuant to any statute, ordinance, regulation, rule of common law or otherwise, whether direct or indirect, whether punitive or compensatory, whether known or unknown, whether presently discoverable or undiscoverable, whether threatened, pending, suspected or claimed, and whether fixed, accrued, contingent or otherwise (collectively, "**Claims**"), which Big Rivers ever had, now has, may now have or may hereafter have against any one or more of the Big Rivers Released Parties, resulting from, arising out of or in any manner relating to: (i) any Station Two Terminated Agreement; or (ii) any performance or non-performance by a Big Rivers Released Party under or pursuant to any Station Two Terminated Agreement; or (iii) any breach or default by a Big Rivers Released Party under or pursuant to any Station Two Terminated Agreement howsoever caused and whenever occurring; or (iv) in the case of the E.ON Station Two Parties, their respective (including without limitation, their respective employees', officers', agents', representatives', advisors' and/or contractors' respective) operation, maintenance, repair, upkeep, occupation, generation, use, closure, abandonment, retirement, replacement or possession of, or the condition or state of repair of, Station Two or any component(s) thereof (including without limitation, any components installed or constructed following the date of the Station Two Agreement), the Joint Use Facilities or any component(s) thereof, the Station Two Site (and any other real property of Big Rivers, the City of Henderson or the City Utility Commission operated, maintained, repaired, kept up, occupied or used by an E.ON Station Two Party (or its employees, officers, agents, representatives, advisors and/or contractors)), any electric energy generated by or capacity associated with Station Two, or any tangible or intangible properties, inventories, spare parts, tools, materials or supplies of, relating to or used in connection with the operation, maintenance, repair, upkeep, occupation, generation, use, closure, abandonment, retirement, replacement or possession of Station Two (or any components thereof), the Joint Use Facilities (or any components thereof), the Station Two Site or such electric energy or capacity, in each case whether pursuant to a Station Two Terminated Agreement, a "Released Station Two Contract" (as hereinafter defined) or otherwise; provided, however, that nothing contained in this Section 2.3 shall be deemed to affect, release, discharge, limit, waive or eliminate (A) any other covenant or agreement on the part of any E.ON Station Two

Party set forth in, or expressly contemplated as surviving the “Closing” in, the Transaction Termination Agreement or any other “Definitive Document” (as defined in the Transaction Termination Agreement), it being understood that such other covenants and agreements shall survive the execution and delivery hereof and the transactions contemplated in this Station Two Termination and Release as between Big Rivers and the relevant E.ON Station Two Parties; or (B) any covenant or agreement on the part of the City of Henderson or the City Utility Commission to or in favor of Big Rivers set forth in any Station Two Terminated Agreement, or any right, defense, claim or counterclaim of Big Rivers as against the City of Henderson and/or the City Utility Commission of any nature whatsoever; and provided further, that Big Rivers does not hereby remise, release, acquit, waive or discharge the E.ON Station Two Parties of or from performance of and compliance with any obligations under this Station Two Termination and Release to be performed or complied with by the E.ON Station Two Parties (or any of them).

Section 2.4 Releases by the E.ON Station Two Parties. Effective immediately, and without notice or further action on the part of any Party, each E.ON Station Two Party, for itself and its successors, predecessors and assigns, and for all other persons or entities claiming by, through or under any of them: (a) hereby fully, irrevocably and forever remises, releases, acquits, waives and discharges any possessory interest in real or personal property granted by Big Rivers, and any lien, security interest, charge or encumbrance whatsoever created or granted by Big Rivers, in each case to or in favor of such E.ON Station Two Party by any one or more of the Station Two Terminated Agreements at any time prior to the date hereof; and (b) hereby fully, irrevocably and forever remises, releases, acquits, waives and discharges Big Rivers and its members, directors, officers, employees, agents, representatives, advisors, successors, predecessors and assigns, and each of them (collectively, the “***E.ON Released Parties***”), of and from any and all Claims which such E.ON Station Two Party ever had, now has, may now have or may hereafter have against any one or more of the E.ON Released Parties, resulting from, arising out of or in any manner relating to: (i) any Station Two Terminated Agreement; or (ii) any performance or non-performance by an E.ON Released Party under or pursuant to any Station Two Terminated Agreement; or (iii) any breach or default by an E.ON Released Party under or pursuant to any Station Two Terminated Agreement howsoever caused and whenever occurring;

provided, however, that nothing contained in this Section 2.4 shall be deemed to affect, release, discharge, limit, waive or eliminate (A) any other covenant or agreement on the part of Big Rivers set forth in, or expressly contemplated as surviving the “Closing” in, the Transaction Termination Agreement or any other Definitive Document, it being understood that such other covenants and agreements shall survive the execution and delivery hereof and the transactions contemplated in this Station Two Termination and Release as between Big Rivers and the relevant E.ON Station Two Parties; or (B) any covenant or agreement on the part of the City of Henderson or the City Utility Commission to or in favor of any E.ON Station Two Party set forth in any Station Two Terminated Agreement, or any right, defense, claim or counterclaim of any E.ON Station Two Party as against the City of Henderson or the City Utility Commission of any nature whatsoever; and provided further, that the E.ON Station Two Parties do not hereby remise, release, acquit, waive or discharge Big Rivers of or from performance of and compliance with any obligations under this Station Two Termination and Release to be performed or complied with by Big Rivers.

ARTICLE 3

RELEASED STATION TWO CONTRACTS

Section 3.1 Released Station Two Contracts. Schedule 3.1 attached hereto sets forth or identifies various contracts, agreements or other instruments to which Big Rivers is a party as of the execution and delivery hereof, certain of which contracts, agreements or instruments were partially assigned to and assumed by, or were entered into by, one or more of the E.ON Station Two Parties (or their predecessors) prior to the date hereof, or under certain of which contracts, agreements or instruments one or more E.ON Station Two Parties may have become a beneficiary, in either case pursuant to the transactions contemplated in one or more of the Station Two Terminated Agreements or other transactions entered into by such E.ON Station Two Parties since the date of the Station Two Agreement (collectively, the “*Released Station Two Contracts*”). The Parties acknowledge that, by reason of the transactions contemplated in this Station Two Termination and Release and in the Second Amendatory Agreement, the relevant E.ON Station Two Parties shall be released by Big Rivers from the Released Station Two Contracts to which they are a party as provided below in this Article 3, but that those Released Station Two Contracts shall hereafter continue in full force and effect as between Big Rivers, on the one hand, and the City of Henderson

and/or the City Utility Commission, on the other hand (and with such other parties thereto), in accordance with their respective terms (unless otherwise amended, modified, terminated or replaced by the separate agreement of Big Rivers, the City of Henderson and/or the City Utility Commission). In light of the fact, as contemplated in the Station Two Agreement, that Big Rivers has remained a party to and beneficiary of certain of the Released Station Two Contracts throughout the period during which the relevant E.ON Station Two Parties (as assignees of Big Rivers, or as assignees of one or more other E.ON Station Two Parties or of Station Two Subsidiary or WKE) may have been parties to or beneficiaries of such Released Station Two Contracts, Big Rivers remains possessed of all rights and interests as against the City of Henderson and/or the City Utility Commission (as applicable) under and pursuant to such Released Station Two Contracts, whether such rights and interests were heretofore held by Big Rivers and/or by any E.ON Station Two Party, with full right and entitlement, following the execution and delivery of this Station Two Termination and Release, to exercise and enjoy all such rights and interests in accordance with the respective terms of such contracts.

Section 3.2 Release of E.ON Station Two Parties by Big Rivers. Effective immediately, without notice or further action on the part of any Party, Big Rivers, for itself and its successors, predecessors, and assigns, and for all other persons or entities claiming by, through or under any of them, hereby fully, irrevocably and forever remises, releases, acquits, waives and discharges each of LEC, E.ON, LEM, WKEC, WKE and Station Two Subsidiary, and their respective members, shareholders, directors, officers, employees, agents, representatives, advisors, successors, predecessors and assigns, and each of them (collectively, the "***Section 3.2 Released Parties***"), of and from any and all Claims which Big Rivers ever had, now has, may now have or may hereafter have against any one or more of the Section 3.2 Released Parties, resulting from, arising out of or in any manner relating to: (i) any Released Station Two Contract; or (ii) any performance or non-performance by a Section 3.2 Released Party under or pursuant to any Released Station Two Contract; or (iii) any breach or default by a Section 3.2 Released Party under or pursuant to any Released Station Two Contract howsoever caused and whenever occurring; provided, however, that nothing contained in this Section 3.2 shall be deemed to affect, release, discharge, limit, waive or eliminate (A) any other covenant or agreement on the part of any E.ON Station Two

Party set forth in, or expressly contemplated as surviving the “Closing” in, the Transaction Termination Agreement or any other Definitive Document, it being understood that such other covenants and agreements shall survive the execution and delivery hereof and the transactions contemplated in this Station Two Termination and Release as between Big Rivers and the relevant E.ON Station Two Parties; or (B) any covenant or agreement on the part of the City of Henderson or the City Utility Commission to or in favor of Big Rivers set forth in any Released Station Two Contract, or any right, defense, claim or counterclaim of Big Rivers as against the City of Henderson and/or the City Utility Commission of any nature whatsoever; and provided further, that Big Rivers does not hereby remise, release, acquit, waive or discharge the E.ON Station Two Parties of or from performance of and compliance with any obligations under this Station Two Termination and Release to be performed or complied with by the E.ON Station Two Parties (or any of them).

Section 3.3 Release of Big Rivers by E.ON Station Two Parties. Effective immediately, without notice or further action on the part of any Party, each E.ON Station Two Party, for itself and its successors, predecessors, and assigns, and for all other persons or entities claiming by, through or under any of them, hereby fully, irrevocably and forever remises, releases, acquits, waives and discharges Big Rivers and its members, directors, officers, employees, agents, representatives, advisors, successors, predecessors and assigns, and each of them (collectively, the “**Section 3.3 Released Parties**”), of and from any and all Claims which such E.ON Station Two Party ever had, now has, may now have or may hereafter have against any one or more of the Section 3.3 Released Parties, resulting from, arising out of or in any manner relating to (i) any Released Station Two Contract, or (ii) any performance or non-performance by a Section 3.3 Released Party under or pursuant to any Released Station Two Contract, or (iii) any breach or default by a Section 3.3 Released Party under or pursuant to any Released Station Two Contract howsoever caused and whenever occurring; provided, however, that nothing contained in this Section 3.3 shall be deemed to affect, release, discharge, limit, waive or eliminate (A) any other covenant or agreement on the part of Big Rivers set forth in, or expressly contemplated as surviving the “Closing” in, the Transaction Termination Agreement or any other Definitive Document, it being understood that such other covenants and agreements shall survive the execution and delivery hereof and the transactions contemplated in this Station Two Termination and Release as

between Big Rivers and the relevant E.ON Station Two Parties; or (B) any covenant or agreement on the part of the City of Henderson or the City Utility Commission to or in favor of any E.ON Station Two Party set forth in any Released Station Two Contract, or any right defense, claim or counterclaim of any E.ON Station Two Party as against the City of Henderson or the City Utility Commission of any nature whatsoever; and provided further, that the E.ON Station Two Parties do not hereby remise, release, acquit, waive or discharge Big Rivers of or from performance of and compliance with any obligations under this Station Two Termination and Release to be performed or complied with by Big Rivers.

ARTICLE 4

RECONCILIATIONS; DISTRIBUTIONS; PAYMENTS

Section 4.1 Closing Year Reconciliation.

(a) Big Rivers, LEM and WKEC agree with each other that, notwithstanding any provisions of this Station Two Termination and Release, the Second Amendatory Agreement, the Transaction Termination Agreement or the “Termination and Release” (as defined in the Transaction Termination Agreement) to the contrary, the provisions of Subsection 10.1(a) of the Station Two Agreement (solely to the extent they relate to the “date of termination or expiration of the Term” and to the period of operation of Station Two during the “Term” (as defined in the Station Two Agreement)), and the provisions of Subsections 10.1(c) and 10.1(d) of the Station Two Agreement, shall each survive the execution and delivery of this Station Two Termination and Release and of the Second Amendatory Agreement, and shall continue to be binding on and to inure to the benefit of Big Rivers, LEM and WKEC (as the successor to Station Two Subsidiary and the assignee of LEM) until satisfied or discharged in full; provided, that:

(i) the provisions of the concluding sentence of Subsection 10.1(c) is hereby amended and restated to be and read in its entirety as follows:

“Amounts which have accrued or become payable during the Partial Year prior to the expiration or termination of the Term, but (i) which have not been paid to the relevant Party as of the date of that expiration or termination and

(ii) the payment of which as between WKEC and Big Rivers has not been expressly provided for in this Article 4 or in Section 3.5 of the Termination Agreement, shall continue to be payable to that Party thereafter by the Party having the obligation to make such payment prior to the date of expiration or termination of the Term.”

; and

(ii) all references in any of the above-described provisions of Section 10.1 to the “date of termination or expiration of the Term,” to the “date of expiration or termination of this Agreement,” to the “termination or expiration date,” to the “expiration or termination of the Term,” or to the “date of that expiration or termination,” shall be deemed to be references to the date of this Station Two Termination and Release; and

(iii) by way of clarification and not of limitation, for purposes of the reconciliation to be undertaken following the date hereof by Big Rivers, LEM and WKEC pursuant to Section 10.1 of the Station Two Agreement, the operating and maintenances costs actually paid or accrued by WKEC in the Partial Year shall be deemed to include, without limitation, all general and administrative expenses for the Partial Year permitted, immediately prior to the execution and delivery of this Station Two Termination and Release, to be charged by Station Two Subsidiary to Station Two pursuant to Section 4.3 of the G&A Allocation Agreement (including any general and administrative expenses for the Partial Year permitted to be charged by Big Rivers to Station Two pursuant to Section 4.1 of the G&A Allocation Agreement but which were paid by WKEC to Big Rivers pursuant to Section 5.2 of that agreement prior to the date hereof); provided, that those general and administrative expenses for the Partial Year shall be subject to further reconciliation and payment between WKEC and Big Rivers as contemplated in Section 5.2(b) of the G&A Allocation Agreement.

Big Rivers, LEM and WKEC hereby further agree with each other that attached to this Station Two Termination and Release as Schedule 4.1 and incorporated herein by reference is a true, correct and complete copy of those provisions (or portions thereof) of Section 10.1 of the Station Two Agreement (as amended hereby) that shall survive

the execution and delivery hereof and continue to be binding on and to inure to the benefit of Big Rivers, LEM and WKEC as contemplated in the preceding sentence, all other provisions (or portions thereof) of that Section 10.1 becoming null, void and of no further force or effect as of the execution and delivery hereof.

(b) Notwithstanding anything to the contrary set forth in this Station Two Termination and Release, promptly following the execution and delivery hereof (and to the extent not paid and discharged in full prior to the date hereof), WKEC shall remit and pay to the City of Henderson or the City Utility Commission (as applicable), without set-off or deduction, all payments that have accrued and become payable by WKEC prior to the date hereof under Section 9.1 of the Station Two Power Sales Agreement. In the event, at any time following the date hereof, Big Rivers shall receive from the City of Henderson or the City Utility Commission any payments made on account of amounts that have accrued and become payable to WKEC prior to the date hereof under Section 16.2 of the Station Two Operating Agreement, Big Rivers agrees to promptly remit and pay the amounts so received by it to WKEC without set-off or deduction. In the event, at any time following the date hereof, WKEC shall receive from the City of Henderson or the City Utility Commission any payments made on account of amounts that have accrued and become payable to Big Rivers following the date hereof under any Station Two Contract, WKEC agrees to promptly remit and pay the amounts so received by it to Big Rivers without set-off or deduction.

Section 4.2 Distribution of Funds: Payments for Prior Services.

(a) The Parties acknowledge that, notwithstanding anything contained in this Station Two Termination and Release or the Second Amendatory Agreement to the contrary, in the event, as of the execution and delivery of this Station Two Termination and Release, any amounts remain owing by the City Utility Commission to WKEC (as assignee of LEM) pursuant to the New Reserves Agreement, on account of any services rendered by WKEC to the City of Henderson or the City Utility Commission under the New Reserves Agreement through the date hereof, the obligation of the City Utility Commission to pay such amounts to WKEC shall

survive the execution and delivery hereof and shall continue to be a right held solely by WKEC, and the Parties shall use their reasonable best efforts to cause such amounts to be paid by the City Utility Commission to WKEC in immediately available funds promptly following the date hereof, without set-off or deduction.

(b) The Parties agree to use their reasonable best efforts to cause, promptly following the execution and delivery of this Station Two Termination and Release, the release and delivery to WKEC of all amounts required to be released from the Big Rivers Replacement O&M Fund and delivered to and for the account of WKEC upon the expiration of the Station Two Agreement (including without limitation, all accrued but unpaid interest), as contemplated in Subsection 10.3(f)(4) of the Station Two Agreement. Promptly following the release and delivery of funds to WKEC as contemplated above, Big Rivers agrees to deposit into the Big Rivers Replacement O&M Fund the amount required to fund the Big Rivers Replacement O&M Fund as contemplated in Section 10.3(f)(4) of the Station Two Agreement and Section 19.3 of the Station Two Power Sales Agreement.

ARTICLE 5

MISCELLANEOUS

Section 5.1 Successors and Assigns. This Station Two Termination and Release shall be binding upon, and shall inure to the benefit of and be enforceable by, the Parties named herein and their respective members, shareholders, directors, officers, employees, agents, representatives, successors, predecessors and permitted assigns, and all other persons or entities claiming by, through or under any of them. No Party may assign either this Station Two Termination and Release or any of its rights or interests hereunder, nor delegate any of its obligations hereunder, without the prior written consent of the other Parties (which consent shall not be unreasonably withheld, conditioned or delayed), and any attempt to make any such transfer, assignment or delegation without such consent shall be null and void.

Section 5.2 Notices. All notices, requests, demands, claims or other communications required or permitted to be given or made under this Station Two Termination and Release shall be in writing and shall be deemed duly given or made if it is

sent by registered or certified mail, return receipt requested, postage prepaid, and addressed to the intended recipient as set forth below:

If to any E.ON Station Two Party:

E.ON U.S. LLC
220 West Main Street
Louisville, KY 40202
Facsimile: 502-627-4622
Telephone: 502-627-3665
Attn: Executive Vice President,
General Counsel & Corporate Secretary

With a Copy to:

Patrick R. Northam, Esq.
Greenebaum Doll & McDonald PLLC
3500 National City Tower
101 South Fifth Street
Louisville, Kentucky 40202
Facsimile: 502-587-3695
Telephone: 502-587-3774

If to Big Rivers:

Big Rivers Electric Corporation
201 Third Street
P.O. Box 24
Henderson Kentucky 42419
Attention: President & Chief Executive Officer
Facsimile: 270-827-2558
Telephone: 270-827-2561

With a Copy to:

James M. Miller, Esq.
Sullivan, Mountjoy, Stainback & Miller, P.S.C.
100 St. Ann Building
Post Office Box 727
Owensboro, Kentucky 42302-0727
Facsimile: 270-683-6694
Telephone: 270-691-1640

Any Party may send any notice, request, demand, claim or other communication hereunder to the intended recipient at the address set forth above using any other means (including personal delivery, expedited courier, messenger service, telecopy, telex, ordinary mail, or electronic mail), but no such notice, request, demand, claim, or other communication shall be deemed to have been duly given unless and until it actually is received by the intended recipient. Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

Section 5.3 Governing Law. THIS STATION TWO TERMINATION AND RELEASE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF KENTUCKY.

Section 5.4 Amendments and Waivers. This Station Two Termination and Release shall not be modified or amended except pursuant to an instrument in writing executed and delivered on behalf of each of the Parties. No waiver of any of the provisions of this Station Two Termination and Release shall be deemed to or shall constitute a continuing waiver or a waiver of any other provision hereof (whether or not similar). No delay on the part of any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

Section 5.5 Severability. Any term or provision of this Station Two Termination and Release which is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such invalidity or unenforceability, without rendering invalid or unenforceable the remaining terms and provisions of this Station Two Termination and Release or affecting the validity or enforceability of any of the terms or provisions of this Station Two Termination and Release in any other jurisdiction.

Section 5.6 Construction. The Parties have participated jointly in the negotiation and drafting of this Station Two Termination and Release. In the event an ambiguity or question of intent or interpretation arises, this Station Two Termination and Release shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Station Two Termination and Release.

Section 5.7 Incorporation. The Exhibits and Schedules identified in this Station Two Termination and Release are incorporated herein by reference and made a part hereof.

Section 5.8 WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS STATION TWO TERMINATION AND RELEASE OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 5.9 Headings. The article and section headings contained in this Station Two Termination and Release are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Station Two Termination and Release.

Section 5.10 Counterparts. This Station Two Termination and Release may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

Section 5.11 Further Assurances. Each of the Parties shall, at all times, and from time to time, upon the request of the appropriate Party, do, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged and delivered, all such further acts as may be required to consummate the transactions contemplated in this Station Two Termination

and Release as they are herein contemplated. Each Party shall, and shall use its commercially reasonable efforts to assure that any necessary third party shall, execute and deliver such documents and do such other acts and things as any other Party may reasonably require for the purpose of giving to that other Party the full benefit of all the provisions of this Station Two Termination and Release, and as may be reasonably required to complete the transactions contemplated in this Station Two Termination and Release.

Section 5.12 Third Party Beneficiaries. This Station Two Termination and Release is entered into for the sole benefit of the Parties hereto and the other persons and entities expressly contemplated herein (but not for the benefit of the City of Henderson or the City Utility Commission), and except as specifically provided herein, shall not confer any rights or remedies upon any person or entity other than the Parties, such other identified persons and entities and their respective successors and permitted assigns.

Section 5.13 No Other Representations. Each Party represents to the others that it has not executed this Station Two Termination and Release upon the basis of any agreement, promise, representation or warranty not specifically contained herein or in the Transaction Termination Agreement or the *Definitive Documents contemplated therein*.

Section 5.14 Time of the Essence. Time shall be of the essence in the Parties' performance of their respective obligations under this Station Two Termination and Release.

Section 5.15 Survival. The provisions of this Station Two Termination and Release shall survive the execution and delivery hereof and the consummation of the transactions contemplated herein, and shall continue to be binding on and enforceable by the Parties hereto in accordance with its terms.

Section 5.16 Acknowledgment and Representation. Each Party has fully read the terms of this Station Two Termination and Release and has been represented by competent legal counsel in connection with the negotiation and execution hereof, and the effect and legal consequences of this Station Two Termination and Release have been fully explained to each Party by its legal counsel. Each Party hereby further represents and warrants to the other Parties that such Party has not at any time assigned or transferred to any other person or entity in any manner, including by way of subrogation, operation of law or otherwise, any

Claim or portion thereof that it may have had, has, may now have or may hereafter have, against any other Party hereto of the type(s) contemplated in this Station Two Termination and Release as to be released and discharged by this Station Two Termination and Release (other than such Claims as any E.ON Station Two Party may have against or in respect of any other E.ON Station Two Party but not against Big Rivers).

Section 5.17 Entire Agreement. This Station Two Termination and Release (together with all exhibits and schedules hereto), together with the Transaction Termination Agreement and Second Amendatory Agreement, constitute the entire agreement between or among the Parties with respect to the subject matter hereof, and supersede any prior understandings, agreements or representations between or among the Parties, whether written or oral, to the extent they relate in any way to the subject matter hereof.

IN WITNESS WHEREOF, the Parties have caused this Station Two Termination and Release to be duly executed by their respective authorized officers as of the day and year first above written.

[Signatures Appear on the Following Page]

BIG RIVERS ELECTRIC CORPORATION

By: _____
Name:
Title:

E.ON U.S. LLC

By: _____
Name:
Title:

LG&E ENERGY MARKETING INC.

By: _____
Name:
Title:

WESTERN KENTUCKY ENERGY CORP.

By: _____
Name:
Title:

EXHIBIT A

RULES OF INTERPRETATION AND DEFINITIONS

RULES OF INTERPRETATION. In this Station Two Termination and Release, unless otherwise expressly provided herein:

1. Any term defined in this Station Two Termination and Release (including this Exhibit A and any other Exhibit or Schedule hereto) by reference to another document, instrument or agreement shall continue to have the meaning ascribed thereto whether or not such other document, instrument or agreement remains in effect;

2. Words importing the singular include the plural and vice versa;

3. *Words importing a gender include either gender;*

4. A reference in this Station Two Termination and Release to a part, clause, recital, section, paragraph, article, party, annex, appendix, exhibit, schedule or other attachment is a reference to a part, clause, recital, section, paragraph, or article of, or a party, annex, appendix, exhibit, schedule or other attachment to, this Station Two Termination and Release unless, in any such case, otherwise expressly provided in herein;

5. A definition of or reference to any document, instrument or agreement set forth in this Station Two Termination and Release (including without limitation, in any Exhibit or Schedule hereto) includes all amendments and/or supplements to, and any restatements, replacements, modifications or novations of, any such document, instrument or agreement unless otherwise specified in such definition or in the context in which such reference is used;

6. A reference to any person or entity includes such person's or entity's successors and permitted assigns (in the designated capacity);

7. Any reference to "days" shall mean calendar days unless Business Days are expressly specified;

8. If the date as of which any right, option or election is exercisable, or the date upon which any amount is due and payable, is stated to be on a date or day that is not a Business Day, such right, option or election may be exercised, and such amount shall be deemed due and payable, on the next succeeding Business Day with the same effect as if the same was exercised or made on such date or day (without, in the case of any such payment, the payment or accrual of any interest or other late payment or charge, provided such payment is made on such next succeeding Business Day);

9. Words such as “hereunder”, “hereto”, “hereof” and “herein” and other words of similar import shall, unless the context clearly requires otherwise, refer to the whole of the applicable document and not to any particular article, section, subsection, paragraph or clause thereof; and

10. A reference to “including” means including without limiting the generality of any description preceding such term, and for purposes hereof the rule of *ejusdem generis* shall not be applicable to limit a general statement, followed by or referable to an enumeration of specific matters, to matters similar to those specifically mentioned.

DEFINITIONS

“***Applicable Laws***” means all federal, state and local laws, rules, regulations, ordinances, codes, orders and directives of any court or other governmental entity or regulatory body, or any office or agency thereof.

“***E.ON Guarantee***” means the Guarantee Agreement [Station Two Obligations] dated July 15, 1998, from E.ON (as successor to LG&E Energy Corp.) in favor of the City of Henderson and the City Utility Commission.

“***Governmental Entity***” means any national, state or local government, any political subdivision thereof or any other governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, body, agency, bureau or entity.

“Joint Facilities Agreement” means the Joint Facilities Agreement between the City of Henderson and Big Rivers dated August 1, 1970, as amended.

“Joint Use Facilities” means the auxiliary facilities which are the subject of the Joint Facilities Agreement.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind, or any other type of preferential arrangement that has substantially the same practical effect as a security interest, in respect of such asset.

“Station Two” means the two generating units and related facilities owned by the City of Henderson and located on a site near the Green River in Henderson County, Kentucky.

“Station Two Agreement” means the Agreement and Amendments to Agreement dated as of July 15, 1998, as amended, among the City of Henderson, the City Utility Commission, Big Rivers, LEM, WKEC, WKE and Station Two Subsidiary, including without limitation, as amended by the Amendatory Agreement, dated as of April 1, 2005, among the City of Henderson, the City Utility Commission, Big Rivers, Station Two Subsidiary, WKEC, LEM and WKE.

“Station Two Contracts” shall have the meaning set forth in Recital B to the Station Two Agreement, as the same have been amended through the date hereof.

“Station Two Site” means the real property on which Station Two and/or the Joint Use Facilities are situated.

EXHIBIT B-1

TERMINATION OF CITY EASEMENT

TERMINATION AND RELEASE OF DEED OF EASEMENT

On July 15, 1998, the CITY OF HENDERSON, KENTUCKY, a municipal corporation, and the CITY OF HENDERSON UTILITY COMMISSION, a body politic and corporate (hereinafter collectively referred to as "Henderson") granted to WKE STATION TWO, INC., formerly known as LG&E Station Two, Inc., a Kentucky corporation, LG&E ENERGY MARKETING, INC., an Oklahoma corporation, and WESTERN KENTUCKY ENERGY CORP., a Kentucky Corporation, (hereinafter collectively referred to as the "LG&E Parties") a non-exclusive easement for access to Henderson's property for the purpose of enabling the LG&E Parties to perform and fulfill their respective obligations under certain agreements relating to the operation and maintenance of Henderson's Station Two Power Plant, all in accordance with the rights, privileges, reservations, exceptions and limitations recited therein, and

WHEREAS, the LG&E Parties will, upon the effective date of this Termination and Release of Deed of Easement, cease to operate, maintain and control Henderson's Station Two Power Plant, and will thereupon cease to use the easement and right-of-way granted to them by Henderson by the terms of the Deed of Easement and Right-of-Way dated July 15, 1998, of record in Miscellaneous book 6, at page 373, in the Henderson County Clerk's Office, Henderson County, Kentucky (the "Deed of Easement"); and

WHEREAS, prior to the date hereof, WKE Station Two, Inc., formerly known as LG&E Station Two, Inc., a Kentucky corporation, was merged with and into Western Kentucky Energy Corp. in accordance with Kentucky law, with Western Kentucky Energy Corp. being the surviving entity in that merger succeeding to all of the assets, properties, rights, debts, obligations and liabilities of WKE Station Two, Inc., whereby the execution of this document by Western Kentucky Energy Corp. will transfer and convey all right, title and interest of WKE Station Two, Inc. in the Deed of Easement herein referred to.

NOW, THEREFORE, in consideration of the premises, the said LG&E Energy Marketing, Inc. and Western Kentucky Energy Corp. (for itself and as successor by merger of WKE Station Two Inc.) do hereby bargain, sell, and convey, and by these presents release, remise and quit-claim unto the said City of Henderson, Kentucky and City of Henderson Utility Commission, their respective successors and assigns, any and all right, title and interest in and to the property conveyed by said Deed of Easement, and all and any other interest the said LG&E Energy Marketing, Inc. and Western Kentucky Energy Corp., their respective successors and assigns, may have in and to the said property of City of Henderson, Kentucky and City of Henderson Utility Commission conveyed by said Deed of Easement.

IN TESTIMONY WHEREOF, the said parties to this Termination and Release of Deed of Easement have hereunto executed this document by their respective duly

authorized representatives to be effective the _____ day of _____, 2008.

LG&E ENERGY MARKETING, INC.

By: _____

Title: _____

WESTERN KENTUCKY ENERGY CORP.

By: _____

Title: _____

CITY OF HENDERSON, KENTUCKY

By: _____

Title: _____

CITY OF HENDERSON UTILITY
COMMISSION

By: _____

Title: _____

EXHIBIT B-2

TERMINATION OF BIG RIVERS EASEMENT

TERMINATION AND RELEASE OF DEED OF EASEMENT

On July 15, 1998, BIG RIVERS ELECTRIC CORPORATION, a Kentucky rural electric cooperative (hereinafter referred to as "Big Rivers") granted to WKE STATION TWO INC., formerly known as LG&E Station Two Inc., a Kentucky corporation, LG&E ENERGY MARKETING INC., an Oklahoma corporation, and WESTERN KENTUCKY ENERGY CORP., a Kentucky Corporation, (hereinafter collectively referred to as the "LG&E Parties") a non-exclusive easement for access to Big Rivers' property for the purpose of enabling the LG&E Parties to perform and fulfill their respective obligations under certain agreements relating to the operation and maintenance of Big Rivers Green Station and Reid Station Power Plants and Henderson's Station Two Power Plant, all in accordance with the rights, privileges, reservations, exceptions and limitations recited therein, and

WHEREAS, the LG&E Parties will, upon the effective date of this Termination and Release of Deed of Easement, cease to operate, maintain and control Big Rivers Green Station and Reid Station Power Plants and Henderson's Station Two Power Plant, and will thereupon cease to use the easement and right-of-way granted to them by Big Rivers by the terms of the Deed of Easement and Right-of-Way dated July 15, 1998, of record in Miscellaneous Book 6, at page 378, in the Henderson County Clerk's Office, Henderson County, Kentucky (the "Deed of Easement"); and

WHEREAS, prior to the date hereof, WKE Station Two Inc., formerly known as LG&E Station Two Inc., a Kentucky corporation, was merged with and into Western Kentucky Energy Corp. in accordance with Kentucky law, with Western Kentucky Energy Corp. being the surviving entity in that merger succeeding to all of the assets, properties, rights, debts, obligations and liabilities of WKE Station Two Inc., whereby the execution of this document by Western Kentucky Energy Corp. will transfer and convey all right, title and interest of WKE Station Two Inc. in the Deed of Easement herein referred to.

NOW, THEREFORE, in consideration of the premises, the said LG&E Energy Marketing Inc. and Western Kentucky Energy Corp. (for itself and as successor by merger of WKE Station Two Inc.) do hereby bargain, sell, and convey, and by these presents release, remise and quit-claim unto the said Big Rivers Electric Corporation, its successors and assigns, any and all right, title and interest in and to the property conveyed by said Deed of Easement, and all and any other interest the said LG&E Energy Marketing Inc. and Western Kentucky Energy Corp., their respective successors and assigns, may have in the said property of Big Rivers conveyed by said Deed of Easement.

IN TESTIMONY WHEREOF, the said parties to this Termination and Release of Deed of Easement have hereunto executed this document by their respective duly authorized

representatives to be effective on the _____ day of _____, 2008.

LG&E ENERGY MARKETING INC.

By: _____

Title: _____

WESTERN KENTUCKY ENERGY CORP.

By: _____

Title: _____

BIG RIVERS ELECTRIC CORPORATION

By: _____

Title: _____

This Instrument Was Prepared By:

EXHIBIT B-3

TERMINATION OF ASSIGNMENT OF EASEMENTS

TERMINATION AND RELEASE OF ASSIGNMENT OF EASEMENTS

By ASSIGNMENT OF EASEMENTS entered into on April 30, 2006 by and among WKE STATION TWO INC., a Kentucky corporation, LG&E ENERGY MARKETING INC., an Oklahoma corporation (hereinafter referred to as "Assignors") and WESTERN KENTUCKY ENERGY CORP., a Kentucky corporation (hereinafter referred to as "Assignee"), which Assignment of Easements is of record in Miscellaneous Book 8, beginning at page 902 in the Office of the Henderson County Court Clerk, Henderson County, Kentucky, Assignors assigned to Assignee (1) a Deed of Easement and Right-of-Way by and among the City of Henderson, Kentucky, and the City of Henderson Utility Commission, as Grantors, and WKE Station Two Inc., LG&E Energy Marketing Inc. and Western Kentucky Energy Corp., as Grantees, which Deed of Easement is of record in Miscellaneous Book 6, beginning at page 373 in the Office of the Henderson County Court Clerk, and (2) a Deed of Easement and Right-of-Way by and among Big Rivers Electric Corporation, as Grantor, and WKE Station Two Inc., LG&E Energy Marketing Inc. and Western Kentucky Energy Corp., as Grantees, which Deed of Easement is of record in Miscellaneous Book 6, beginning at page 378 in the Office of the Henderson County Court Clerk, Henderson County, Kentucky (collectively, the "Deeds of Easement"), and

WHEREAS, the purposes for which such Deeds of Easements were granted, and thereafter assigned to Assignee, have terminated as of the effective date of this Termination and Release of Assignment of Easements. It is the desire of the Assignors and Assignee to return said Deeds of Easement to the original Grantors, free and clear of all claims of the Assignors and the Assignee herein, and

WHEREAS, prior to the date hereof, WKE Station Two Inc., formerly known as LG&E Station Two Inc., a Kentucky corporation, was merged with and into Western Kentucky Energy Corp. in accordance with Kentucky law, with Western Kentucky Energy Corp. being the surviving entity in that merger succeeding to all of the assets, properties, rights, debts, obligations and liabilities of WKE Station Two Inc., whereby the execution of this document by Western Kentucky Energy Corp. will transfer and convey all right, title and interest of WKE Station Two Inc. in the Deeds of Easement herein referred to.

NOW, THEREFORE, the Assignors and the Assignee do hereby bargain, sell and convey, and do by these presents release, remise and quit-claim unto the said City of Henderson and City of Henderson Utility Commission, their respective successors and assigns, any and all right, title and interest in and to the easement and right-of-way referred to in that certain Deed of Easement and Right-of-Way dated July 15, 1998 and of record in Miscellaneous Book 6, beginning at page 373 in the Office of the Henderson County Court Clerk, and do by these presents release, remise and quit-claim unto the said Big Rivers Electric Corporation its successors and assigns, any and all right, title and interest in and to the easement and right-of-way referred to in that certain Deed of Easement and Right-of-

Way dated July 15, 1998 and of record in Miscellaneous Book 6, beginning at page 378 in the Office of the Henderson County Court Clerk, Henderson County, Kentucky.

IN WITNESS WHEREOF, the Assignors and the Assignee have caused this instrument to be executed by their respective duly authorized representatives to be effective as of the _____ day of _____, 2008.

LG&E ENERGY MARKETING INC.

By: _____

Title: _____

WESTERN KENTUCKY ENERGY CORP.

By: _____

Title: _____

EXHIBIT B-4

PARTIAL TERMINATION AND RELEASE

**PARTIAL TERMINATION AND RELEASE OF
DEED OF EASEMENT**

On August 12, 2003 the City of Henderson, Kentucky and the City of Henderson Utility Commission (collectively, "Grantors") granted unto WKE Station Two Inc., LG&E Energy Marketing Inc., Western Kentucky Energy Corp., WKE Corp. and Big Rivers Electric Corporation a non-exclusive, irrevocable easement for access to, and ingress and egress over, Grantors' property for the construction, operation, maintenance and removal of an 8 inch diameter high pressure natural gas line and related valves, fittings and ancillary facilities, all as more particularly described in the Deed of Easement which is of record in Deed Book 527, at page 421, in the office of the Henderson County Court Clerk (the "Deed of Easement").

By the terms of paragraph 7 of said Deed of Easement it is provided that the rights and privileges of WKE Station Two Inc., LG&E Energy Marketing Inc., Western Kentucky Energy Corp. and WKE Corp., their successors and assigns, will terminate at such time as they shall cease to operate and maintain Big Rivers Electric Corporation's Reid Station and Big Rivers Electric Corporation's combustion turbine generating unit, both located in Henderson County, Kentucky.

Prior to the date hereof, WKE Station Two Inc. and WKE Corp. were merged with and into Western Kentucky Energy Corp. in accordance with Kentucky law, with Western Kentucky Energy Corp. being the surviving entity in that merger succeeding to all of the assets, properties, rights, debts, obligations and liabilities of WKE Station Two Inc. and WKE Corp. At the same time LG&E Energy Marketing Inc. assigned all of its rights and interests in the Deed of Easement to Western Kentucky Energy Corp.

Prior to the execution of this Partial Termination and Release of Deed of Easement, Western Kentucky Energy Corp. ceased to operate and maintain Big Rivers Electric Corporation's Reid Station and Big Rivers Electric Corporation's combustion turbine generating unit, whereby all rights and interests granted to them pursuant to the terms and provisions of this Deed of Easement terminated in their entirety.

NOW THEREFORE pursuant to the requirements of paragraph 7 of said Deed of Easement, WKE Station Two Inc. and WKE Corp. acting by and through Western Kentucky Energy Corp., LG&E Energy Marketing Inc. and Western Kentucky Energy Corp. hereby permanently and irrevocably release and discharge all rights and interests created by the terms and provisions of the said Deed of Easement, upon which termination they shall have no further easement rights or rights of ingress or egress over or with respect to the Grantors' property under said Deed of Easement, and shall be deemed to be fully and forever remised, released and discharged by Grantors and Big Rivers Electric Corporation of and from any

and all obligations, liabilities, rights and privileges arising under or pursuant to such Deed of Easement.

IN WITNESS WHEREOF the said Western Kentucky Energy Corp., acting for itself and WKE Station Two Inc. and WKE Corp., and LG&E Energy Marketing Inc. hereby execute this Partial Termination and Release of Deed of Easement this ____ day of _____, 2008.

LG&E ENERGY MARKETING INC.

By: _____

Title: _____

WESTERN KENTUCKY ENERGY CORP.,
acting for itself and for
WKE Station Two Inc. and WKE Corp.

By: _____

Title: _____

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The foregoing Partial Termination and Release of Deed of Easement was acknowledged before me this ____ day of _____, 2008, by LG&E Energy Marketing Inc., an Oklahoma corporation, for and on behalf of said corporation.

Notary Public

My commission expires: _____

SEAL

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The foregoing Partial Termination and Release of Deed of Easement was acknowledged before me this ____ day of _____, 2008, by Western Kentucky Energy Corp., a Kentucky corporation, for and on behalf of said corporation, acting also for WKE Station Two Inc. and WKE Corp.

Notary Public

My commission expires: _____

SEAL

This instrument prepared by:

EXHIBIT B-5

PARTIAL RELEASE

**PARTIAL RELEASE OF GRANTORS' RIGHTS
TO RIGHTS AND EASEMENTS**

Effective on April 1, 2005, Big Rivers Electric Corporation and Western Kentucky Energy Corp. granted and conveyed to the City of Henderson, Kentucky and the City of Henderson Utility Commission certain rights of access, easements of location and use, and easements of ingress and egress across lands owned by Big Rivers Electric Corporation, and leased to Western Kentucky Energy Corp., located in Henderson County, Kentucky, for use in connection with the City's Station Two Power Plant and the construction and addition thereto of selective catalytic recovery systems, such Grant of Rights and Easements being of record in Deed Book 548, at page 169, in the office of the Henderson County Court Clerk. Big Rivers Electric Corporation and Western Kentucky Energy Corp. reserved unto themselves certain rights and privileges in connection with said Grant of Rights and Easements.

Western Kentucky Energy Corp. has, prior to the execution of this Partial Release of Grantors' Rights to Rights and Easements, terminated its lease of certain of Big Rivers Electric Corporation's property and improvements thereon, and by these presents terminates its rights and privileges reserved in its Grant of Rights and Easements to the City of Henderson, Kentucky and the City of Henderson Utility Commission under terms and provisions of the said Grant of Rights and Easements.

NOW THEREFORE, Western Kentucky Energy Corp., a Kentucky corporation, acting for itself and its successors and assigns, does hereby release and forever discharge all of its rights and interests reserved by it under the terms and provisions of the said Grant of Rights and Easements dated April 1, 2005, having terminated its lease of certain of Big Rivers Electric Corporation's property and improvements thereon upon which said rights and easements were granted to the City of Henderson, Kentucky and the City of Henderson Utility Commission.

WITNESS the signature of the undersigned duly authorized representative of Western Kentucky Energy Corp. this ____ day of _____, 2008.

WESTERN KENTUCKY ENERGY CORP.

By: _____

Title: _____

SCHEDULE 2.1

STATION TWO TERMINATED AGREEMENTS

1. Station Two Agreement;
2. Station Two G&A Allocation Agreement, dated July 15, 1998, among the City Utility Commission, Big Rivers and Station Two Subsidiary;
3. Agreement with Respect to Operating Reserves and Amendment No. 1 to Systems Reserve Agreement, dated July 15, 1998, among the City Utility Commission, Big Rivers and LEM;
4. Assignment and Assumption Agreement (Station Two), dated July 15, 1998, between Big Rivers and Station Two Subsidiary;
5. *Deed of Easement and Right-of-Way*, dated July 15, 1998, between Big Rivers, as grantor, and Station Two Subsidiary, LEM and WKEC, as grantees;
6. *Deed of Easement and Right-of-Way*, dated July 15, 1998, between the City of Henderson, the City Utility Commission, as grantors, and Station Two Subsidiary, LEM and WKEC, as grantees;
7. Acknowledgement and Consent, dated July 15, 1998, among the City of Henderson, the City Utility Commission and LEM;
8. Designated Representative/Alternate Designated Representative Appointment Agreement, dated August 27, 2002, among the City of Henderson, the City Utility Commission, Big Rivers, Station Two Subsidiary, Gregory Black and Ralph Bowling;
9. Letter Agreement, dated October 20, 2003, among WKEC, LEM and Big Rivers, relating to the sharing of costs for the Reid Station gas line;

10. E.ON Guarantee, and any written consents, acknowledgments or assurances that may have been given by LEC or E.ON at any time prior to the Closing with respect to the enforceability or effectiveness of the E.ON Guarantee and/or the applicability of the E.ON Guarantee to any debts, obligations or liabilities of any other E.ON Station Two Party, Station Two Subsidiary or WKE;
11. Agreement for Interim Funding Station Two SCR System, dated May 7, 2002, as amended, among the City of Henderson, the City Utility Commission, WKEC (including as successor by merger with Station Two Subsidiary and WKE) and LEM;
12. Supplementary Agreement on SO₂ Emission Allowances, dated January 18, 2002, between the City Utility Commission and WKEC (including as successor by merger with Station Two Subsidiary); and
13. Excess Power Agreement (letter agreement) dated July 23, 1999, between LEM and the City Utility Commission.

SCHEDULE 3.1

RELEASED STATION TWO CONTRACTS

1. Power Sales Contract, dated August 1, 1970, among the City of Henderson, the City Utility Commission, Big Rivers, Station Two Subsidiary (as assignee of Big Rivers) and LEM (as assignee of Station Two Subsidiary), as amended;
2. Amendment No. 1 dated March 2, 1971, to Power Sales Contract, dated August 1, 1970, among the City of Henderson, the City Utility Commission, Big Rivers, Station Two Subsidiary (as assignee of Big Rivers) and LEM (as assignee of Station Two Subsidiary);
3. Amendments, dated May 1, 1993, to Contracts among the City of Henderson, the City Utility Commission, Big Rivers, Station Two Subsidiary (as assignee of Big Rivers) and LEM (as assignee of Station Two Subsidiary);
4. Amendments to Contracts among the City of Henderson, the City Utility Commission and Big Rivers, dated July 15, 1998;
5. Power Plant Construction and Operation Agreement, dated August 1, 1970, among the City of Henderson, the City Utility Commission, Big Rivers and Station Two Subsidiary (as assignee of Big Rivers), as amended;
6. Joint Facilities Agreement, dated August 1, 1970, among the City of Henderson, the City Utility Commission, Big Rivers and Station Two Subsidiary (as assignee of Big Rivers), as amended;
7. 2005 Amendments to Contracts, dated as of April 1, 2005, among the City of Henderson, the City Utility Commission, Big Rivers, Station Two Subsidiary and LEM;
8. Grant of Rights and Easements, dated as of April 1, 2005, among the City of Henderson, the City Utility Commission, Big Rivers and WKEC;

9. Agreement (commonly referred to as the "Subordination Agreement") dated as of April 1, 2005, among the City of Henderson, the City Utility Commission, Big Rivers, Station Two Subsidiary, LEM, WKEC, WKE, The United States of America, Ambac Assurance Corporation, National Rural Utilities Cooperative Finance Corporation, Credit Suisse, U.S. Bank National Association, 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, Trisail Capital Corporation, AME Investments, LLC, CoBank, ACB, AME Asset Funding, LLC and Ambac Credit Products, LLC;
10. Settlement Agreement for Diverter Dampers and NEMS Systems, dated April 28, 2005, among WKEC (including as successor by merger with Station Two Subsidiary), the City Utility Commission, Alstom Power Inc., Zachry Construction Corporation, and the consortium comprised of Alstom Power Inc. and Zachry Construction Corporation pursuant to that certain Consortium Agreement dated effective April 2, 2002 (the "Consortium").
11. Agreement Regarding Costs in Connection with Correction or Repair of Diverter Dampers and NEMS Systems, dated May 5, 2005, among the City Utility Commission, WKEC (including as successor by merger with Station Two Subsidiary), Alstom Power Inc., Zachry Construction Corporation, the Consortium and Big Rivers, including the Amendment thereto executed on December 18, 2006, but dated effective December 13, 2006.
12. Agreement and Supplemental Settlement Agreement dated December 13, 2006, among the City Utility Commission, WKEC, Alstom Power Inc., Zachry Construction Corporation, the Consortium and Big Rivers.
13. Henderson (Station Two Unit) 2 Controls – Siemens Proposals RFCN03161-LS-6233 dated 10/10/03, RFCN03161-LS-6233A dated 10/16/03 and RFCN03161-LS-6233B dated 10/17/03; Project 051-H-0096.

14. Reid 1 Controls – Siemens Proposals RFCN03180-LS-6246 dated 10/21/03.
15. Letter Agreement dated March 28, 2006, among WKEC, the City Utility Commission and Siemens Power Generation, Inc. (“Siemens”).
16. Letter Agreement dated January 10, 2007, among WKEC, the City Utility Commission and Siemens.
17. Designated Representative Appointment Agreement, dated September 24, 2007, among the City of Henderson, the City Utility Commission, Big Rivers, WKEC, Gregory Black and Ralph Bowling; and
18. Deed of Easement, dated August 12, 2003, but with retroactive effect to June 1, 1999, among the City of Henderson, the City Utility Commission, Big Rivers, WKEC, LEM, Station Two Subsidiary and WKE, relating to the Reid Station gas line.

SCHEDULE 4.1

CLOSING YEAR RECONCILIATION

10.1 Interim Period Reconciliations.

(a) In any Year which includes . . . the date of termination or expiration of the Term, Big Rivers, on the one hand, and Station Two Subsidiary and LEM, on the other hand, hereby agree that, on or before 30 days after . . . the date of termination or expiration of the Term, . . . (or as soon thereafter as is reasonably possible, in the event the relevant data is not available within 30 days), there shall be a reconciliation between Big Rivers and the LG&E Companies of the following charges and costs actually paid or accrued while Station Two was being operated . . . by Station Two Subsidiary during the Term, as compared with the estimates of such charges and costs paid or accrued (based on the Annual Budget with Henderson) during the period of operation of Station Two by . . . Station Two Subsidiary . . . : (1) all charges and costs for operation and maintenance of Station Two under the Station Two Operating Agreement, as actually paid or accrued by . . . Station Two Subsidiary . . . during the period of . . . operations of Station Two, as compared with payments made or accrued by Henderson to . . . Station Two Subsidiary . . . under Section 13.6 of the Station Two Operating Agreement based upon estimates included in the Annual Budget; and (2) all amounts paid or accrued to Henderson or the Trustee (pursuant to Section 6.1 of the Station Two Power Sales Agreement) of estimated Capacity costs and charges (based on the Annual Budget with Henderson) by . . . Station Two Subsidiary or LEM during the period of . . . Station Two Subsidiary's . . . operations of Station Two, as compared with the actual aggregate Capacity costs and charges that should have been paid or accrued (based on actual charges and costs so paid or accrued in the operation of Station Two) . . . by LEM or Station Two Subsidiary during the period of . . . operation of Station Two.

. . .

(c) For purposes of reconciling operating and maintenance costs and Capacity charges between Big Rivers, on the one hand, and LEM and Station Two Subsidiary, on the other hand, incurred during the Partial Year prior to the date of expiration or termination of this Agreement, the provisions of this Section 10.1(c) shall govern. If during the Partial Year

ending on the termination or expiration date: (1) the sum of the operating and maintenance costs actually paid or accrued by Station Two Subsidiary in such Partial Year plus the estimated Capacity costs and charges . . . paid in or payable for such Partial Year directly to Henderson or the Trustee by Station Two Subsidiary (or its successors or permitted assigns) (reduced, however, by the amounts that Big Rivers reimburses or must reimburse Station Two Subsidiary for Capacity charges in such Partial Year associated with Big Rivers' share of Debt Service, Big Rivers' share of Henderson Incremental Environmental O&M or Big Rivers' share of all Station Two Improvements funded during that Partial Year) exceeds (2) the sum of the estimated operating and maintenance costs paid or accrued by Henderson as a reimbursement to Station Two Subsidiary during such Partial Year plus the Capacity costs and charges that (based on actual charges and costs paid or accrued in the operation of Station Two during such Partial Year, and not based on estimates) should have been . . . paid in or payable for the Partial Year directly to Henderson or the Trustee by Station Two Subsidiary (or its successors or permitted assigns) (reduced, however, by the amounts that Big Rivers reimburses or must reimburse Station Two Subsidiary for Capacity charges incurred during such Partial Year associated with Big Rivers' share of Debt Service, Big Rivers' share of Henderson Incremental Environmental O&M or Big Rivers' share of Station Two Improvements funded during that Partial Year); then Big Rivers shall pay to LEM and/or Station Two Subsidiary such excess amount within 45 days after the termination or expiration date (or, if the determination of those amounts cannot reasonably be made within the initial 30-day period as contemplated in Section 10.1(a), then within 15 days after that determination can be reasonably made). If, however, the sum described in (2), above, exceeds the sum described in (1), above, then Station Two Subsidiary (or its designated Affiliate) shall pay to Big Rivers the amount of such deficiency within 45 days after the termination or expiration date (or, if the determination of those amounts cannot reasonably be made within the initial 30-day period as contemplated in Section 10.1(a), then within 15 days after that determination can be reasonably made). As between Big Rivers, on the one hand, and Station Two Subsidiary and LEM, on the other hand, such Parties acknowledge and agree that neither Station Two Subsidiary nor LEM, nor any other LG&E Company, shall have any right or interest in the proceeds due from Henderson, or any duty or obligation to Big Rivers or Henderson for proceeds due to Henderson, in the annual reconciliation required

by Section 9.4 of the Station Two Power Sales Agreement and Section 16.6 of the Station Two Operating Agreement for the Year which includes the date of expiration or termination of the Term. Amounts which have accrued or become payable during the Partial Year prior to the expiration or termination of the Term, but (i) which have not been paid to the relevant Party as of the date of that expiration or termination and (ii) the payment of which as between WKEC and Big Rivers has not been expressly provided for in this Article 4 or in Section 3.5 of the Termination Agreement, shall continue to be payable to that Party thereafter by the Party having the obligation to make such payment prior to the date of expiration or termination of the Term.

(d) Notwithstanding anything herein to the contrary, the agreements set forth above are solely between Big Rivers, Station Two Subsidiary and LEM, and shall not impose upon Henderson any duty or obligation to Big Rivers, Station Two Subsidiary or LEM relating to such interim period reconciliations or the annual reconciliations required by the Station Two Operating Agreement and the Station Two Power Sales Agreement which are in addition to or different than the duties and obligations required of Henderson under such Station Two Contracts; provided, however, that Henderson hereby agrees to reasonably cooperate and assist Big Rivers, Station Two Subsidiary and LEM in determining the actual and estimated charges and costs paid, payable or accrued by the Parties for the respective Partial Years of operation of Station Two by Big Rivers and Station Two Subsidiary, respectively.

**STATION TWO G&A ALLOCATION
AGREEMENT**

**STATION TWO
G & A ALLOCATION AGREEMENT**

THIS STATION TWO G & A ALLOCATION AGREEMENT is entered into and effective as of _____, 2007, by and between **THE CITY OF HENDERSON UTILITY COMMISSION** ("HUC"), a public body politic and corporation organized under the Kentucky Revised Statutes § 96.530 and related statutes, doing business as **HENDERSON MUNICIPAL POWER & LIGHT**, and **BIG RIVERS ELECTRIC CORPORATION** ("Big Rivers"), a Kentucky rural electric cooperative corporation, (HUC and Big Rivers are sometimes hereinafter referred to collectively as the "Parties" and individually as a "Party").

RECITALS:

A. In 1970, the City of Henderson, Kentucky (the "City") and Big Rivers entered into a Power Plant Construction and Operation Agreement, a Power Sales Contract and a Joint Facilities Agreement, each dated August 1, 1970 (collectively, the "Station Two Contracts") providing for the construction of Station Two, the operation of Station Two by Big Rivers and the sale of a portion of the output of Station Two by the City to Big Rivers.

B. Big Rivers and HUC were parties to an Agreement dated February 15, 1991 (the "1991 G&A Agreement") which, among other terms, allocated general and administrative expenses incurred by each of them in the operation of their respective utilities to Station Two.

C. In 1998, the City, HUC, Big Rivers, WKE Station Two Inc. ("Station Two Subsidiary"), LG&E Energy Marketing Inc. ("LEM") and Western Kentucky Leasing Corp. ("WKEC") entered into a certain Agreement and Amendments to Agreements (the "Station Two Agreement") under which Station Two Subsidiary assumed certain of Big Rivers' responsibilities for the operation and maintenance of Station Two under the Station Two Contracts, and, simultaneously with the execution and delivery of the Station Two Agreement, the 1991 G&A Agreement was terminated by the provisions of a July 15, 1998 G&A Allocation Agreement among HUC, Big Rivers and Station Two Subsidiary.

D. The July 15, 1998 Station Two G&A Allocation Agreement between HUC, Big Rivers and WKE Station Two, Inc. provides at Section 2.2 that "immediately following the termination of this Agreement, and providing that Big Rivers shall at that time have rights in and to the Station Two Contracts, Big Rivers and HUC shall negotiate in good faith to effect a new agreement between them relating to the subject matter described in this Agreement and that reflects the circumstances surrounding the Station Two Assets and each of them, respectively, at that time."

E. Big Rivers, LG&E Energy Marketing, Inc. and Western Kentucky Energy Corp. entered into a Transaction Termination Agreement dated as of March 26, 2007,

providing for, *inter alia*, the termination of the Station Two Agreement and the July 15, 1998 Station Two G&A Allocation Agreement, thus necessitating the execution and delivery of a new G&A Allocation Agreement for Station Two between HUC and Big Rivers.

AGREEMENT:

NOW, THEREFORE, the Parties hereby agree as follows.

1. DEFINED TERMS. For purposes of this Agreement, capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Station Two Contracts. The following terms, for purposes hereof, shall have the meaning set forth below.

1.1 Capacity Factor. "*Capacity Factor*" shall mean a fraction, the numerator of which is the net rated capacity of Station Two (fixed for purposes hereof at 312 net MW) and the denominator of which is the aggregate total net rated capacities of all of the generating plants owned by Big Rivers on the Unwind Closing Date plus Station Two (fixed for purposes hereof at 1753 net MW). Accordingly, the Capacity Factor shall equal 312 net MW/1753 net MW (or 17.80%).

1.2 Joint Facilities Agreement. "Joint Facilities Agreement" shall mean the Joint Facilities Agreement, dated August 1, 1970, between HUC and Big Rivers, as amended.

1.3 Labor Costs. "*Labor Costs*" shall mean the salaries, wages, bonuses and other compensation expenses (other than Labor Related Costs) of personnel in administrative support positions that are allocable to Station Two pursuant to the terms described below.

1.4 Labor Related Costs. "*Labor Related Costs*" shall include (a) payroll insurance, payroll taxes and other payroll withholdings required under applicable laws, (b) holiday, vacation, sick days and other paid leave days, (c) retirement plan costs, employer contributions to retirement plans, and 401(k) matching contributions, (d) premiums and other costs for medical insurance, dental insurance, life insurance, and workers compensation insurance, (e) tuition reimbursements, and (f) all other expenses of employment benefits and employment related benefits, whether or not subject to Title I of the Employee Retirement Income Security Act of 1974, as amended.

1.5 Office Supplies Costs and Expenses. "*Office Supplies Costs and Expenses*" shall include a broad range of miscellaneous expenses of operating an office and supporting the administrative personnel allocable to Station Two under the terms described below, including, without limitation, utilities, telephone, postage, overnight delivery services, copier leases, fax machine leases, computer supplies, miscellaneous non-capitalized office equipment (such as typewriters, calculators, hole punches, staplers, etc.) and other general office supplies (paper, copy machine toner, paper clips, staples, pens, etc.), expenses of repairs and maintenance of facilities housing such administrative support personnel and the equipment utilized by such personnel in the performance of

their duties, seminars and training costs of such administrative support personnel, professional dues and subscriptions for administrative support personnel, and travel expenses of such personnel.

1.6 Operation Agreement. "*Operation Agreement*" shall mean the Power Plant Construction and Operation Agreement dated August 1, 1970 between HUC and Big Rivers, as amended.

1.7 Power Sales Agreement. "*Power Sales Agreement*" shall mean the Power Sales Contracts, dated August 1, 1970 between HUC and Big Rivers, as amended.

1.8 Station Two Agreement. "*Station Two Agreement*" shall mean the Agreement and Amendments to Agreements by and among City of Henderson, Kentucky, HUC, Big Rivers, WKE Station Two Inc., LEM and WKEC.

1.9 Transaction Termination Agreement. "*Transaction Termination Agreement*" shall mean the Transaction Termination Agreement, dated as of March 26, 2007, among Big Rivers, LG&E Energy Marketing Inc., and Western Kentucky Energy Corp.

1.10 Unwind Closing Date. "*Unwind Closing Date*" shall have the meaning set forth in the Transaction Termination Agreement.

2. TERM; EFFECT OF AGREEMENT.

2.1 Term Defined. The term ("Term") of this Agreement shall commence and take effect as of the Unwind Closing Date and shall expire as of the date that Big Rivers Electric Corporation shall no longer be a party to the Operation Agreement

2.2 Effect of Agreement. Simultaneously with the execution and delivery of this Agreement, the City, HUC, WKEC, LEM and E.On U.S. LLC are entering into a Station Two Termination and Release providing, *inter alia*, for the termination of the Station Two Agreement and the July 15, 1998 Station Two G & A Allocation Agreement. The terms and provisions of this Agreement shall supersede the terms and provisions of the July 15, 1998 Station Two G & A Allocation Agreement, and all other prior agreements and understandings, if any, of the Parties related to the subject matter covered hereby.

3. INVENTORY MAINTENANCE COSTS.

The cost to maintain Station Two parts inventory after the date that this Agreement becomes effective shall be allocated between the Parties on an annual basis (in accordance with the provisions of the Operation Agreement, the Power Sales Contract and the Joint Facilities Agreement) in direct proportion to the generation capacity of Station Two reserved by HUC and allotted to Big Rivers pursuant to the terms of the Power Sales Contract.

The following additional terms shall apply with respect to Station Two parts inventory:

(a) Payment shall be made at the time of purchase for all additions and replacements to Station Two parts inventory.

(b) Parts issued for use at Station Two from other warehouses maintained by Big Rivers will be charged to Station Two at the time of issue.

(c) Station Two shall receive credit at the time of issue for parts taken from Station Two inventory for use at Big Rivers' Generating Plants (other than Station Two).

(d) Additions and replacements to Station Two parts inventory shall continue to be made in accordance with applicable competitive bidding laws and approved by HUC.

(e) Station Two parts inventory in existence at the time of termination of the Operation Agreement and any extensions or renewals thereof, shall become the property of the City.

4. ALLOCATION OF GENERAL AND ADMINISTRATIVE EXPENSES.

The allocations of general and administrative expenses by Big Rivers and HUC set forth below in this Section 4 shall be the sole and exclusive expenses charged by those Parties, respectively, to Station Two for general and administrative support services. For purposes of the Station Two Contracts, the aggregate sum of the general and administrative expenses of each of the Parties, determined as set forth below, shall constitute the general and administrative expenses allocable during the Term to Station Two for purposes of Section 13.8 of the Operation Agreement and Section 6.3(e) of the Power Sales Contract. Notwithstanding that Section 13.8(b) of the Operation Agreement may require that certain costs set forth in this Agreement should be further allocated between the Reid Station and Station Two, the Parties hereby agree that the expenses described below solely relate to the Parties' respective obligations to Station Two and shall be allocated solely to Station Two.

4.1 Allocations by Big Rivers. Big Rivers shall charge the following expenses to Station Two during the Term as its sole and exclusive general and administrative expenses allocable to Station Two during the Term for purposes of the Station Two Contracts:

- (a) For each person in a general and administrative support position identified on Exhibit A attached hereto (a "Big Rivers Support Position"), an amount equal to the Labor Costs and the Labor Related Costs paid by Big Rivers to or for the benefit of such person multiplied by the percentage (the "Big Rivers Percentage") set forth opposite the Big Rivers Support Position held by that person in the column headed "% HMP&L" on Exhibit A attached hereto (the amount determined for each such person holding such a position is sometimes hereinafter referred to as the "Administrative

Employee Expense,” together with all other Administrative Employee Expenses within a particular administrative group identified on Exhibit A, is sometimes hereinafter referred to as the “Group Administrative Personnel Expense”). The actual cost of administration allocated to and charged to Station Two by Big Rivers shall be the sum of the Group Administrative Personnel Expenses for all administrative groups identified on Exhibit A (or the sum total of each administrative personnel’s Administrative Employee Expense). In determining the expenses of administration that Big Rivers may charge for any particular Big Rivers Support Position, Big Rivers may include an amount for more than one employee in such position to the extent that the services of more than one employee shall be reasonably necessary in that position to enable Big Rivers to administer and perform its duties and obligations under the Station Two Contracts.

- (b) For each administrative group identified on Exhibit A attached hereto, a charge for Office Supplies Costs and Expenses shall be determined as follows: that group’s charge shall equal the product of (x) the “Blended Group Administrative Personnel Rate” (described below) multiplied by (y) the Office Supplies Costs and Expenses paid by Big Rivers (or any of its Affiliates) which are reasonably necessary to support the administrative personnel in that group. For purposes hereof, each administrative group’s Blended Group Administrative Personnel Rate shall be a fraction, the numerator of which is the Group Administrative Personnel Expense for that particular group, and the denominator of which shall equal the total Labor Costs and Labor Related Costs for that particular group.
- (c) The sum of all fees and expenses paid or incurred by Big Rivers for the services of professionals who are not employees of Big Rivers (primarily legal services, accounting and auditing services, actuarial services and engineering services) in support of the operations of Station Two and activities directly related thereto, all fees and costs incurred in relation to regulatory matters or regulatory proceedings involving Station Two or the operation of Station Two, plus, a reasonable allocation of Labor Costs and Labor Related Costs of professionals who are employees of Big Rivers where such employee professionals provide services specifically in support of the operations of Station Two and activities directly related thereto, including, without limitation, actions taken in relation to regulatory matters or regulatory proceedings, involving Station Two or the operator of Station Two.
- (d) For each administrative building located in Henderson County, Kentucky occupied by personnel of Big Rivers an amount equal to the “Property Factor” (defined below) multiplied by the sum of all expenses paid or incurred by Big Rivers, where applicable, for rent, property taxes, property insurance expenses, depreciation of that building and/or amortization of the leasehold improvements of that building. For purposes of this

Agreement, the term "Property Factor" shall mean a fraction, the numerator of which shall equal the sum of the Allocated Square Footages (defined below) from that building and the denominator of which shall be the total square footage of that building utilized for office space (but specifically excluding common areas of the building). For purposes of the formula described above, there shall be allocated square footage from that building (the "Allocated Square Footage") to each Big Rivers Support Position in an amount equal to (x) the square footage of the building utilized by that position, multiplied by (y) the Big Rivers Percentage for that position. Exhibit B attached hereto illustrates the method of allocating costs under this Section 4.1(d).

4.2 Allocations by HUC

[TO BE PROVIDED BY HUC]

5. BUDGETING; MONTHLY PAYMENTS; ANNUAL RECONCILIATIONS.

5.1 General Provision for Budgeting and Payments. The general and administrative expenses allocable to Station Two under the terms and provisions of this Agreement shall be treated as "administrative costs" or "costs of administration and general expense" under the terms and provisions of the Operation Agreement (excluding any allocation of such costs, however, to the Reid Station as may be required pursuant to Section 13.8(b) thereof), and the Power Sales Contract. In addition, the maintenance cost for inventory allocated to Station Two, and between the Parties hereto, shall be controlling for purposes of the Station Two Contracts. All costs shall be subject to the terms and provisions in the Station Two Contracts providing (x) that such costs be budgeted annually by the Parties and included in the Operating Budget (as between Big Rivers and HUC) and the Annual Budget, (y) that such costs be paid or reimbursed monthly to the Parties, as applicable (whether as an operating expense under the Operation Agreement payable by Henderson, as a component of the capacity charge payable by Big Rivers to Henderson under the Power Sales Agreement), on the basis of one-twelfth (1/12th) the Annual Budget then in effect, and (z) that such costs, as paid by the parties during the Contract Year, shall be reconciled on an annual basis against actual general and administrative costs incurred by the Parties and allocable to Station Two under the terms and provisions hereof.

5.2 Responsibility for Payment of Others. Notwithstanding anything set forth in this Agreement to the contrary, each of the Parties shall be primarily responsible for payment and discharge, in full, of those general and administrative expenses of that party that are due and owing persons not a party to this Agreement. Each Party hereby agrees to indemnify and hold harmless each of the other Parties for any and all claims, causes of action, costs and expenses that such other Parties may suffer or incur as a result of, arising out of or otherwise relating to failure of such indemnifying party to pay and discharge those sums and obligations (constituting a general and administrative expenses hereunder) due and owing any such other Person.

5.3 Audit Rights. Each of the Parties, upon reasonable advance written notice and during normal hours of business operation, shall have the right, at such Party's expense, to audit and inspect the books and records of another Party to the extent reasonably necessary to verify the accuracy of the costs and expenses charged by such other Party to Station Two under the terms and provisions of this Agreement. Notwithstanding the foregoing, no Party shall be required to disclose to another party any records or information specific to any individual employee's Labor Costs or Labor Related Costs; instead, with respect to such employee information (when a request is specifically made for such information) the Party receiving such request will permit access to its records to an independent firm of certified public accountants for inspection on premises, and then, only such access as shall be reasonably necessary to enable that firm to certify to the requesting Party as to the reliability of the expenses allocated to Station Two. The Party receiving the request for employee information, in its discretion, may request that the firm of certified public accountants agree to reasonable confidentiality and limited use restrictions before providing such firm access to its books, records and information.

6. MISCELLANEOUS.

6.1 Amendment and Modification. No amendment or modification of this Agreement shall be valid unless made in writing and duly executed by the Parties.

6.2 Governing Law. This Agreement shall be governed by and interpreted in accordance with the internal laws of the Commonwealth of Kentucky.

6.3 Disputes. Any disputes arising between or among the Parties to the Agreement shall be resolved in accordance with the procedures provided for in the Station Two Contracts.

6.4 Successors and Assigns. This Agreement shall bind and inure to the benefit of the Parties and their respective successors and permitted assigns

6.5 Counterparts. This Agreement may be executed in counterparts, each of which taken together shall constitute a single Agreement.

6.6 Entire Agreement. This Agreement, including all attached Exhibits, contains the entire and final understanding of the Parties with respect to the subject matters covered hereby and, during the Term hereof, supersedes all prior agreements and understandings between the parties related to such subject matters.

6.7 Headings. The headings in this Agreement are included for purposes of convenience only and should not be considered a part of this Agreement in construing or interpreting any provision hereof.

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date first written above.

THE CITY OF HENDERSON UTILITY
COMMISSION

By: _____
Title: _____

BIG RIVERS ELECTRIC CORPORATION

By: _____
Title: _____

**Station Two Subsidiary Support Position
Exhibit A**

<u>Department Name</u>	<u>% WKE</u>	<u>% HMP&L</u>	<u>Rationale</u>
Payroll Supervisor	84.0%	16.0%	Headcount Split
Payroll Clerk A	84.0%	16.0%	Headcount Split
Payroll Clerk B	84.0%	16.0%	Headcount Split
Supply Chain			
Manager Supply Chain	82.0%	18.0%	Capacity Split
Contract Specialist	82.0%	18.0%	Capacity Split
Department/Division Secretary	82.0%	18.0%	Capacity Split
Procurement Agent-Reid/Green/HMPL	65.0%	35.0%	Site Capacity
Procurement Agent-Henderson Office	82.0%	18.0%	Capacity Split
Inventory Control Supervisor	82.0%	18.0%	Capacity Split
Inventory Analyst	82.0%	18.0%	Capacity Split
Manager – Fuels	100.0%	0.0%	Charge for Services Rendered
Storekeeper-Reid/Green/HMPL	65.0%	35.0%	Capacity Split Reid/Green/Station II
Storekeeper-Reid/Green/HMPL	65.0%	35.0%	Capacity Split Reid/Green/Station II
Human Resources & Admin. Support			
VP Administrative Services	84.0%	16.0%	Headcount Split
Manager HR & Adm. Support	84.0%	16.0%	Headcount Split
HR Associate	84.0%	16.0%	Headcount Split
Health/Safety Specialist Reid/Green/HMPL	65.0%	35.0%	Capacity Split Reid/Green/Station II
Corporate Safety Adm.	84.0%	16.0%	Headcount Split
Corporate Training Instructor	84.0%	16.0%	Headcount Split
Secretary	84.0%	16.0%	Headcount Split
Insurance/Pension Administrator	84.0%	16.0%	Headcount Split
Manager Compensation/Benefits	84.0%	16.0%	Headcount Split
Messenger Mail Clerk	82.0%	18.0%	Capacity Split
External Relations			
VP External Relations			
Regulatory/Environmental	95.0%	5.0%	Pre-Determined
Administrative Assistant	95.0%	5.0%	Pre-Determined
Communication Coordinator	84.0%	16.0%	Headcount Split
Community Relations Representative	84.0%	16.0%	Headcount Split

**Big Rivers Electric Corporation
Exhibit A**

<u>Department Name</u>	<u>% BREC</u>	<u>% HMP&L</u>	<u>Rationale</u>
President/CEO	95%	5%	Estimated Time
Executive Assistant	95%	5%	Estimated Time
Enterprise Risk Management Strategic Planning Support	82.0%	18.0%	Capacity Split
Vice President Production	82.0%	18.0%	Capacity Split
Administrative Assistant	82.0%	8.0%	Capacity Split
<u>Information Services</u>			
Manager Information Technology	82.0%	18.0%	Capacity Split
Supervisor Control Systems	82.0%	18.0%	Capacity Split
Secretary	82.0%	18.0%	Capacity Split
IT Engineer	90.0%	10.0%	Exception Coding – Estimated Time
IT Engineer	90.0%	10.0%	Exception Coding – Estimated Time
IT Engineer	90.0%	10.0%	Exception Coding – Estimated Time
IT Engineer	90.0%	10.0%	Exception Coding – Estimated Time
IT Analyst	90.0%	10.0%	Exception Coding – Estimated Time
IT Analyst	90.0%	10.0%	Exception Coding – Estimated Time
IT Analyst	90.0%	10.0%	Exception Coding – Estimated Time
System Programmer/Analyst	82.0%	18.0%	Capacity Split
<u>Environmental</u>			
Manager Environmental	82.0%	18.0%	Capacity Split
Department/Division Secretary	82.0%	18.0%	Capacity Split
Senior Environmental Scientist	82.0%	18.0%	Capacity Split
Senior Environmental Scientist	82.0%	18.0%	Capacity Split
Environmental Scientist	82.0%	18.0%	Capacity Split
Environmental Scientist	82.0%	18.0%	Capacity Split
Senior Chemist	100.0%	0.0%	Central Lab Coal Work – Charge for Services Rendered
Senior Chemist	100.0%	0.0%	Central Lab Coal Work – Charge for Services Rendered
Chemist 3	100.0%	0.0%	Central Lab Coal Work – Charge for Services Rendered
Chemist 3	100.0%	0.0%	Central Lab Coal Work – Charge for Services Rendered
Drafter	82.0%	18.0%	Capacity Split
<u>Accounting and Finance</u>			
CFO	95.0%	5.0%	
Manager Accounting	82.0%	18.0%	Capacity Split
Secretary	82.0%	18.0%	Capacity Split
Accountants/Station II	50.0%	50.0%	Capacity Split plus Station II Preparation of Accounting
Accounting Clerk	82.0%	18.0%	Capacity Split
Budget Analyst/Station II	65.0%	35.0%	Capacity Split Reid/Green/Station II
<u>Generation Dispatch</u>			
Employee Costs	82.0%	18.0%	Capacity Split

**Method of Allocating Costs
Exhibit B**

Headquarters Cost	HMPL	10.0%	Pre-Determined
	BREC	90.0%	Pre-Determined

**AGREEMENT FOR ASSIGNMENT OF
RESPONSIBILITY FOR COMPLYING WITH
RELIABILITY STANDARDS**

AGREEMENT FOR ASSIGNMENT OF RESPONSIBILITY
FOR COMPLYING WITH RELIABILITY STANDARDS
BETWEEN
Henderson Municipal Power & Light
AND
Big Rivers Electric Corporation

DRAFT

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Exhibit C Allocation of Responsibilities and Duties for Complying with Applicable Reliability Standards

AGREEMENT FOR ASSIGNMENT OF RESPONSIBILITY
FOR COMPLYING WITH RELIABILITY STANDARDS

THIS AGREEMENT FOR ASSIGNMENT OF RESPONSIBILITY FOR COMPLYING WITH RELIABILITY STANDARDS (“Agreement”) is entered into this ____ day of _____, _____, by and between: (a) Henderson Municipal Power & Light (“HMP&L” or other entity), a _____, having its registered and principal executive office at 100 5th Street, Henderson, Kentucky, and (b) Big Rivers Electric Corporation (“BREC” or other entity), a Kentucky rural electric cooperative, having its registered and principal executive office at 201 Third Street, Henderson, Kentucky. HMP&L and BREC are hereinafter referred to as the “Parties.”

WITNESSETH

WHEREAS, HMP&L is engaged in substantial part in the generation, transmission, retail sale and distribution of electric power;

WHEREAS, BREC is engaged in substantial part in the wholesale sale and transmission of electric power;

WHEREAS, HMP&L is directly responsible for complying with Reliability Standards established, administered, and/or enforced by the Electric Reliability Organization (“ERO”) and/or SERC, the Regional Entity in HMP&L’s region (the “RE”), subject to the approval and/or oversight of the Federal Energy Regulatory Commission (“FERC”) pursuant to Section 215 of the Federal Power Act (“FPA”) as amended by Section 1211 of the Energy Policy Act of 2005; and

WHEREAS, HMP&L desires to assign to BREC, and BREC is willing to accept assignment of, responsibility for certain of HMP&L's compliance functions and responsibilities within various Reliability Standards on the terms specified herein;

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, the Parties hereby agree as follows:

1 Definitions

1.1 General

Except as defined below, terms and expressions used in this Agreement shall have the same meanings as those contained in the FPA and the Reliability Standards.

1.2 Specific Definitions and Exceptions

[Note any here]

2 Term and Termination

2.1 Effective Date and Term

This Agreement shall be effective as of the later of (a) the date that the ERO and the RE accept BREC's assignment to comply with the Reliability Standards specified in Exhibit A (the "Applicable Reliability Standards") on behalf of HMP&L, and (b) the date that notification has been given to or approval or acceptance has been received from any other entities [such as the Big Rivers' Board of Directors, RUS, the Kentucky Public Service Commission or FERC] as specified in Exhibit B, whose notification, acceptance, or approval is necessary or deemed needed for this Agreement to take effect.

2.2 Term

Once entered into, the term of this Agreement shall continue indefinitely until terminated

pursuant to 2.3.

2.3 Termination

2.3.1 Termination Option

Either Party may terminate this Agreement for any reason upon written notice to the other Party. Unless otherwise agreed to by the Parties, the Party seeking to terminate shall provide at least 90 days of notice to the other Party, except where such advance notice is not commercially reasonable, in which event the terminating Party shall provide as much notice as is reasonably possible.

2.3.2 Effectiveness of Termination

Termination shall be effective only when the ERO and/or the RE acknowledge, through their Compliance Registry (or through other means agreeable to HMP&L, BREC, and the ERO and/or RE) that BREC is no longer to perform compliance with any Reliability Standards on behalf of HMP&L. In addition, the terminating Party (or both Parties in the case of termination by mutual agreement) shall be responsible for providing any necessary notification to, and obtaining any required approval or acceptance, from other entities as may be required or deemed needed for such termination as specified in Exhibit B.

2.3.3 Survival of Obligations

Except as HMP&L and BREC may otherwise agree in writing, the obligations, duties, and powers specified in 3.1 and 3.2 shall survive termination of this Agreement for events occurring prior to termination.

2.3.4 Interim Compliance with Reliability Standards

From the time that notice of termination is given (or the Parties agree to terminate) through the time that the termination becomes effective under 2.3.2, the Parties shall continue to abide by the terms of this Agreement, including terms for HMP&L to reimburse and/or compensate BREC; provided, however, that if HMP&L refuses or fails to follow instructions given by BREC for compliance with the Applicable Reliability Standards, HMP&L shall, in addition to its other obligations under this Agreement, be required to reimburse, hold harmless, and indemnify BREC for all costs (including fines and other penalties) incurred by BREC in a commercially reasonable manner resulting from HMP&L's failure to follow BREC's instructions for complying with the Applicable Reliability Standards.

3 Duties and Obligations of the Parties

3.1 Basic Scope of Duties, Obligations, and Powers

3.1.1 BREC Obligations

Subject to the other terms of this Agreement, BREC shall (a) be responsible for HMP&L's compliance with certain functions and responsibilities in the Applicable Reliability Standards, (b) monitor and certify HMP&L's compliance with the Applicable Reliability Standards, and (c) pay penalties, fines, or other costs imposed by the ERO, RE, or FERC arising from non-compliance on HMP&L's behalf with the Applicable Reliability Standards, subject to reimbursement from HMP&L as specified herein.

3.1.2 Authorization

HMP&L authorizes BREC to appear before the ERO, the RE, FERC, and reviewing or

enforcing courts of competent jurisdiction on behalf of and represent HMP&L with respect to HMP&L's compliance with the Reliability Standards, including with respect to, but not limited to, any inquiries, audits, investigations, penalties, sanctions, or remedial action directives.

3.1.3 HMP&L Obligations

HMP&L shall follow BREC's instructions for complying with the applicable Reliability Standards and shall otherwise cooperate with and assist BREC in matters pertaining to compliance with the Applicable Reliability Standards. HMP&L's duty to cooperate with and assist BREC in BREC's performance of BREC's obligations under this Agreement shall include, without limitation, the obligations to (a) exchange information related to compliance with the Applicable Reliability Standards, and (b) to provide books, records, and other information as to HMP&L's actions and inactions for purposes of responding to any inquiries, audits, investigations, enforcement actions, or claims from the ERO, the RE, the FERC and/or other entities relating to compliance with the Applicable Reliability Standards.

3.1.4 Method of Compliance with Applicable Reliability Standards

Exhibit C reflects the agreement between BREC and HMP&L as to the allocation of responsibilities and duties for achieving compliance with the requirements of the Applicable Reliability Standards as to whether those responsibilities and duties are performed more efficiently or effectively by BREC or HMP&L or some combination thereof. If the ERO, the RE, and/or FERC require that additional or specific actions be taken to achieve compliance with, or in response to a violation of, one or more

Applicable Reliability Standards, BREC and HMP&L shall: (a) agree on how Exhibit C is to be amended; (b) agree that HMP&L shall be exclusively responsible for compliance with the one or more Applicable Reliability Standards; (c) agree on any appropriate changes in BREC's compensation under this Agreement associated with (a) or (b); and/or (d) initiate termination of this Agreement.

3.2 BREC Cost Recovery from HMP&L

3.2.1 General Cost Recovery

BREC shall be entitled to recover from HMP&L, and HMP&L shall pay to BREC, for the costs incurred by BREC in fulfilling its obligations under this Agreement on a time and materials/expense basis. BREC shall maintain records of the time and materials/expense incurred in performing under this Agreement. Time spent by BREC personnel in fulfilling BREC's obligations under this Agreement shall be billed at the actual out-of-pocket rate and materials/expenses shall be billed on a pass-through basis. In addition, BREC shall be entitled to \$___/month for general overhead. BREC shall bill HMP&L monthly with invoices showing the amount of time and materials/expense incurred, and records of the amount of time and materials/expense incurred shall be made available for HMP&L's inspection. HMP&L's payment shall be due within five business days of receipt of the invoice. BREC shall exercise reasonable care in incurring time and materials/expense, and BREC shall not be entitled to recovery for time and materials/expense beyond that reasonably needed to fulfill its obligations under this Agreement. Unless this Agreement is terminated with at least ninety days of advance written notice to BREC, BREC shall also be entitled to recover from HMP&L any

verified costs, such as personnel, that it shall have reasonably incurred as of the time that BREC receives written notice of termination in order to have the capability to continue performing under this Agreement if the Agreement were not being terminated. BREC shall be required to take commercially reasonable actions to mitigate such costs and shall not be entitled to recover any costs for which it can reasonably find an alternate use, such as using personnel for some other purpose. BREC shall not be entitled to recover any such costs allocable to a period beyond ninety days from the date that written notice of termination is given.

3.2.2 Recovery of Fines and Penalties

BREC shall also be entitled to recover from HMP&L any penalties, fines, or claims (whether imposed by the ERO, the RE, or FERC) or other related costs, including costs for BREC to defend itself or HMP&L, resulting or arising from possible, alleged, or actual non-compliance with the Applicable Reliability Standards. Notwithstanding the prior sentence, BREC shall not be entitled to recover such amounts to the extent they result solely from intentional wrongdoing or gross negligence of BREC without any contributory involvement, action, or inaction by HMP&L.

New or Modified Reliability Standards and Updating of Exhibit B

BREC shall undertake commercially reasonable efforts to stay aware of and shall inform HMP&L in writing of any new or modified Reliability Standards that may be established by the ERO and/or RE that would be directly applicable to HMP&L in the absence of this Agreement. In addition, if HMP&L should become aware of new or modified Reliability Standards that may be established by the ERO and/or RE that would be directly

applicable to HMP&L in the absence of this Agreement, HMP&L shall inform BREC of such Reliability Standards. The Parties shall discuss in good faith modifying Exhibit A to include such new or modified Reliability Standards of which they become aware and also to remove any Reliability Standards that are eliminated or cease to have potential applicability to HMP&L and any appropriate associated changes to BREC's compensation under this Agreement and Exhibit C. The Parties shall also act in good faith to update Exhibit B to keep it current.

3.3 HMP&L Option to Assume Direct Responsibility for Compliance

HMP&L shall have the option to assume responsibility for its direct compliance (as opposed to compliance through BREC) with some and/or all of the Reliability Standards that may be applicable to HMP&L, effective upon appropriate registration with the ERO and the RE and appropriate notification, approval, and/or acceptance of BREC and applicable entities as specified in Exhibit B, and, if applicable, appropriate revision of Exhibits A and C and BREC's compensation under this Agreement and/or termination of this Agreement.

3.4 Potential Joint Compliance with Applicable Reliability Standards by BREC and HMP&L

Subject to the acceptance of the ERO and the RE to be reflected in the Compliance Registry, BREC and HMP&L may each register to be responsible for compliance with one or more of the Applicable Reliability Standards, subject to having the ERO, the RE, or FERC determine whether BREC, HMP&L, or both is or are responsible for any non-compliance with the Applicable Reliability Standards under this Agreement.

4 Representations and Covenants

Each Party represents and covenants to the other Party that it is and shall remain during the term of this Agreement validly existing and in good standing pursuant to all applicable laws relevant to this Agreement, that it has undertaken all actions required to enter into this Agreement, that it is subject to no restrictions that prevents it from entering into and performing under and pursuant to this Agreement, and that it will use commercially reasonable efforts to remedy any future matters that might otherwise restrict it from performing under and pursuant to this Agreement in the future.

5 No Rights Created for the Benefit of Third Party Beneficiaries

Except as otherwise expressly provided herein, nothing in this Agreement shall be construed or deemed to confer any right or benefit on, or create any duty to, or standard of care with reference to, any third party.

6 Indemnification

6.1 Liability Between the Parties

The Parties' duties and standard of care with respect to each other, and the benefits and rights conferred on each other, shall be no greater than as explicitly stated herein.

Neither Party, its directors, officers, employees, or agents, shall be liable to the other Party for any loss, damage, claim, cost, charge, or expense, whether direct, indirect, or consequential, or whether arising in tort, contract or other theory of law or equity, arising from the Party's performance or nonperformance under this Agreement, except as may be otherwise specified herein.

6.2 No Liability for Electric Disturbances and Interruptions

Neither Party shall be liable under this Agreement to the other Party for any claim,

demand, liability, loss, or damage, whether direct, indirect, or consequential, or whether arising in tort, contract or other theory of law or equity, incurred by the other Party or its customers, resulting from the separation of the Party's systems in an emergency or interruption. If a customer of a Party makes a claim or brings an action against the other Party for any death, injury, loss, or damage arising out of or in connection with electric service to such customer and caused by the other Party's performance or nonperformance under this Agreement, the first Party shall indemnify and hold harmless the other Party, its directors, officers, and employees from and against any liability for such death, injury, loss, or damage.

7 Miscellaneous Matters

7.1 Assignment

Neither Party to this Agreement may assign its obligations under this Agreement without the other Party's prior written consent, which consent may be withheld in the other Party's sole discretion. No assignment of this Agreement shall relieve the assigning Party from any obligation or liability under this Agreement arising or accruing prior to the date of assignment.

7.2 RUS Assignment

Consent shall not be required for any assignment by a Party of any and all of its rights hereunder to the United States Rural Utilities Service ("RUS") (and any other mortgagees sharing security with the RUS) as security under the Party's RUS mortgage, or for any subsequent assignment by the RUS in exercise of its rights under the RUS mortgage; provided, however, registration with or notification of the ERO and/or the RE, and other

parties identified in Exhibit B may still be required for such assignment to be effective.

7.3 Notices

Any notice, demand, or request which may be given to or made upon either Party regarding this Agreement shall be made in writing and shall be deemed properly served, given, or made: (a) upon delivery if delivered in person, (b) five (5) days after deposit in the mail if sent by first class United States mail, postage prepaid, (c) upon receipt of confirmation by return facsimile if sent by facsimile, or (d) upon delivery if delivered by prepaid commercial courier service. The initial contacts for the Parties are the executive offices specified in the first clause of this Agreement. A Party may update the information relating to its address as that information changes by providing notice to the other Party pursuant to this provision, and such changes shall not constitute an amendment to this Agreement.

7.4 Waivers

Any waiver at any time by either Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or matter arising in connection with this Agreement. Any delay short of the statutory period of limitations in asserting or enforcing any right under this Agreement shall not constitute or be deemed a waiver of such right.

7.5 Governing Law and Forum

This Agreement shall be deemed to be a contract made under and for all purposes shall be governed by and construed in accordance with the laws of the state of Kentucky where

BREC has its principal place of business, except to the extent, if any, that this Agreement is governed by or preempted by federal law, including, if applicable, determinations relating to the construction of the Reliability Standards by the ERO, the RE, and/or FERC. The Parties irrevocably consent that any legal action or proceeding arising under or relating to this Agreement shall be brought in a court having competent jurisdiction or, if subject to its jurisdiction or authority, the FERC. No provision of this Agreement shall be deemed to waive the right of any Party to protest, or contend in any manner, whether this Agreement, or any action or proceeding arising hereunder, is subject to the jurisdiction of the FERC. No dispute arising under this Agreement shall be subject to trial before a jury, and the Parties hereby waive any rights to a jury trial for disputes arising under this Agreement that they might otherwise have.

7.6 Mediation/Arbitration

If a dispute arises out of or relates to this Agreement, or the breach thereof, and if the dispute cannot be settled through negotiation, the Parties shall, upon request of either Party, first try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Procedures before resorting to arbitration, litigation, or some other dispute resolution procedure. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall, upon request of either Party, be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

7.7 Consistency with Federal Laws and Regulations

Nothing in this Agreement shall compel either Party to violate federal statutes, regulations, or orders, including the Reliability Standards. If any provision of this Agreement is inconsistent with any obligation imposed on either Party by federal law, regulation, or order, or if either Party's performance of its obligations under any provision of this Agreement is prohibited by or would conflict with any federal law, regulation, or order, such provision shall be inapplicable to that Party to that extent. Neither Party shall incur any liability by failing to comply with any such provision; provided, however, that such Party shall use commercially reasonable efforts to comply with this Agreement to the extent that applicable federal laws, regulations, and orders lawfully promulgated thereunder permit it to do so.

7.8 Severability

If any term, covenant, or condition of this Agreement or the application or effect of any such term, covenant, or condition is held invalid as to any person, entity, or circumstance, then such term, covenant, or condition shall remain in force and effect to the maximum extent permitted by law, and all other terms, covenants, and conditions of this Agreement and their application shall not be affected thereby, but shall remain in force and effect, unless a court or governmental agency of competent jurisdiction holds that such provisions are not separable from all other provisions of this Agreement.

7.9 Section Headings

Section headings provided in this Agreement are for ease of reference and are not meant to interpret the text in each Section.

7.10 Meaning of Herein and Hereunder

As used in this Agreement, "herein" and "hereunder" refer to this Agreement in its entirety, and not any individual article, section, paragraph, sentence, or other portion.

7.11 Entire Agreement

This Agreement constitutes the entire agreement between the Parties, and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter of this Agreement.

7.12 Amendments

This Agreement and any Exhibits may be amended from time to time by the mutual agreement of the Parties in writing, subject to any required notifications, approvals, and amendments as referenced in 2.1.

7.13 Counterparts

This Agreement may be executed in one or more counterparts at different times, each of which shall be regarded as an original and all of which, taken together, shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed on behalf of each by and through their authorized representatives as of the date first written above.

HMP&L

BREC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Exhibit A

Functions and/or Reliability Standards and Requirements for which BREC has Assumed Compliance Responsibility on Behalf of HMP&L

All Generator Operator (GOP) functions and requirements specific to the Station Two generating units contained in the “BAL” Reliability Standards.

All Transmission Operator (TOP) functions and requirements specific to HMP&L’s 161kV transmission lines contained in the “COM” Reliability Standards.

All TOP functions and requirements specific to HMP&L’s 161kV transmission lines contained in the “INT” Reliability Standards.

All TOP functions and requirements and Balancing Authority functions and requirements specific to HMP&L’s 161kV transmission lines and generation dispatch of the Station Two generating units contained in the “PER” Reliability Standards.

All TOP functions and requirements specific to HMP&L’s 161kV transmission lines contained in the “TOP” Reliability Standards except TOP-001-1, R4 and TOP-00202. R18.

All GOP and TOP functions and requirements specific to HMP&L’s 161kV transmission lines and the Station Two generating units contained in the “VAR” Reliability Standards.

Exhibit B

Additional Parties for which Notice, Acceptance, and/or Approval
of this Agreement is Required or Deemed Needed

Exhibit C

Allocation of Responsibilities and Duties for Complying with Applicable Reliability Standards

CIP_002 BREC will include HMP&L transmission facilities in its annual assessment to identify critical assets and report finding to HMP&L. HMP&L shall perform the reporting function to SERC. HMP&L is responsible to comply with all CIP functions and requirements relative to its control room and SCADA system.

EOP-001 thru EOP-005 & EOP-008 BREC will include HMP&L load into its emergency operating plans, procedures, testing, etc. relative to these specific standards. HMP&L must delegate authority to BREC and perform all functions and requirements in the implementation of these emergency plan actions as directed by BREC.

FAC Standards BREC will perform all functions and requirements of the Planning Authority (PA). HMP&L shall designate BREC as its PA. HMP&L will perform all functions and responsibilities of the Generator Owner (GO) and Transmission Owner (TO) contained in these standards.

IRO Standards HMP&L in its function as a Load Serving Entity (LSE) within the BREC Balancing Authority Area must enter into agreement with the TVA Reliability Coordinator (TVA RC) to provide RC services on its behalf. BREC will provide TVA RC all HMP&L: information required in these standards. HMP&L must provide such information to BREC.

MOD Standards BREC and HMP&L will perform required generating unit testing specific to the Station Two units contained in these standards. BREC will perform all reporting and PA functions related to this testing. HMP&L will perform all LSE functions required to support the PA functions by BREC. HMP&L will perform all functions and requirements in these standards pertaining to load forecasting, load reporting, transmission planning, and resource planning.

PRC Standards HMP&L will perform all functions and requirements contained in these standards except for BREC meeting all requirements specific to the Station Two generating units.

TPL Standards BREC will perform all PA requirements contained in these standards relative to HMP&L's 161kV transmission lines. HMP&L will perform all functions and requirements as the Transmission Planner (TP) contained in these standards.

EXHIBIT 88

PROPOSED PROCEDURAL SCHEDULE

EXHIBIT 88

PROPOSED PROCEDURAL SCHEDULE

Filing Motion to Amend Application	10/9/08
Informal Conference	10/17/08
Data requests on filing to applicants filed	10/21/08
Applicants' responses to data requests filed	11/4/08
<i>Supplemental intervenor testimony</i> filed	11/18/08
Informal Conference (if needed)	11/24/08
Hearing commences in Hearing Room 1 at 9:00 a.m.	12/2/08
Simultaneous briefs of parties filed	12/16/08
Commission order issued	1/23/09

EXHIBIT 89

**SUMMARY CHART OF
APPROVALS REQUESTED**

SCHEDULE OF APPROVALS REQUESTED BY APPLICANTS
PSC Case No. 2007-00455

APPROVAL REQUESTED	LOCATION WHERE RELIEF REQUESTED	LOCATION OF DOCUMENT(S)
<p>1. Approval of Transaction Termination Agreement (including all related documents and transactions and termination of all the agreements from the 1998 Transactions as contemplated in the Termination Agreement); Approval of the First Amendment to Transaction Termination Agreement; Approval of Letter Agreement; Approval of Second Amendment to Transaction Termination Agreement; Approval of Third Amendment to Transaction Termination Agreement</p>	<p>Application ¶¶ 58, 63; Big Rivers' June 11, 2008, Motion to Amend and Supplement Application; Big Rivers' October 9, 2008, Motion to Amend and Supplement Application ¶ 20</p>	<p>Application, Exhibit 3 (Transaction Termination Agreement; First Amendment to Transaction Termination Agreement); Application, Exhibit 3A (Letter Agreement); Big Rivers' June 11, 2008, Motion to Amend and Supplement Application, Exhibit 1 (Second Amendment to Transaction Termination Agreement); Big Rivers' October 9, 2008, Motion to Amend and Supplement Application, Exhibit 80 (Third Amendment to Transaction Termination Agreement); Big Rivers' February 14, 2008, Response to Item 3 of the Commission Staff's First Data Request (Attachments to Transaction Termination Agreement)</p>
<p>2. Approval of change in control of generating units from WKEC to Big Rivers (if required) (including findings that (i) Big Rivers will have the financial, technical, and managerial ability to provide reasonable service to its Members, and (ii) the proposed change in control is made in accordance with law, for a proper purpose, and is consistent with the public interest)</p>	<p>Application ¶ 57</p>	
<p>3. Approval of Generation Dispatch Support Services Agreement</p>	<p>Application ¶ 32</p>	<p>Application, Exhibit 16</p>
<p>4. Approval of Information Technology Support Services Agreement (if the Commission disagrees that approval is not required)</p>	<p>Application ¶ 32</p>	<p>Application, Exhibit 17</p>
<p>5. Approval of Station Two Agreements and Amendments a. Second Amendatory Agreement</p>	<p>Application ¶¶ 33, 58; Big Rivers' October 9, 2008, Motion to Amend and Supplement Application ¶¶ 27-29</p>	<p>Big Rivers' October 9, 2008, Motion to Amend and Supplement Application, Exhibit 87</p>

<p>b. Amendments to 1970 Station Two Power Sales Contract</p> <p>c. Station Two Termination and Release Agreement</p> <p>d. Station Two G&A Allocation Agreement</p> <p>e. Agreement for Assignment of Responsibility for Complying with Reliability Standards</p>		
<p>6. Approval of Alcan Wholesale Agreement, Retail Agreement, Lockbox Agreement, and Guaranty</p>	<p>Application ¶¶ 38, 70, 84; Big Rivers' June 11, 2008, Motion to Amend and Supplement Application; Big Rivers' October 9, 2008, Motion to Amend and Supplement Application ¶¶ 21-22</p>	<p>Exhibit 81 to Big Rivers' October 9, 2008, Motion to Amend and Supplement Application</p>
<p>7. Approval of Century Wholesale Agreement, Retail Agreement, Lockbox Agreement, and Guaranty</p>	<p>Application ¶¶ 38, 70, 84; Big Rivers' June 11, 2008 Motion to Amend and Supplement Application; Big Rivers' October 9, 2008, Motion to Amend and Supplement Application ¶¶ 21-22</p>	<p>Exhibit 81 to Big Rivers' October 9, 2008, Motion to Amend and Supplement Application</p>
<p>8. Approval of Smelter Coordination Agreements (if PSC disagrees that they do not require approval)</p>	<p>Application ¶ 83; Big Rivers' June 11, 2008, Motion to Amend and Supplement Application; Big Rivers' October 9, 2008, Motion to Amend and Supplement Application</p>	<p>Exhibit 81 to Big Rivers' October 9, 2008, Motion to Amend and Supplement Application</p>
<p>9. Termination of existing wholesale power contracts between Big Rivers and Kenergy regarding Tier 3 Service to the Smelters</p>	<p>Application ¶ 85</p>	<p>Application, Appendix E</p>
<p>10. Establishment of Smelter FAC Reserve regulatory account</p>	<p>Request Withdrawn</p>	
<p>11. Approval of Amendments to Big Rivers' Member Wholesale Power Contracts</p>	<p>Application ¶¶ 68, 70, 81</p>	<p>Application, Exhibit 27</p>
<p>12. Establishment of regulatory accounts (the Economic Reserve and regulatory accounts (a deferred asset and deferred liability) to accrue any positive or negative PPA adjustments attributable to Member non-Smelter energy usage)</p>	<p>Application ¶¶ 70, 78</p>	
<p>13. Approval of Tariff revisions (including Rebate Adjustment, Fuel Adjustment Clause, Unwind Surcredit, and Member Rate Stability Mechanism) (and findings that Big Rivers' existing rates combined with the proposed changes are fair, just and reasonable, and that</p>	<p>Application ¶¶ 68, 70, 73, 76; Big Rivers' October 9, 2008, Motion to Amend and Supplement Application ¶¶ 23-25</p> <p>Note: Request for extension of Member Discount Adjustment withdrawn, and Environmental Surcharge was approved in PSC Case</p>	<p>Big Rivers' October 9, 2008, Motion to Amend and Supplement Application, Exhibit 83</p>

after the closing of the Unwind Transaction, Big Rivers' existing rates without the proposed changes would not be fair, just and reasonable)	No. 2007-00460	
14. Approval of Revisions to Big Rivers' Open Access Transmission Tariff (OATT) (and finding that OATT revisions are fair, just and reasonable)	Application ¶¶ 70, 86; Big Rivers' January 30, 2008, Motion to Amend and Supplement Application; Big Rivers' October 9, 2008, Motion to Amend and Supplement Application ¶ 26	Big Rivers' October 9, 2008, Motion to Amend and Supplement Application, Exhibit 85
15. Termination and Rescheduling of IRP case	Application, Exhibit 18	
16. Termination of certain reporting requirements for Big Rivers imposed in Case Nos. 97-204 and 98-267	Application ¶ 87	
17. E.ON's requests that the PSC find that the Termination Agreement and associated transaction documents are for a proper purpose and are consistent with the public interest, and that the PSC approve the Unwind Transaction in its entirety for purposes of KRS 278.218	Application ¶ 88	
18. Termination of certain commitments for the E ON Entities imposed by the August 6, 2007, Order in Case No. 2001-104	Application ¶ 89	
19. Order (i) authorizing issuance of certain financing agreements, (ii) stating the purpose of the evidences of indebtedness, and (iii) finding that the evidences of indebtedness are for some lawful object within the corporate purposes of Big Rivers, are necessary or appropriate for or consistent with the proper performance by Big Rivers of its services to the public, will not impair its ability to perform that service, and are reasonably necessary and appropriate for that service	Big Rivers' First Amendment and Supplement to Application; Big Rivers' Second Amendment and Supplement to Application; Big Rivers' Third Amendment and Supplement to Application; Big Rivers' October 9, 2008, Motion to Amend and Supplement Application	See financing agreements listed below
20. Approval of any financing documents filed and listed by Big Rivers as not requiring PSC approval if PSC finds that the document needs approval	Big Rivers' First Amendment and Supplement to Application; Big Rivers' Second Amendment and Supplement to Application; Big Rivers' Third Amendment and Supplement to Application; Big Rivers' October 9, 2008, Motion to Amend and	Big Rivers' First Amendment and Supplement to Application; Big Rivers' Second Amendment and Supplement to Application; Big Rivers' Third Amendment and Supplement to Application; Big Rivers' October 9, 2008,

	Supplement Application	Motion to Amend and Supplement Application
21. Revolving Line of Credit Agreement dated as of _____, 2008, between Big Rivers Electric Corporation and National Rural Utilities Cooperative Finance Corporation	Big Rivers' First Amendment and Supplement to Application ¶¶ 11, 13	Big Rivers' First Amendment and Supplement to Application, Exhibit 45
22. 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	Big Rivers' First Amendment and Supplement to Application ¶¶ 11, 14	Big Rivers' First Amendment and Supplement to Application, Exhibit 46
23. 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	Request Withdrawn	Big Rivers' Second Amendment and Supplement to Application, Exhibit 50
24. 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	Request Withdrawn	See Big Rivers' Second Amendment and Supplement to Application, Exhibit 50
25. 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	Request Withdrawn	See Big Rivers' Second Amendment and Supplement to Application, Exhibit 50
26. 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	Request Withdrawn	Big Rivers' Second Amendment and Supplement to Application, Exhibit 51
27. 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.	Request Withdrawn	See Big Rivers' Second Amendment and Supplement to Application, Exhibit 51

S. Bank National Association, as Trustee		
28. 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	Request Withdrawn	See Big Rivers' Second Amendment and Supplement to Application, Exhibit 51
29. Ambac Credit Products Secured Note (PBR-1), dated as of _____, 2008, from Big Rivers Electric Corporation to Ambac Credit Products, LLC	Request Withdrawn	Big Rivers' Second Amendment and Supplement to Application, Exhibit 52
30. Ambac Credit Products Secured Note (PBR-2), dated as of _____, 2008, from Big Rivers Electric Corporation to Ambac Credit Products, LLC	Request Withdrawn	See Big Rivers' Second Amendment and Supplement to Application, Exhibit 52
31. Ambac Credit Products Secured Note (PBR-3), dated as of _____, 2008, from Big Rivers Electric Corporation to Ambac Credit Products, LLC	Request Withdrawn	See Big Rivers' Second Amendment and Supplement to Application, Exhibit 52
32. PCB Series 2001A Note dated as of _____, 2008, from Big Rivers Electric Corporation to the County of Ohio, Kentucky	Big Rivers' Second Amendment and Supplement to Application ¶ 10	Big Rivers' Second Amendment and Supplement to Application, Exhibit 53
33. Ambac Municipal Bond Insurance, Policy Series 1983 Note dated as of _____, 2008, from Big Rivers Electric Corporation to Ambac Assurance Corporation	Big Rivers' Second Amendment and Supplement to Application ¶ 11	Big Rivers' Second Amendment and Supplement to Application, Exhibit 54
34. 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	Big Rivers' Second Amendment and Supplement to Application ¶ 12	Big Rivers' Second Amendment and Supplement to Application, Exhibit 55
35. 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	Big Rivers' Second Amendment and Supplement to Application ¶ 13	Big Rivers' Second Amendment and Supplement to Application, Exhibit 56

<p>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</p>		
<p>36. 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</p>	<p>Big Rivers' Second Amendment and Supplement to Application ¶ 14</p>	<p>Big Rivers' Second Amendment and Supplement to Application, Exhibit 57</p>
<p>37. 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</p>	<p>Request Withdrawn</p>	<p>Big Rivers' Second Amendment and Supplement to Application, Exhibit 58</p>

<p>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</p>		
<p>38. 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</p>	<p>Request Withdrawn</p>	<p>Big Rivers' Third Amendment and Supplement to Application, Exhibit 65</p>
<p>39. Ambac Letter Agreement</p>	<p>Request Withdrawn</p>	<p>Big Rivers' Third Amendment and Supplement to Application, Exhibit 66</p>
<p>40. Bank of America Letter Agreement</p>	<p>Request Withdrawn</p>	<p>Big Rivers' Third Amendment and Supplement to Application, Exhibit 67</p>
<p>41. 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)</p>	<p>Big Rivers' Third Amendment and Supplement to Application ¶ 5; Big Rivers' October 9, 2008, Motion to Amend and Supplement Application ¶ 13</p>	<p>Big Rivers' October 9, 2008, Motion to Amend and Supplement Application, Exhibit 96</p>

<p>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</p>		
<p>42. 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</p>	<p>Request Withdrawn</p>	<p>Big Rivers' Third Amendment and Supplement to Application, Exhibit 69</p>
<p>43. 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</p>	<p>Request Withdrawn</p>	<p>See Big Rivers' Third Amendment and Supplement to Application, Exhibit 69</p>
<p>44. 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</p>	<p>Request Withdrawn</p>	<p>See Big Rivers' Third Amendment and Supplement to Application, Exhibit 69</p>
<p>45. 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</p>	<p>Request Withdrawn</p>	<p>Big Rivers' Third Amendment and Supplement to Application, Exhibit 70</p>

Corporation		
46. 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	Request Withdrawn	See Big Rivers' Third Amendment and Supplement to Application, Exhibit 70
47. 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	Request Withdrawn	See Big Rivers' Third Amendment and Supplement to Application, Exhibit 70
48. Omnibus Termination Agreement (Bank of America Termination Agreement)	Request Withdrawn	Big Rivers' June 11, 2008, Motion to Amend and Supplement Application, Exhibit 4
49. Letter Agreement (Bank of America Cost Share Agreement)	Request Withdrawn	Big Rivers' June 11, 2008, Motion to Amend and Supplement Application, Exhibit 5
50. Amendment of Operating and Support Agreement (Wilson Operating Agreement)	Approval granted by order dated 7/30/08	Big Rivers' June 11, 2008 Motion to Amend and Supplement Application, Exhibit 6
51. Letter Agreements regarding "Funding of Certain Amounts to be Paid to the Bank of America" and "Payment Regarding the Buy-Out of the Bank of America"	Big Rivers' October 9, 2008, Motion to Amend and Supplement Application ¶ 11	Big Rivers' October 9, 2008, Motion to Amend and Supplement Application, Exhibit 95
52. Accounting Treatment relating to Bank of America Termination Agreement and PMCC Termination Agreement	Big Rivers' October 9, 2008, Motion to Amend and Supplement Application ¶ 12	

53. Indenture dated as of _____, 2008, from Big Rivers Electric Corporation, Grantor to [Name of Trustee]	Big Rivers' Second Amendment and Supplement to Application ¶¶ 1-5; Big Rivers' October 9, 2008, Motion to Amend and Supplement Application ¶ 13	Big Rivers' October 9, 2008, Motion to Amend and Supplement Application, Exhibit 96
54. All other relief Big Rivers or E.ON entitled to	Application	

Note: The following motions filed by Big Rivers and/or E.ON are pending:

1. Big Rivers' January 30, 2008, Motion to Amend Application (to file revised OATT)
2. E.ON's March 25, 2008, Petition for Confidential Treatment (relating to AG Meeting); and 4/21/08 E.ON's April 21, 2008, Amended Petition for Confidential Treatment (relating to AG Meeting)
3. Big Rivers' March 31, 2008, Motion to Amend and Supplement Application (relating to First Amendment and Supplement to Application)
4. Big Rivers' March 31, 2008, Petition for Confidential Treatment (relating to First Amendment and Supplement to Application) – denied by letter dated 6/17/08 (subject to rehearing)
5. Big Rivers' April 10, 2008, Motion to Amend and Supplement Application (relating to Second Amendment and Supplement to Application)
6. Big Rivers' April 10, 2008, Petition for Confidential Treatment (relating to Second Amendment and Supplement to Application)
7. Big Rivers' April 17, 2008, Petition for Confidential Treatment (relating to Big Rivers' Responses to PSC's Second Supplemental Data Request)
8. Big Rivers' April 23, 2008, Motion to Amend and Supplement Application (relating to Third Amendment and Supplement to Application)
9. Big Rivers' April 23, 2008, Petition for Confidential Treatment (relating to Third Amendment and Supplement to Application) – denied by letter dated 6/17/08 (subject to rehearing)
10. E.ON's May 2, 2008, Petition for Confidential Treatment (relating to E.ON's Supplemental Responses to PSC Initial Data Request)
11. E.ON's May 2, 2008, Petition for Confidential Treatment (relating to handout from May 9 Informal Conference)
12. Big Rivers' July 3, 2008, Motion for Rehearing and Petition for Confidential Treatment - rehearing granted by order dated 7/22/08, but rehearing still pending
13. Big Rivers' October 9, 2008, Motion to Amend and Supplement Application

EXHIBIT 90

AUGUST 29, 2008, STATUS REPORT



STOLL · KEENON · OGDEN
P L L C

2000 PNC PLAZA
500 WEST JEFFERSON STREET
LOUISVILLE, KY 40202-2828
MAIN: (502) 333-6000
FAX: (502) 333-6099
www.skofirm.com

KENDRICK R. RIGGS
DIRECT DIAL: (502) 560-4222
DIRECT FAX: (502) 627-8722
kendrick.riggs@skofirm.com

August 29, 2008

VIA HAND DELIVERY

Stephanie L. Stumbo
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

RE: The Application of Big Rivers Electric Corporation for: (i) Approval of Wholesale Tariff Additions for Big Rivers Electric Corporation, (ii) Approval of Transactions, (iii) Approval to Issue Evidences of Indebtedness, and (iv) Approval of Amendments to Contracts; and of E.ON U.S. LLC, Western Kentucky Energy Corp., and LG&E Energy Marketing, Inc. for Approval of Transactions
Case No. 2007-00455

Dear Ms. Stumbo:

Enclosed please find and accept for filing the original and ten copies of the Joint Applicants' Status Report Compliance Filing in the above-referenced matter. Please confirm your receipt of this filing by placing the stamp of your Office with the date received on the enclosed additional copies and return them to me in the enclosed self-addressed stamped envelope.

Should you have any questions please contact me at your convenience.

Yours very truly,

Kendrick R. Riggs

KRR:ec
cc: Parties of Record

400001.358719/539276.1

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

STATUS REPORT COMPLIANCE FILING

The applicants ("Applicants") Big Rivers Electric Corporation ("Big Rivers"), E.ON U.S. LLC ("E.ON US"), Western Kentucky Energy Corp. ("WKEC") and LG&E Energy Marketing, Inc. ("LEM," and collectively with E.ON US and WKEC, the "E.ON Parties") make this status report filing, through counsel, to comply with the requirements of the order of the Public Service Commission ("Commission") in this matter dated August 22, 2008.

Ambac Assurance Corporation Issue

On April 18, 2000, Big Rivers consummated five virtually identical lease and leaseback transactions ("Leveraged Leases") of its ownership interest in (i) D. B. Wilson Unit No. 1 (the "Wilson Unit"); (ii) Plant Robert D. Green Unit 1 and Unit 2 (the "Green Units"); and (iii) the common facilities owned by Big Rivers which are located on the same site as the Green Units, and used in the operation of both Green Units (the "Common Facilities" and, collectively with the Wilson Unit, the Green Units and the Common Facilities, the "Facilities"). Three

transactions involved the Green Units and Common Facilities and two transactions involved the Wilson Unit.¹

These commercial transactions are different and apart from the 1998 lease transaction approved by the Commission between E.ON US and its affiliates, and Big Rivers,² and the proposed unwind transaction in this proceeding. Certain credit enhancements in the Leveraged Leases are supported by Ambac Assurance Corporation (“Ambac”). Under the Leveraged Lease documents, Big Rivers is in default if Ambac’s credit rating falls below a certain level, and Big Rivers fails to replace Ambac within 60 days with another suitable credit enhancer.

On June 19, Moody’s Investor Services, a credit rating service, announced a downgrade of Ambac’s credit rating that fell below the credit rating required by the terms of the Leveraged Lease documents (the Ambac Issue). During the conference call in this proceeding on Thursday, June 26, 2008, the parties and Commission counsel were informed that the downgrade of the credit rating of Ambac, and its implications under the Big Rivers’ Leveraged Leases created a problem (the “Ambac Issue”) that must be solved before the closing of the unwind transaction. And because that resolution was likely to impact several aspects of the filings made in Case No. 2007-00455, the Applicants requested the hearing scheduled for Tuesday, July 1, 2008 be postponed.

¹ Approval to enter into the Leveraged Leases was granted by the Commission in its orders of November 24, 1999 and March 29, 2000 in Case No. 99-450, *In the Matter of: Big Rivers Electric Corporation’s Application for Approval of a Leverage Lease of Three Generating Units*

² *In the Matter of: The Application of Big Rivers Electric Corporation, Louisville Gas and Electric Company, Western Kentucky Energy Corp., Western Kentucky Leasing Corp., and LG&E Station Two Inc. for Approval of Wholesale Rate Adjustment for Big Rivers Electric Corporation and for Approval of Transaction*, Case No. 97-204, Final Order (June 11, 1998); *In the Matter of: The Application of Big Rivers Electric Corporation for Approval of the 1998 Amendments to Station Two Contracts Between Big Rivers Electric Corporation and the City of Henderson, Kentucky and the Utility Commission of the City of Henderson*, Case No. 98-267, Final Order (July 14, 1998). See also, *In the Matter of: The Application of Big Rivers Electric Corporation, LG&E Energy Marketing Inc., Western Kentucky Energy Corp., WKE Station Two Inc and WKE Corp. for Approval of Amendments to Transaction Documents*, Case No. 2000-00118, Order (November 24, 1999).

Big Rivers, with assistance from the E.ON Parties, began working on a resolution to the Ambac Issue immediately upon receipt of notice that the Ambac downgrade had occurred. Big Rivers identified within a matter of days a concept that it believed would resolve the problem for the Philip Morris Capital Corporation (“PMCC”) entity to which the credit enhancement replacement obligations are owed by Big Rivers. PMCC is one of two original equity parties involved in the Leveraged Lease transactions consummated by Big Rivers in 2000.³ Under the existing Leveraged Leases, PMCC, through three Owner Participant Trusts, presently holds the beneficial interests in three leases of undivided interests in the generation facilities at the Facilities. Under each of these leases, the undivided interests in the leased plants are leased back to Big Rivers such that the Owner Participant leases are “invisible” to the public as far as the operation of the plants is concerned.

That concept was vetted with Big Rivers’ board, Big Rivers’ member cooperatives, the E.ON Parties, the smelter parties to this proceeding and Big Rivers’ creditors. Big Rivers creditors other than the Rural Utilities Service (“RUS”) have worked with Big Rivers to draft documents that would implement the solution identified by Big Rivers, if that solution is accepted by RUS. The RUS is currently considering the solution, but has most recently requested changes in the solution that would require changes in the structure of the Unwind Transaction.

Based upon a number of factors, including timing and the RUS concerns, Big Rivers and the E.ON Parties began working last week on alternate terms for a solution that they hope will be presented to Big Rivers’ creditors, including RUS, within the next few days. Among other

³ Bank of America Leasing Corporation was the other original equity party to the Leverage Lease transaction. On June 27, 2008, Commission General Counsel issued an advisory opinion in connection with the early termination of the two Leveraged Leases held by Bank of America Leasing Corporation. The termination of those two leases occurred with the closing of the transaction on June 30, 2008, leaving PMCC as the only remaining equity party to the Leverage Leased transaction.

things, the alternate solution will be simpler than the first solution proposed by Big Rivers. Late this week, Big Rivers and the smelter parties agreed in concept to the alternate solution. The proposed agreements with the smelter parties must be amended if the alternate solution is pursued.

All parties required to solve the Ambac Issue have been working hard to achieve an acceptable and workable resolution. The RUS has given extraordinary attention to this task. The Applicants are optimistic that the alternate solution to the Ambac Issue will be acceptable to the parties. If the Applicants are correct, based upon the work done to date this alternate solution can be documented relatively quickly after the key parties agree to it. A supplemental report on the progress made by the Applicants will be filed with the Commission by Monday, September 8, 2008.

The City of Henderson, Utility Commission Issue

The City of Henderson and the City of Henderson, Utility Commission (collectively, "Henderson") must consent to early termination of the Station Two Agreement in the Big Rivers-E.ON Parties existing transaction for the Unwind Transaction to be consummated. Henderson continues to assert that (1) Henderson retail customers are subsidizing the profits of WKEC currently, and Big Rivers in the future, because while Henderson must pay for its share of Station II capacity, Henderson only receives a margin of \$1.50/MWH for excess energy utilized by WKEC and Big Rivers; and (2) there are a number of maintenance and repair claims with Station II resulting from WKEC's operation of the Station Two facility. While strongly disagreeing with Henderson's claims, Big Rivers and WKEC have made several *good faith offers* to address these matters in order to obtain Henderson's consent to the Unwind Transaction.

Since the end of June, representatives of one or more of Big Rivers, WKEC and the smelters have met or otherwise communicated with representatives of the Henderson on multiple occasions, and have appeared before the City of Henderson City Commission. Big Rivers and WKEC have made several good faith offers to address these matters in order to obtain Henderson's consent to the Unwind Transaction. Each and every offer has been rejected by the Henderson utility commission.

Both Big Rivers and WKEC are evaluating the next steps, and nevertheless continue to believe that a mutually acceptable solution to these matters can be reached with Henderson. But that resolution is more likely to occur after the Commission has issued an order approving the *Unwind Transaction* on the condition that Henderson's consent to the Unwind Transaction is obtained.

Unwind Financial Model

As promised to Commission staff and the Attorney General, along with any other filings made by Big Rivers in advance of the hearing in this matter, Big Rivers expects to file an update of the Unwind Financial Model to reflect material, known changes in the model.

Revisions to Procedural Schedule

Big Rivers and WKEC expect to propose a revised procedural schedule, including a proposed hearing date, as soon as a solution to the Ambac Issue has been given tacit approval by Big Rivers' creditors, including RUS. At that time, Big Rivers will propose a schedule for filing and review of the documents required to accomplish resolution of the Ambac Issue, along with revisions to any documents already filed that are altered by that resolution, any new documents required by that resolution, and testimony or other explanation required to describe the Ambac Issue resolution and the changes to the Unwind Financial Model.

Transmission Project Certificate of Convenience and Necessity

Big Rivers was granted a certificate of public convenience and necessity in P.S.C. Case No. 2007-00177 to construct what Big Rivers has called the "Phase II" transmission project. The Phase II transmission project is required if the Unwind Transaction closes and Big Rivers provides the level of service to Kenergy for resale to the smelter parties that is contemplated in this proceeding. But Big Rivers will not commence construction of the Phase II transmission project unless and until the Unwind Transaction closes.

That certificate was granted on October 30, 2007. As the Commission is aware, unless exercised within one year after that date, exclusive of any delay due to failure to obtain any necessary grant or consent, the authority conferred by the issuance of the certificate is void. Based upon the current status of this proceeding, Big Rivers will not be in a position to commence construction of the Phase II transmission project until sometime after October 30, 2008. Big Rivers will accordingly be taking steps to seek the Commission action necessary to preserve the authority granted in this critical piece of the Unwind Transaction.

Other Issues

Big Rivers and WKEC continue to work on other closing related items, and have targeted November 21, 2008 as the closing date, assuming the agreed conditions precedent to that closing have been satisfied by that date. A complete update on the progress made toward resolving closing-related items will be provided to the Commission along with the filing presenting the resolution to the Ambac Issue.

Timing

As soon as Big Rivers receives notification from the parties to the resolution of the Ambac Issue that the alternate resolution strategy is acceptable, and can be documented, Big Rivers and the E.ON Parties will advise the Commission and the parties to this proceeding of this

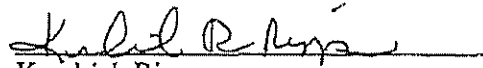
fact, and will propose an amendment to the procedural schedule, including dates for an informal conference and a hearing. If this alternate resolution of the Ambac Issue is acceptable to the necessary parties to it, Big Rivers and the E.ON Parties expect to give notification of that fact as soon as possible, perhaps within the next ten days considering the effect of the holiday weekend on the availability of persons who make decisions for the other parties. Big Rivers and the E.ON Parties will keep the Commission and the parties to this proceeding abreast of the progress of the resolution of the Ambac Issue by e-mail message to the counsel of record.

Should the Commission have any questions at any time about the contents of this report or the status of the transaction, please contact us at your first convenience.

Dated: August 29, 2008

James M. Miller / *for Big Rivers*
James M. Miller *with permission*
Tyson Kamuf
Sullivan, Mountjoy, Stainback
& Miller, P.S.C.
100 St. Ann Street
P.O. Box 727
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COUNSEL FOR BIG RIVERS
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COUNSEL FOR E.ON U.S., LLC,
WESTERN KENTUCKY ENERGY
CORP. AND LG&E ENERGY
MARKETING INC.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

O R D E R

The record in this case reflects that a telephone conference was held on June 25, 2008 and that all parties agreed to postpone the public hearing which had been scheduled for July 1, 2008. The reason for the postponement was to allow the Joint Applicants additional time to determine an appropriate course of action to respond to the financial downgrade of Ambac Assurance Corporation ("Ambac"), the entity providing credit support to an existing leveraged lease transaction of Big Rivers Electric Corporation. Almost 2 months have passed since that conference and none of the Joint Applicants has filed any information with the Commission on the status of either the Ambac issue or the consent of the City of Henderson Utility Commission d/b/a Henderson Municipal Power & Light ("Henderson") to proceed with the transactions proposed in this case.

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that the Joint Applicants should file, individually or jointly, a report which addresses both the Ambac issue and the consent of Henderson with the proposed transactions. For each of these issues, the report should separately disclose in detail the actions taken over the past 2 months to resolve the issue, the current status of the issue, and the future actions needed to resolve the issue along with a timeline to complete those actions. In addition, if any new issues have arisen in the intervening period, they should also be identified and addressed.

IT IS THEREFORE ORDERED that, within 7 days of the date of this Order, Joint Applicants shall file, individually or jointly, a detailed status report, as described in the findings above, on the issues of Ambac, the consent of Henderson, and any new issues.

Done at Frankfort, Kentucky, this 22nd day of August, 2008.

By the Commission

Chairman Armstrong abstains.

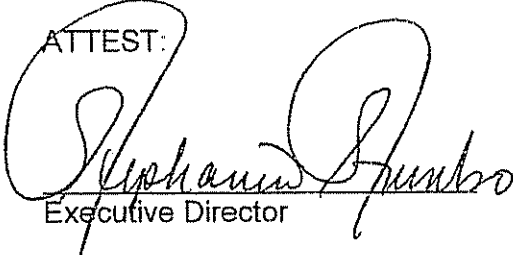
ATTEST:

Executive Director

EXHIBIT 91

**SUPPLEMENTAL DIRECT TESTIMONY OF
PAUL A. THOMPSON**

1 **Q. Please state your name, position and business address.**

2 A. My name is Paul W. Thompson. I am the Senior Vice President - Energy Services for
3 E.ON U.S. LLC, which provides services to Western Kentucky Energy Corp. and LG&E
4 Energy Marketing, Inc. My business address is 220 West Main Street, Louisville,
5 Kentucky 40202.

6 **Q. Have you previously submitted testimony in this proceeding?**

7 A. Yes, I submitted my original testimony on December 17, 2007 as part of the Application
8 in this case on behalf of E.ON U.S. LLC ("E.ON US"), Western Kentucky Energy Corp.
9 ("WKEC") and LG&E Energy Marketing, Inc. ("LEM," and collectively with E.ON US
10 and WKEC, the "E.ON Parties"). On June 11, 2008, I submitted revisions to my
11 testimony to reflect the additional consideration to be paid by WKEC to Big Rivers
12 Electric Corporation ("Big Rivers") as part of the new terms and conditions to be
13 proposed in settlement of this case and to reflect terms and conditions of a Memorandum
14 of Understanding pursuant to which WKEC will deliver to a financial institution at
15 closing a cash payment to be held in escrow by the financial institution for a ten-year
16 period following the date of the closing, for the purpose of providing the smelter load a
17 financial source for monthly rebates associated with the recent increases in the forecasted
18 costs of fuel required for the operation of the generation stations to serve the smelter load.
19 Exhibit PWT-4 to my June 11, 2008 testimony contains the Memorandum of
20 Understanding between WKEC and the two smelter customers with respect to these
21 escrow arrangements.

1 Q. Are you sponsoring any exhibits with this Supplemental Testimony?

2 A. Yes, I am sponsoring the following revised exhibits: Revised Exhibit PWT-3, a schedule
3 summarizing the value of the consideration related to the Termination Agreement to be
4 provided directly to Big Rivers by WKEC as described in my original testimony on
5 December 17, 2007; in my revised testimony on June 11, 2008; and in this testimony
6 filed on October 9, 2008, based on a closing date in February 2009. Next, I am
7 sponsoring Revised Exhibit PWT-4 showing the changes to the Memorandum of
8 Understanding between WKEC and the two smelter customers with respect to certain
9 escrow arrangements. This document was originally filed as Exhibit PWT-4 in my June
10 11, 2008 testimony. Revised Exhibit PWT-4 shows the version of the same document
11 with the changes since that time and the separate escrow agreement between the two
12 smelter customers.

13 In addition to the revised exhibits described above, I am sponsoring the following
14 new exhibits:

- | | |
|---------------|--|
| Exhibit PWT-5 | Third Amendment to Transaction Termination Agreement |
| Exhibit PWT-6 | Second Amendatory Agreement among BREC, the E.ON Entities and the City of Henderson |
| Exhibit PWT-7 | Station Two Termination and Release Agreement between BREC and the E.ON Entities |
| Exhibit PWT-8 | Century / Southwire / E.ON / Kenergy Termination and Release Agreements |
| Exhibit PWT-9 | Term Sheet Proposal of E.ON U.S. to Resolve Outstanding Issues between Henderson Municipal Power and Light and E.ON U.S. |

15

1 **Big Rivers**

2 **Q. Has E.ON US, WKEC or LEM agreed to provide Big Rivers additional**
3 **consideration in addition to the amount identified in your testimony on December**
4 **17, 2007 and June 11, 2008?**

5 A. Yes. In addition to the items identified in the data responses filed to date with the
6 Commission in this proceeding, WKEC will deliver to Big Rivers at the closing certain
7 forms of additional consideration which are now evidenced by and in the Third
8 Amendment to Transaction Termination Agreement. That document is marked as
9 Exhibit PWT-5 and is attached to my testimony.

10 **Q. What is the purpose of the Third Amendment to Transaction Termination**
11 **Agreement?**

12 A. The E.ON Parties and Big Rivers have decided to amend the Termination Agreement in
13 the manner set forth in this Third Amendment in order to increase the Termination
14 Payment contemplated to be paid by WKEC to Big Rivers at the Closing, and in order to
15 evidence certain additional agreements and understandings among them with respect to
16 certain actual or potential environmental and operational conditions or circumstances, or
17 other issues that have been identified by Big Rivers through its routine due diligence
18 investigation of the generating plants. I describe below in more detail the contents of the
19 Third Amendment.

20 **Q. Please describe the additional consideration to be paid by WKEC to Big Rivers at**
21 **closing.**

22 A. Among other things, in addition to the \$383,500,000.00, previously identified in this
23 record, WKEC will pay one-half of the net buyout cost of the Philip Morris Capital
24 Corporation leveraged leases.

1 **Q. Will you please describe the leveraged leases at issue?**

2 A. Yes. On April 18, 2000, Big Rivers consummated five virtually identical lease and
3 leaseback transactions (“Leveraged Leases”) of its ownership interest in (i) D. B. Wilson
4 Unit No. 1 (the “Wilson Unit”); (ii) Plant Robert D. Green Unit 1 and Unit 2 (the “Green
5 Units”); and (iii) the common facilities owned by Big Rivers which are located on the
6 same site as the Green Units, and used in the operation of both Green Units (the
7 “Common Facilities” and, collectively with the Wilson Unit, the Green Units and the
8 Common Facilities, the “Facilities”). Three transactions involved the Green Units and
9 Common Facilities and two transactions involved the Wilson Unit.¹

10 **Q. Are these Leveraged Leases related to the original 1998 lease transaction between**
11 **Big Rivers and WKEC which is the subject of this proceeding and the proposed**
12 **Transaction Termination Agreement or the “Unwind Transaction”?**

13 A. No. Not at all. These commercial transactions are different and apart from the 1998
14 lease transaction approved by the Commission between E.ON US and its affiliates, and
15 Big Rivers,² and the proposed Unwind Transaction in this proceeding. E.ON US and its
16 affiliates were not a party to the Leveraged Leases transaction except to the extent
17 necessary to accommodate the structure of the Leveraged Leases transaction and to

¹ Approval to enter into the Leveraged Leases was granted by the Commission in its orders of November 24, 1999 and March 29, 2000 in Case No. 99-450, *In the Matter of: Big Rivers Electric Corporation’s Application for Approval of a Leverage Lease of Three Generating Units*.

² *In the Matter of: The Application of Big Rivers Electric Corporation, Louisville Gas and Electric Company, Western Kentucky Energy Corp., Western Kentucky Leasing Corp., and LG&E Station Two Inc for Approval of Wholesale Rate Adjustment for Big Rivers Electric Corporation and for Approval of Transaction*, Case No. 97-204, Final Order (June 11, 1998); *In the Matter of: The Application of Big Rivers Electric Corporation for Approval of the 1998 Amendments to Station Two Contracts Between Big Rivers Electric Corporation and the City of Henderson, Kentucky and the Utility Commission of the City of Henderson*, Case No. 98-267, Final Order (July 14, 1998). See also, *In the Matter of: The Application of Big Rivers Electric Corporation, LG&E Energy Marketing Inc., Western Kentucky Energy Corp., WKE Station Two Inc and WKE Corp. for Approval of Amendments to Transaction Documents*, Case No. 2000-00118, Order (November 24, 1999)

1 protect E.ON US and its affiliates' rights under the 1998 lease transaction with Big
2 Rivers

3 **Q. Were the Leveraged Leases supported by credit enhancement instruments?**

4 A. Yes. Certain credit enhancements in the Leveraged Leases that were supported by
5 Ambac Assurance Corporation ("Ambac") created an impediment to the consummation
6 of the Unwind Transaction. Under the terms of the Leveraged Lease documents, Big
7 Rivers would become in default if Ambac's credit rating falls below a certain level, and
8 Big Rivers failed to replace Ambac within 60 days with another suitable credit enhancer.

9 **Q. Was Ambac downgraded by the rating agencies?**

10 A. Yes. On June 19, Moody's Investor Services, a credit rating service, announced a
11 downgrade of Ambac's credit rating that fell below the credit rating required by the terms
12 of the Leveraged Lease documents ("the Ambac Issue"). During the conference call in
13 this proceeding on Thursday, June 26, 2008, the parties and Commission counsel were
14 informed that the downgrade of the credit rating of Ambac, and its implications under
15 Big Rivers' Leveraged Leases created a problem for Big Rivers' ongoing financial health
16 that had to be solved before the closing of the Unwind Transaction. And because that
17 resolution was likely to impact several aspects of the filings made in this record, the
18 progress of this proceeding was effectively delayed until now.

19 **Q. Who is Philip Morris Capital Corporation?**

20 A. Philip Morris Capital Corporation through its subsidiary Bluegrass Leasing (collectively
21 "PMCC") was the entity to which the credit enhancement replacement obligations were
22 owed by Big Rivers. PMCC was one of two original equity parties involved in the

1 Leveraged Lease transactions consummated by Big Rivers in 2000.³ Under the then
2 existing Leveraged Leases, PMCC, through three Owner Participant Trusts, held the
3 beneficial interests in three leases of undivided interests in the generation facilities at the
4 Facilities. Under each of these leases, the undivided interests in the leased plants were
5 leased back to Big Rivers such that the Owner Participant leases were “invisible” to the
6 public as far as the operation of the plants is concerned.

7 **Q. Did Big Rivers resolve the Ambac Issue?**

8 A. Yes. Big Rivers found a solution for resolving this dilemma to the satisfaction of both
9 PMCC and Big Rivers’ other creditors, which now allows the termination transaction to
10 proceed, through a negotiated, early termination of the PMCC Leveraged Leases. The
11 record in this proceeding shows that Big Rivers successfully terminated the PMCC
12 Leverage Leases on September 30, 2008.

13 **Q. Why then is WKEC making this additional payment to Big Rivers?**

14 A. Given the importance of the termination transaction to all constituents involved,
15 including the E.ON Parties, and given the numerous complexities that would survive
16 even assuming the termination transaction could be consummated with those leverage
17 leases still intact, E.ON is willing to pay Big Rivers at the closing of the termination
18 transactions one-half of the net cash termination payment for the termination of the three
19 leveraged leases held by PMCC. This payment is presently estimated to be approximately
20 \$61 million.

³ Bank of America Leasing Corporation was the other original equity party to the Leverage Lease transactions. On June 27, 2008, Commission General Counsel issued an advisory opinion in connection with the early termination of the two Leveraged Leases held by Bank of America Leasing Corporation. The two leases were terminated on June 30, 2008, leaving PMCC then as the only remaining equity party to the Leverage Leased transactions. The transaction documents are filed in the record in this case.

1 **Q. Are there other documents which support the PMCC transaction?**

2 A. Yes. The Creditor Consent, Termination and Release Agreement is the document by
3 which the RUS, Ambac and BREC's other secured creditors, on the one hand, and the
4 E.ON parties, on the other, agreed to terminate an Intercreditor Agreement between them,
5 dating back to the 1998 lease transactions (but restated at the time of the Leveraged Lease
6 transactions to include as additional parties the entities involved in the Leveraged Lease
7 transactions) , and to release each other from any further obligations associated with that
8 agreement, among other related commitments, effective as of the unwind closing. This
9 document is being filed in this case by Big Rivers along with the other transaction
10 documents.

11 **Q. Does the cash termination of the three PMCC Leverage Leases eliminate the need
12 for the “put option” you described in your original testimony?**

13 A. Yes. In my original testimony, I described how, to address concerns raised by one of Big
14 Rivers' secured creditors, PMCC, E.ON US had agreed in principle to enter into a “put
15 option” agreement with PMCC at the closing of the termination transactions. That put
16 option agreement provided that if, at anytime between the closing and May of 2027, Big
17 Rivers would have defaulted under its 2000 Leveraged Lease transactions with PMCC, or
18 if E.ON US failed to maintain an agreed-upon net worth or to keep its agreed-upon credit
19 support in place, PMCC would be entitled to transfer its beneficial interests in the trusts
20 holding its defeased lease interests to an affiliate of E.ON US for cash in the amount of
21 the then aggregate Equity Termination Values under its Leveraged Leases. The put
22 option agreement is no longer necessary because of the cash termination of the PMCC
23 Leveraged Leases.

1 Q. Are there other forms of consideration reflected in the Third Amendment to
2 Transaction Termination Agreement?

3 A. Yes. Exhibit PWT-5 contains the Third Amendment to Transaction Termination
4 Agreement which reflects, among other items, the various resolutions of certain
5 environmental, operational and other issues that have been identified in the course of
6 routine due diligence, an update of Exhibit S to include a number of additional
7 documents relating to the unwind that have been developed since the March 26, 2007
8 date of the Termination Agreement, and, the addition to the closing date cash
9 "Termination Payment" by WKEC to Big Rivers of (a) the contribution of E.ON US
10 toward the net cash consideration for the termination of the PMCC Leveraged Leases as
11 described above, and (b) an additional \$172,500.00, representing WKEC's agreed
12 reimbursement to Big Rivers relating to its previous 20% funding of the installation costs
13 of the Reid 1 gas burners, the cleaning of the stack at Plant Wilson, the addition of
14 certain new fuel inventory level conditions to closing, the addition of a payment by
15 WKEC of certain administrative and personnel costs to be incurred by Big Rivers in the
16 event the closing does not occur, and the addition of an agreement of Big Rivers to
17 purchase certain barges owned by WKEC for an amount equal to the net book value that
18 WKEC has on its books for such barges. The Third Amendment also updates certain
19 Schedules to the Termination Agreement relating to SO₂ allowance allocations and
20 capital expenditure fundings by WKEC, in order to accommodate a closing of the
21 termination transactions in 2009.

1 Q. Do you have a schedule that summarizes the consideration that the E.ON Parties
2 will provide Big Rivers associated with this transaction?

3 A. Yes. In addition to the data responses and documents filed in this record, Revised
4 Exhibit PWT-3 contains a schedule summarizing the value of the consideration related to
5 the Termination Agreement to be provided directly to Big Rivers by WKEC, as described
6 in my original testimony on December 17, 2007; in my revised testimony on June 11,
7 2008; and in this testimony filed on October 9, 2008. Revised Exhibit PWT-3 shows the
8 total value of the consideration.

9 **Smelters**

10 Q. Would you please describe the consideration paid to the Smelter customers?

11 A. Yes. In addition to the consideration that I describe as described in my original testimony
12 on December 17, 2007 and in my revised testimony on June 11, 2008; the E.ON Parties
13 have agreed to make a lump sum payment, to the smelters' escrow agent under the
14 escrow agreement; and those funds will be distributed by the escrow agent to the smelters
15 pursuant to the escrow agreement (in proportions agreed between them) over a thirty-
16 month period following the date of the closing. A portion of the funds are conditioned
17 that the Smelters continue to operate their facilities that currently exist in Western
18 Kentucky for a minimum period. In the event both smelters discontinue operations
19 during this period, the escrow agent will pay this portion of the funds to a non-profit
20 economic development agency, Northwest Kentucky Forward Economic Development,
21 in Henderson, Kentucky. The remaining portion of the supplemental payment will be
22 handled in the same manner as the initial \$70 million as described in the Memorandum of
23 Understanding. The entire supplemental payment is for anticipated future increases in
24 the costs of the operations of the smelters. Revised Exhibit PWT-4 contains the revised

1 Memorandum of Understanding between WKEC and the two smelter customers with
2 respect to distribution of funds associated with the fuel changes pursuant to the escrow
3 arrangements. The details of the account disbursements for the second lump sum
4 payment are set forth in the escrow agreement by and between the two Smelters and the
5 escrow agent, a copy of which is also contained in Revised Exhibit PWT-4.

6 **Q. Would you please explain Exhibit PWT-8?**

7 A Yes. Exhibit PWT-8 contains the Century / Southwire / E.ON / Kenergy Termination and
8 Release Agreements. While the initial drafts of these agreements were attached to the
9 Termination Agreement when it was signed in March 2007, those drafts had not yet been
10 reviewed and approved by the smelter customers of Kenergy Corp. Through subsequent
11 negotiations with the smelter customers, these documents have now been completed. The
12 E.ON Parties, Kenergy Corp. and the smelters customers are the only parties to these
13 documents.

14 **City of Henderson**

15 **Q. Would you please explain the current contractual relationship between the E.ON
16 Parties and the City of Henderson?**

17 A Yes. On June 30, 1997, Big Rivers submitted its Plan of Reorganization under Chapter
18 11 of the Bankruptcy Code to the Kentucky Public Service Commission. Effective July
19 15, 1998, Big Rivers, WKEC and LEM entered into the approximately 25-year lease and
20 related transactions for the lease, use and operation by WKEC of the generating stations
21 and related assets owned by Big Rivers and for certain power purchase and sale
22 transactions among Big Rivers, WKEC and LEM. In addition, an important part of the
23 1998 lease and related transactions was the assignment, for a term of approximately
24 twenty-five years, by Big Rivers to a predecessor affiliate of WKEC (WKE Station Two

1 Inc., which was subsequently merged into WKEC) of substantially all of Big Rivers'
2 rights in certain agreements between Big Rivers and the City of Henderson, including,
3 among other things, all of Big Rivers' contractual rights and obligations (a) to operate the
4 two-unit Henderson Municipal Power and Light Station Two generating station of the
5 City of Henderson ("HMP&L Station Two"); and (b) to purchase from the City of
6 Henderson the energy outputs of HMP&L Station Two in excess of the needs of the City
7 and its retail distribution customers. As a part of the 1998 lease and related transactions,
8 in various combinations, WKEC (including WKE Station Two Inc., which subsequently
9 merged into WKEC), LEM, Big Rivers, the City of Henderson and the City of Henderson
10 Utility Commission executed amendments to certain of Big Rivers' existing agreements
11 relating to HMP&L Station Two and entered into certain new agreements, including the
12 Agreement and Amendments to Agreements dated July 15, 1998 (the Agreement and
13 Amendments to Agreements dated July 15, 1998, as amended, is herein call the "Station
14 Two Agreement"), in connection with such assignments.

15 **Q. Would you please describe Exhibits PWT-6, 7 and 9?**

16 A. Yes. Exhibit PWT-6 contains an unexecuted draft of a proposed Second Amendatory
17 Agreement among Big Rivers, the E.ON Parties and the City of Henderson. Exhibit
18 PWT-7 contains the Station Two Termination and Release Agreement between Big
19 Rivers and the E.ON Parties. These agreements are submitted for the Commission's
20 approval at this time in order to facilitate a closing of the Unwind Transaction by the end
21 of February 2009. Exhibit PWT-9 contains the Term Sheet Proposal of E.ON US to
22 Resolve Outstanding Issues between Henderson Municipal Power and Light and E.ON
23 US which is a proposal to resolve outstanding issues among Henderson and the E.ON

1 Parties. Such proposal was presented to Henderson Municipal Power and Light by E.ON
2 US on October 7, 2008.

3 **Q. Will you please describe the proposed Second Amendatory Agreement with the City
4 of Henderson and the City of Henderson Utility Commission?**

5 A. Yes. The City of Henderson and the City of Henderson Utility Commission
6 (collectively, "Henderson") must consent to an early termination of the Station Two
7 Agreement for the Unwind Transaction to be consummated. Under the proposed *Second*
8 *Amendatory Agreement* (Exhibit PWT-6), the expiration date now contained in the
9 Station Two Agreement will be accelerated to the date of closing of the Unwind
10 Transaction, resulting in the early termination of the Station Two Agreement, including
11 termination of the approximately twenty-five year right of WKEC to operate HMP&L
12 Station Two and to purchase excess power therefrom. Under this approach, Henderson
13 would retain all of its rights under the Station Two Agreement, including its rights to
14 bring certain claims against WKEC, if it desired, that were contemplated by express
15 terms in the Station Two Agreement to survive the expiration of the agreement.

16 Going forward, Big Rivers will have complete responsibility for the operation and
17 maintenance of HMP&L Station Two, subject to certain rights of control and direction
18 vested in the City of Henderson or the City of Henderson Utility Commission. The
19 Second Amendatory Agreement also contemplates that WKEC will pay to Henderson a
20 fee in exchange for its agreement to an early termination.

21 WKEC and Big Rivers met with Henderson on October 7, 2008 and WKEC has
22 offered, as set forth in more detail in the Term Sheet Proposal of E.ON US to Resolve
23 Outstanding Issues between Henderson Municipal Power and Light and E.ON US

1 (Exhibit PWT-9) and in exchange for Henderson's agreement hereto, to pay Henderson a
2 sum of \$1,000,000, to fund an escrow account at closing in an amount equal to \$3 million
3 to be disbursed to Henderson as a reimbursement of capital expenditures at Station Two
4 incurred by Henderson after the closing date, and to reimburse Henderson for various of
5 its legal fees and expenses. As of the date of my testimony, Henderson has not agreed to
6 accept this offer. Finally, the Second Amendatory Agreement provides for the
7 termination of certain other related documents and for certain releases to effectuate the
8 early termination.

9 The Second Amendatory Agreement is tendered at this time so that if the E.ON
10 Parties and Henderson can reach agreement *within the parameters of the proposed-to-be-*
11 *approved agreement*, further review and affirmative approval by the Commission will not
12 be required prior to the closing the Unwind Transaction. The E.ON Parties will certainly
13 file a complete and accurate copy of the final agreement with the Commission prior to
14 closing along with a detailed description showing how the *final agreement is within the*
15 *parameters of the Commission's order to be issued in this proceeding.*

16 Approval of the Second Amendatory Agreement in no way alters Henderson's
17 existing ability to exercise its right to consent as a condition precedent to the early
18 termination of the Station Two Agreement. Henderson itself stated in its September 3,
19 2008 letter to the Commission in this case that "issues being discussed are independent of
20 and unrelated to any action the Commission may take in approving the unwind" and
21 further assured the Commission that "Henderson's position now will be its position post
22 decision." Approval of the Second Amendatory Agreement will only allow the E.ON
23 Parties the opportunity to obtain the consent of Henderson without instituting an

1 additional, and redundant, post-approval Commission proceeding, so long as the ultimate
2 agreement is within the parameters of the proposed amendments. This procedure will
3 ensure that regulatory review of the agreement takes place in the most efficient manner.

4 **Q. Will you please describe the existing contract disputes referenced in the first portion**
5 **of Exhibit PWT-9?**

6 A. Yes. The four disputes referenced in the first portion of Exhibit PWT-9 (i.e. Excess
7 energy value and method, Back-up energy cost and method, 2004 H1 Thermal event and
8 2006 Coal inventory adjustment) are certain disputes which arose in connection with the
9 existing contractual relationship between E.ON US and Henderson Municipal Power and
10 Light. The parties, after various negotiations, have conditionally agreed on the resolution
11 of these matters, subject to the resolution of the plant condition claims and receipt of
12 Henderson Municipal Power and Light's consent to the unwind transaction.

13 **Q. Will you please describe the proposed and the proposed Station Two Termination**
14 **and Release Agreement between E.ON and Big Rivers?**

15 A. Yes. The proposed Station Two Termination and Release Agreement (Exhibit PWT-7) is
16 the document contemplated in the Transaction Termination Agreement as to effect a
17 termination and release, as between Big Rivers and the E.ON entities only, at the unwind
18 closing of the rights and obligations between those parties relating to HMP&L Station
19 Two, including various agreements entered into by them at or subsequent to the time of
20 the 1998 transactions. Following the unwind transaction closing, any residual rights or
21 obligations between those parties relating to HMP&L Station Two will be set forth solely
22 in the Transaction Termination Agreement and certain of the other closing documents to
23 be executed in connection with the unwind transactions.

1 **Ethical Negotiations**

2 **Q. Have the E.ON Parties ethically negotiated the commercial transactions that are the**
3 **subject of this proceeding?**

4 A. Yes. The E.ON Parties or their agents have not given or received and will not give or
5 receive any commission, payment, kickback, secret rebate or other similar thing of value
6 to or from any employee or agent of the other counter-parties in connection with these
7 commercial transactions.

8 **Remaining Steps**

9 **Q. Are there any other regulatory steps that are necessary for E.ON US, WKEC or**
10 **LEM to consummate the termination transactions?**

11 A. Yes. As conditions precedent to the consummation of the termination transactions, E.ON
12 US or WKEC must obtain from the Internal Revenue Service and the Kentucky Revenue
13 Cabinet certain revenue rulings with respect to discrete aspects of the transactions or the
14 consideration being paid in connection with them. Those rulings have been obtained and
15 filed in this record. In addition, the consummation of the transactions will require the
16 consent and cooperation of the Rural Utilities Service ("RUS"), acting in its capacity as a
17 lender to and secured creditor of Big Rivers, and a party to a certain inter-creditor
18 agreement with WKEC and LEM (among other parties). The testimony of Big Rivers
19 explains that RUS has agreed in principle to the transaction.

20 WKEC and Big Rivers are required and will be making filings with the Federal
21 Trade Commission ("FTC") and with the Department of Justice ("DOJ") pursuant to the
22 Hart Scott Rodino Antitrust Improvements Act, and must either receive an early
23 termination of the 30-day waiting period under that Act or must wait for the expiration of
24 that waiting period, prior to closing the unwind transaction. Lastly, WKEC, together

1 with certain affiliates, has filed for acceptance of certain notices regarding, and sought
2 certain approvals of, or disclaimers of jurisdiction over, discrete aspects of the
3 termination transactions from the Federal Energy Regulatory Commission (“FERC”)
4 under various sections of the Federal Power Act. The FERC has issued three orders in
5 response to those filings, and those orders have been filed with the Commission in this
6 proceeding. WKEC will notify the FERC within ten days of the date the Unwind
7 Transaction is consummated as FERC has required, and in its notice WKEC intends to
8 describe the changes to the Unwind Transactions detailed in this supplemental testimony.
9 In addition, WKEC and LEM will make various ministerial filings as required by FERC’s
10 orders and as it otherwise deems appropriate to reflect the transfer of control over the
11 generation assets to Big Rivers.

12 **Q. What is your recommendation?**

13 A. The E.ON Parties recommend that the Commission approve the Termination Agreement,
14 as amended and related termination transactions in time to allow the parties to close those
15 transactions by the end of February 2009. To achieve this scheduling, the Commission
16 should issue its order no later than January 23, 2009. An order by this date will allow the
17 thirty-three day appeal period to expire and a closing by Thursday, February 26, 2009.

18 **Q. Does this conclude the supplemental testimony?**

19 A. Yes.

APPENDIX

PAUL W. THOMPSON
Senior Vice President - Energy Services
E.ON U.S. LLC
220 West Main Street
Louisville, Kentucky 40202
(502) 627-3861

Previous Positions:

LG&E Energy Marketing, Louisville, KY
1998 - 1999 Group Vice President

Louisville Gas and Electric Company, Louisville, KY
1996 - 1999 Vice President, Retail Electric Business

LG&E Energy Corp., Louisville, KY
1994 - 1996 (Sept) Vice President, Business Development
1994 - 1994 (July) Louisville Gas and Electric Company, Louisville, KY
 General Manager, Gas Operations

LG&E Energy Corp., Louisville, KY
1991 - 1993 Director, Business Development

Koch Industries Inc.
1990 - 1991 Koch Membrane Systems, Boston, MA
 National Sales Manager, Americas

1989 - 1990 John Zink Company, Tulsa, OK
 Vice President, International

Lone Star Technologies (a former Northwest Industries subsidiary)
1988 - 1989 John Zink Company, Tulsa, OK
 Vice Chairman

1986 - 1988 Hydro-Sonic Systems, Dallas, TX
 General Manager

1986 - 1986 (July) Ft. Collins Pipe, Dallas, TX
 General Manager

1985 - 1986 Lone Star Technologies, Dallas, TX
 Assistant to Chairman

1980 - 1985 Northwest Industries, Chicago, IL
 Manager, Financial Planning

Civic Activities:

Friends of the Waterfront Board
Library Foundation Board
 Chair, Annual Appeal 2002
 Co-Chair, Annual Children's Reading Appeal 1999, 2000 and 2001

March of Dimes
 Honorary Chair, 1997 and 1998

Habitat for Humanity - Representing LG&E as co-sponsor

Education:

University of Chicago
MBA in Finance and Accounting, 1981
Massachusetts Institute of Technology (MIT)
MS in Mechanical Engineering, 1979
Leadership Louisville, 1997-98

Exhibit PWT-3

REVISED EXHIBIT PWT-3

Summary of WKE Financial Consideration to BREC
Based on February 28, 2009 Unwind Date
Dollars in \$000's

<u>Description</u>	<u>Amount</u>	<u>Comments</u>
Termination Payment	444,673	Cash Payment from WKE to BREC; includes \$61m for ½ of the PMCC buyout and \$173 for Reid 1 gas burners.
Inventory (part of \$55m)	49,324	Remaining portion of \$55m after personal property (see below).
Personal Property (part of \$55m)	5,676	Personal property at 9-30-08 that qualifies as part of the \$55m threshold.
Remaining Personal Property	8,980	Personal property at 9-30-08 that does not qualify as part of the \$55m threshold.
Forgiveness of Promissory Note	15,799	Remaining balance at 9-30-08.
Shared incremental CAPX (due to law changes)	99,972	Represents the 9-30-08 net book value of "incremental" assets, including the three SCR's.
Shared non-incremental CAPX	57,505	Represents the 9-30-08 net book value of "shared" assets.
Elected Non-shared CAPX (in addition to Coleman Scrubber)	3,866	Represents the 9-30-08 net book value of all "elected non-shared" assets other than the Coleman Scrubber.
Coleman Scrubber CAPX	96,036	Represents the 9-30-08 net book value of all "non-shared" assets associated with the Coleman scrubber.
Construction work in progress	22,263	Balance at 9-30-08.
Construction work in progress projected through 2-09	6,960	Projected property additions from 10-1-08 thru 2-28-09.
Transaction costs of Big Rivers	22,000	Maximum amount of reimbursement to BREC for their transaction costs.
SO2 Allowances Purchased	2,170	Market value at 9/30/08 of 14k allowances to be given to BREC
Continuing IT Support following Transaction	5,941	Cost incurred to establish 18 month period of IT services post-unwind.
Wilson Stack Cleaning	1,000	Amendment III to the TA.
Payment for Certain Costs	<u>100</u>	BREC administrative and personnel costs (section 17 of the Third Amendment of the TA).
Total Consideration	<u><u>842,266</u></u>	

Exhibit PWT-4

MEMORANDUM OF UNDERSTANDING

This Memorandum is entered into this 23rd day of June, 2008 by and among E.ON U.S. LLC, a Kentucky limited liability company ("E.ON"), ALCAN PRIMARY PRODUCTS CORPORATION, a Texas corporation ("Alcan"), and CENTURY ALUMINUM OF KENTUCKY GENERAL PARTNERSHIP, a Kentucky general partnership ("Century") (Alcan and Century together, the "Smelters"), to set forth the understanding of the parties relating to the administration of monies to be funded by E.ON and Big Rivers Electric Corporation ("Big Rivers") to defray incremental fuel costs once the transactions contemplated by the Transaction Termination Agreement dated as of March 26, 2007, as amended, among Big Rivers and certain affiliates of E.ON have been consummated (the "Unwind Transaction"). E.ON, Alcan and Century are collectively referred to herein as the "Parties."

1. Incremental Fuel Costs. In April 2008, Big Rivers and Western Kentucky Energy Corporation, a subsidiary of E.ON, confirmed from new bids received from coal suppliers that the price of coal for 2009-11 had risen significantly over the projected cost set forth in the financial model prepared by Big Rivers and filed with the Kentucky Public Service Commission ("KPSC") in Case No. 2007-00455 (the "December Model"), which costs were also carried over to the April, 2008 financial model. The incremental fuel costs presented an impediment for both the Smelters and the Non-Smelter Members of Big Rivers (the "Members") to proceed with the Unwind Transaction. Good faith negotiations were undertaken which concluded with the following agreements to become effective with consummation of the Unwind Transaction (but not before): (i) E.ON would fund a fuel reserve of \$82,000,000 for the benefit of the Members solely through an increase in the amount of the Termination Payment payable by WKEC to Big Rivers pursuant to, and upon the consummation of, the Unwind Transaction (which increase in the Termination Payment has been implemented pursuant to the Second Amendment to Transaction Termination Agreement dated June 19, 2008, among Big Rivers, Western Kentucky Energy Corp. and LG&E Energy Marketing Inc.), (ii) E.ON would fund a fuel reserve of \$70,000,000 for the benefit of the Smelters, and (iii) Big Rivers would supplement the moneys available for the benefit of the Smelters by \$7,000,000.

2. Off-set Against Incremental Fuel Costs. The Parties have agreed that monies from the fuel reserve will be applied following the Unwind Transaction, until depleted, only to offset the higher cost of fuel of both the Members and the Smelters in amounts equal to the actual cost of fuel less the forecasted cost of fuel set forth in the December Model. To implement this agreement, Big Rivers, E.ON and the Smelters have made the following additional agreements: (i) the \$82,000,000 fuel reserve to be funded by E.ON for the benefit of the Members will be paid by E.ON to Big Rivers at the closing of the Unwind Transaction (the "Closing") as part of the Termination Payment as described in Paragraph 1 above, and will thereafter be held in and applied from the Economic Reserve referenced in lines 41, 62 and 80 of the December Model (Pro Forma) and corresponding lines of the financial model filed with the KPSC on June 11, 2008; (ii) the \$70,000,000 fuel reserve to be funded by E.ON for the benefit of the Smelters will be paid by E.ON to the Smelters at the Closing, and will thereafter be held in and applied from an interest bearing third party depository reserve account (the "Smelter Escrow") to be allocated to two subaccounts, \$30,305,882.40 in a subaccount for the benefit of Alcan and \$39,694,117.60 in a subaccount for the benefit of Century; and (iii) the \$7,000,000 to

be provided by Big Rivers for the benefit of the Smelters will be paid by Big Rivers to the Smelters at Closing.

3. Application of Funds From the Smelter Escrow. Notwithstanding any provision of the escrow instrument to the contrary, each Smelter will draw down from its respective subaccount in the Smelter Escrow only the amount determined by the formula set forth on Schedule 1 hereto for each monthly bill under the Alcan Retail Agreement (as to Alcan) and the Century Retail Agreement (as to Century). The Parties agree that the escrow instrument will provide for the distribution of the escrow in the remote event there are funds remaining in either subaccount at the tenth anniversary of the Closing. Once E.ON has made its initial funding of \$70,000,000 into the Smelter Escrow as contemplated herein, E.ON shall have no further obligation to fund additional amounts into the Smelter Escrow, or any further responsibility for the maintenance, upkeep or preservation of the amounts held by the Smelter Escrow, it being understood and agreed that the Smelters shall be solely responsible for any losses to those amounts resulting from any cause whatsoever, including without limitation, losses incurred by virtue of the investment of all or any portion of those amounts.

4. Creation of Smelter Escrow. E.ON, Alcan and Century will cooperate in the establishment of the Smelter Escrow as of the Closing, including the selection of the depository and the terms and conditions of the escrow instrument. The cost of establishing and maintaining the Smelter Escrow shall be borne by Alcan and Century.

5. Reporting. On an annual or more frequent basis if requested, Alcan and Century shall provide documentation confirming that the amounts drawn from the Smelter Escrow during the prior period are in accord with the escrow instrument and this Memorandum of Understanding.

6. Inter-Smelter Agreement. Alcan and Century contemplate that both Smelters will operate at full load during the period in which the Smelter Escrow is available to offset incremental fuel costs. However, if either Alcan or Century should cease smelting operations with an undistributed balance in its subaccount, such balance shall be paid to the subaccount of the other smelter. Furthermore, in the event of unforeseen developments that could cause one or both Smelters to operate at less than full load, Alcan and Century shall be free to make appropriate adjustments to the subaccounts to assure an equitable distribution of the Smelter Escrow, provided that the aggregate monthly amount drawn down is based on Schedule 1 hereto and on the aggregate Base Monthly Energy during the billing month.

7. Definitions. Any term not specifically defined in this Memorandum shall have the meaning set forth in Article I of the Alcan Retail Agreement and the Century Retail Agreement, respectively.

8. Big Rivers. E.ON, Alcan and Century represent to each other that, to their knowledge, Big Rivers is in agreement with the terms of this Memorandum of Understanding.

9. Miscellaneous. This Memorandum shall expire and become null and void at such time, prior to the Closing, as the Transaction Termination Agreement referred to above shall expire or be terminated. Neither E.ON nor the Smelters make any representation, warranty,

guarantee or other assurance to the other Parties that Big Rivers will administer, manage, make disbursements from, hold or apply the reserve funds described in sub clause 2(i) above in the manner and for the purpose(s) described in this Memorandum, it being understood that nothing contained in this Memorandum shall obligate any Party in any manner with respect to those reserve funds.

E.ON U.S. LLC

By: _____

Its: _____

ALCAN PRIMARY PRODUCTS
CORPORATION

By: _____

Its: _____

CENTURY ALUMINUM OF KENTUCKY
GENERAL PARTNERSHIP

By: METALSCO, LLC, General Partner

By: _____

Its: _____

Schedule 1 to Memorandum of Understanding

Each Smelter may withdraw funds from the Smelter Escrow, based on the FAC Factor for each Billing Month under the Century Retail Agreement or Alcan Retail Agreement, as applicable, each in an amount equal to the product of (i) the excess of the actual FAC Factor for the Billing Month over the Index Factor in the table below, multiplied by (ii) the Total Monthly Energy for such Billing Month

<u>Year</u>	<u>Index Factor</u> <i>(per MWH Sales)</i>
2008	5.90
2009	5.84
2010	7.05
2011	7.60
2012	7.81
2013	8.31
2014	8.99
2015	9.01
2016	9.41
2017	9.45
2018	9.75
2019	9.64
2020	10.11
2021	10.30
2022	10.39
2023	10.44

ESCROW AGREEMENT

This ESCROW AGREEMENT (as amended from time to time, this "Agreement") is made as of _____, 2008 ("Effective Date"), by ALCAN PRIMARY PRODUCTS CORPORATION, a Texas corporation ("Alcan"), and CENTURY ALUMINUM OF KENTUCKY GENERAL PARTNERSHIP, a Kentucky general partnership ("Century") (collectively, the "Smelters" and each, individually, a "Smelter"); and _____ ("Escrow Agent").

Background

A. This Agreement is entered into in connection with the closing ("Closing") of certain transactions contemplated by (i) the Transaction Termination Agreement originally dated as of March 26, 2007 and thereafter amended (as amended, the "Termination Agreement"), among Big Rivers Electric Corporation, a Kentucky corporation ("Big Rivers"), E.ON U.S., LLC, a Kentucky limited liability company ("E.ON"), and certain affiliates of E.ON, and (ii) certain agreements for electric service by and between the Smelters on the one hand and Big Rivers and Kenergy Corp., a Kentucky retail cooperative corporation ("Kenergy") on the other hand (collectively, the "Unwind Transaction").

B. As part of the Unwind Transaction, Alcan and Century are entering into various agreements, dated as of the date hereof, including the Alcan Retail Agreement (as defined in the Termination Agreement) and the Century Retail Agreement (as defined in the Termination Agreement) (the "Smelter Retail Agreements").

C. The execution and delivery of this Agreement is one of the conditions to the Closing, and the parties wish to enter into this Agreement on the terms and conditions set forth herein.

Agreement

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

1. **Appointment of Escrow Agent; Escrow Account and Subaccounts.**

(a) **Appointment of Escrow Agent.** The Smelters hereby appoint the Escrow Agent as escrow agent under this Agreement, and the Escrow Agent hereby accepts such appointment. The Escrow Agent has established the interest bearing depository account described on Exhibit A hereto (the "Escrow Account"), and shall administer, hold, invest and disburse all funds deposited in or credited to the Escrow Account at any time (the "Escrow Funds") solely in accordance with the terms of this Agreement. The Escrow Agent has no interest in the Escrow Funds or Escrow Account and has no right of setoff in respect of any of the Escrow Funds.

(b) **Subaccounts.** The Escrow Account shall include five sub-accounts ("Subaccounts"): (i) a fuel subaccount for the benefit of Century (the "Century Fuel Subaccount"), (ii) a fuel subaccount for the benefit of Alcan (the "Alcan Fuel Subaccount"), (iii)

a reserve subaccount for the benefit of Century (the "Century Reserve Subaccount A"), (iv) a reserve subaccount for the benefit of Alcan (the "Alcan Reserve Subaccount A") and (v) a second reserve subaccount for the benefit of Alcan (the "Alcan Reserve Subaccount B"), as described herein. The Escrow Agent shall maintain separate accounting for each Subaccount.

(c) **Escrow Agent's Duties**. The Escrow Agent's duties under this Agreement are limited solely to the holding and disbursement of the Escrow Funds as provided herein, the giving of notices as provided herein and such other duties as are specifically set forth herein. The Escrow Agent shall not have any duties or obligations not expressly set forth herein. The Escrow Agent shall not be bound in any way by the Smelter Agreements, the Termination Agreement or any other agreement between or among any of the Smelters, Big Rivers. E.ON, or any other parties. Escrow Funds shall be disbursed as provided in Sections 3 and 4 below, in accordance with wiring instructions delivered to the Escrow Agent from time to time.

2. **Escrow Funds**. Contemporaneously with the Closing, the aggregate amount of Eighty-Seven Million Five Hundred Thousand Dollars (\$87,500,000) has been deposited by E.ON in escrow with the Escrow Agent, by delivery of wire transfers in immediately available funds to the Escrow Account, pursuant to agreement with the Smelters. The Escrow Agent acknowledges receipt of the Escrow Funds. The initial Escrow Funds shall be allocated as follows: (i) \$30,305,882.40 to the Alcan Fuel Subaccount, (ii) \$39,694,117.60 to the Century Fuel Subaccount, (iii) \$_____ to the Century Reserve Subaccount A, (iv) \$_____ to the Alcan Reserve Subaccount A and (v) \$15,000,000.00 to the Alcan Reserve Subaccount B. The Smelters may reallocate the Escrow Funds as between the Alcan Fuel Subaccount and the Century Fuel Subaccount (the "Fuel Subaccounts") at any time by joint written instruction to the Escrow Agent.

3. **Disbursement of Escrow Funds from Fuel Subaccounts.**

(a) **Monthly Disbursements from Fuel Subaccounts to Smelters**. Either Smelter may instruct the Escrow Agent to disburse funds from its Fuel Subaccount from time to time by submitting to the Escrow Agent a Disbursement Instruction substantially in the form of Exhibit B hereto ("Disbursement Instruction"), stating the amount of Escrow Funds to be disbursed and the disbursement date ("Disbursement Date"). Upon receipt of a Disbursement Instruction from a Smelter, the Escrow Agent shall promptly disburse the designated amount of Escrow Funds to the Smelter signing the Disbursement Instruction on the Disbursement Date.

(b) **Disbursement of Fuel Subaccount Upon a Smelter's Withdrawal**. Upon the termination of a Smelter Retail Agreement, the Smelter that is a party to that Smelter Retail Agreement ("Withdrawing Smelter") shall deliver to the Escrow Agent and the other Smelter a written notice substantially in the form of Exhibit C hereto ("Withdrawal Notice"). On the date (the "Final Date") that is the sixtieth (60th) calendar day after the Termination Date stated in the Withdrawal Notice, the Escrow Agent shall transfer all funds then held in Subaccount of the Withdrawing Smelter to the Subaccount of the other Smelter, and close the Subaccount of the Withdrawing Smelter. After the Withdrawing Smelter's Subaccount is closed, the Withdrawing Smelter shall no longer be a party to this Agreement or have any rights or obligations under this Agreement, and all references in this Agreement to both Smelters shall be deemed to refer to the remaining Smelter only.

(c) **Disbursement of Fuel Subaccounts Upon Termination**. If the Escrow Agent has received Withdrawal Notices from both Smelters, this Agreement shall terminate on the Final Date for the second Withdrawal Notice. Upon termination, the Escrow Agent shall promptly disburse all Escrow Funds in the Fuel Subaccounts, if any, to the remaining Smelter.

(d) **Disbursement of Fuel Subaccounts Upon Expiration**. This Agreement shall expire on December 31, 2018, if not earlier terminated as provided herein. Upon such expiration, the Escrow Agent shall promptly disburse all Escrow Funds in each Fuel Subaccount, if any, to the applicable Smelter.

4. Disbursements from Other Subaccounts

(a) **Century Reserve Subaccount A**. On the date that is six (6) months from the Effective Date, the Escrow Agent shall disburse all the Escrow Funds in the Century Reserve Subaccount A (including all accrued interest) to Century. If the Escrow Agent receives a Withdrawal Notice from Century during the six (6) month period, the Escrow Agent shall disburse all Escrow Funds in the Century Reserve Subaccount A on the day after the Termination Date to the Northwest Kentucky Forward Economic Development.

(b) **Alcan Reserve Subaccount A**. On the date that is six (6) months from the Effective Date, the Escrow Agent shall disburse all the Escrow Funds in the Alcan Reserve Subaccount A to Alcan (including all accrued interest). If the Escrow Agent receives a Withdrawal Notice from Alcan during the six (6) month period, the Escrow Agent shall disburse all Escrow Funds in the Alcan Reserve Subaccount A on the day after the Termination Date to the Northwest Kentucky Forward Economic Development.

(c) **Alcan Reserve Subaccount B**. The Escrow Agent shall disburse Escrow Funds in the Alcan Reserve Subaccount B to Alcan as follows:

(i) Five Million Dollars (\$5,000,000.00) on the date that is six (6) months from the Effective Date;

(ii) Five Million Dollars (\$5,000,000.00) on the date that is eighteen (18) months from the Effective Date;

(iii) Five Million Dollars (\$5,000,000.00) plus all accrued interest on the date that is thirty (30) months from the Effective Date.

If the Escrow Agent receives a Withdrawal Notice from Alcan and has not previously received a Withdrawal Notice from Century, the Escrow Agent shall transfer all Escrow Funds in the Alcan Reserve Subaccount B on the day after the Termination Date to the Century Fuel Reserve Subaccount, if any, as provided in Section 3(b) above. If the Escrow Agent has previously received a Withdrawal Notice from Century, the Escrow Agent shall disburse all Escrow Funds in the Alcan Reserve Subaccount B to Alcan, as provided in Section 3(c) above.

5. Investment of Escrow Funds. The Escrow Agent shall invest the Escrow Funds only as described in Exhibit C, or otherwise at the specific written direction of both Smelters (“Permitted Investments”). The Escrow Agent shall have no duty to assess the risks inherent in

the investments described herein or to provide investment advice with respect to such investments and the Smelters shall bear any risks attendant to such investments. The Escrow Agent shall have no responsibility as to the validity, collectability or value of the Escrow Funds or for any related investment losses, as long as the Escrow Funds have been invested in Permitted Investments

6. **Earnings**. Any and all interest, dividends and other earnings on the funds in each Subaccount of the Escrow Account at any time shall become *part of the Escrow Funds* in such Subaccount and shall be reinvested and distributed in accordance with this Agreement. The Escrow Agent will *not be responsible for tax reporting* for the interest earned or for any other tax reporting duty associated with the Escrow Account.

7. **Escrow Agent Fees and Expenses**. The Escrow Agent shall be entitled to be paid a fee for its services as provided on the Fee Schedule attached hereto as *Exhibit D*. Such fees shall be paid by debiting the Escrow Account, in proportionate amounts from the two Subaccounts, unless both Smelters otherwise instruct the Escrow Agent in writing. The Escrow Agent shall also be entitled to reimbursement, upon request, for reasonable expenses, including reasonable attorneys' fees and expenses, incurred by it in the performance of its duties under this Agreement. Such expenses may be paid from the Escrow Funds only upon prior written approval by both Smelters.

8. **Reporting**. The Escrow Agent shall deliver to the Smelters monthly reports of the activity in the Escrow Account during the prior month.

9. **Dispute Resolution.**

(a) **Disagreements and Adverse Claims**. In the event of any disagreement between the Smelters, or in the event any other person claims an interest in the Escrow Funds, and such disagreement or claim results in adverse claims and demands being made to or for any of the Escrow Funds, the Escrow Agent may, at its option, refuse to comply with the instructions or demands of the Smelters as long as such disagreement continues. In such event, the Escrow Agent may continue to refrain from acting and to refuse to act under this Agreement, unless and until (i) the rights of such parties have been finally settled by binding arbitration or duly adjudicated in a court having jurisdiction of the parties; or (ii) the parties have reached an agreement resolving their differences, have notified the Escrow Agent in writing of such agreement, and have provided the Escrow Agent with indemnity satisfactory to the Escrow Agent against any liability, claims or damages resulting from its compliance with such agreement. The Escrow Agent shall not be liable to the Smelters or any other person for its failure or refusal to comply with the conflicting or adverse demands of the Smelters or of any other persons claiming an interest in the Escrow Funds.

(b) **Interpleader**. In addition to the foregoing, in the event of any such disagreement or adverse claim or demand to or for the Escrow Funds, the Escrow Agent may, at its option, tender into the registry or custody of any state or federal court sitting in the Commonwealth of Kentucky, any or all of the Escrow Funds or interplead the conflicting claims of the Smelters. Upon any such tender, the parties agree that the Escrow Agent shall be discharged from all

further duties under this Agreement, but the filing of any such legal proceedings shall not deprive the Escrow Agent of its compensation earned under this Agreement prior to such filing.

(c) **Notice of Claims.** The Escrow Agent shall promptly send written notice to both Smelters if it receives any adverse claims or demands with respect to the Escrow Account or the Escrow Funds.

10. Escrow Agent's Limited Duties.

(a) **Limited Liability.** The Escrow Agent may rely upon and shall not be liable for acting or refraining from acting upon any Disbursement Instruction or other written notice, instruction or request furnished to it under this Agreement by the Smelters. The Escrow Agent shall be under no duty to inquire into or investigate the validity, accuracy or content of any such document. The Escrow Agent may execute any of its powers and perform any of its duties under this Agreement directly or through agents or attorneys (and shall be liable only for its reasonable care in the selection of any such agent or attorney) and may consult with counsel, accountants and other skilled persons to be selected and retained by it. The Escrow Agent shall not be liable for events or persons beyond its reasonable control. Except to the extent caused by the Escrow Agent's own bad faith, gross negligence or willful misconduct, the Escrow Agent shall not be liable for special, indirect or consequential loss or damages of any kind whatsoever (including lost profits), even if the Escrow Agent has been advised of the likelihood of such loss or damage, and regardless of the form of action.

(b) **Legal Action.** The Escrow Agent shall have no obligation to take any legal action in connection with this Agreement or towards its enforcement, or to appear in, prosecute or defend any action or legal proceeding that would or might involve it in any cost, expense, loss or liability unless security and indemnity, is furnished as provided in this Agreement

(c) **Reliance.** The Escrow Agent shall be entitled to rely conclusively upon any order, judgment, certification, demand, notice, instrument or other writing delivered to it in connection with this Agreement without being required to determine the authenticity or the correctness of any fact stated therein or the propriety or validity of the service thereof. For all purposes under this Agreement, the Escrow Agent may act in reliance upon any instrument or signature reasonably believed by it to be genuine and may assume that any person signing such instrument or purporting to give any notice under this Agreement has been duly authorized to do so.

11. Indemnification. The Smelters jointly and severally agree to indemnify and hold the Escrow Agent harmless from and against any and all taxes, expenses (including reasonable attorneys' fees), assessments, liabilities, claims, damages, actions, suits or other charges incurred by or assessed against it for anything done or omitted by it in the performance of its duties under this Agreement, except as a result of its own bad faith, gross negligence or willful misconduct. This Section shall survive any termination of the duties of the Escrow Agent under this Agreement.

12. Successor Escrow Agents

(a) **Resignation of Escrow Agent.** The Escrow Agent may resign as escrow agent by giving sixty (60) days prior written notice to the other parties hereto (the "Resignation Notice"). If, prior to the expiration of sixty (60) days after the delivery of the Resignation Notice, the Escrow Agent shall not have received joint written instructions from the Smelters designating a successor escrow agent (which successor escrow agent shall be a banking corporation or trust company organized under the laws of the United States or any state thereof having a minimum equity of \$250,000,000.00) and accepted in writing by such successor escrow agent, the Escrow Agent may apply to a court of competent jurisdiction to appoint a successor escrow agent. Alternatively, if the Escrow Agent shall have received such written instructions, it shall promptly deliver the Escrow Funds to such successor escrow agent. Upon the appointment of a successor escrow agent and the delivery of the Escrow Funds thereto, the duties of the original Escrow Agent under this Agreement shall terminate and the successor escrow agent shall thereafter be the "Escrow Agent" under this Agreement. The resignation of the Escrow Agent shall become effective only upon the acceptance of appointment by the successor Escrow Agent. The Escrow Agent shall have no responsibility to appoint a successor Escrow Agent under this Agreement.

(b) **Replacement of Escrow Agent.** The Smelters may, by mutual agreement at any time, remove the Escrow Agent as escrow agent under this Agreement, and substitute a bank or trust company as successor escrow agent, in which event, upon receipt of written notice thereof from both Smelters, and payment of the Escrow Agent's fees in accordance with Section 6 hereof, the Escrow Agent shall deliver to such substituted escrow agent the Escrow Funds held by it. Upon such delivery, the duties of the original Escrow Agent under this Agreement shall terminate and the successor escrow agent shall thereafter be the "Escrow Agent" under this Agreement.

(c) **Successors to Escrow Agent.** Any banking association or corporation into which the Escrow Agent may be merged or converted or with which the Escrow Agent may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Escrow Agent may be a party, or any banking association or corporation to which all or substantially all of the corporate trust business of the Escrow Agent may be transferred, will succeed to all the Escrow Agent's rights, obligations and immunities under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto. If the Escrow Agent is dissolved, or if its property or affairs is taken under the control of any state or federal court or administrative body or agency because of insolvency or bankruptcy or for any other reason, a vacancy shall automatically exist in the office of Escrow Agent, and within a period of thirty (30) days thereafter, the Smelters shall jointly appoint a successor escrow agent as provided above.

13. Representations. Each party to this Agreement represents to the other parties that its execution, delivery and performance of this Agreement has been duly authorized by all appropriate action, the individual execution and delivering this Agreement on its behalf has been duly and properly empowered to do so, and this Agreement does not violate any other agreement to which it is a party or by which it is bound.

14. Notices. All notices and communications required under this Agreement shall be in writing (including communication by facsimile transmission) and shall be personally

delivered, or sent by registered or certified mail return receipt requested, by overnight courier service maintaining records of receipt, or by facsimile transmission with confirmation in writing mailed first-class, in all cases with charges prepaid. All notices shall be effective and shall be deemed delivered (i) if by personal delivery or facsimile transmission, on the date of delivery or transmission if delivered or transmitted during normal business hours of the recipient, and if not delivered or transmitted during such normal business hours, on the next business day; (ii) if by courier service, on the first business day after dispatch thereof; and (iii) if by mail, on the third (3d) business day after being mailed. All notices shall be addressed to the parties at the following addresses. Any party may change its address by notice to all parties in accordance with this Section.

If to Century: Century Aluminum Company
P.O. Box 500
State Route 271 North
Hawesville, Kentucky 42348
Attn: Plant Manager
Facsimile: (270) 852-2882

If to Alcan: Sebree Smelter
Alcan Primary Products Corporation
9404 State Route 2096
Henderson, Kentucky 42452-9735
Facsimile: _____
Attn: Plant Manager

With a copy to: Rio Tinto Alcan
1188 Sherbrooke Street West
Montreal, Quebec H3A 3G2
Canada
Facsimile: (514) 848-1439
Attn: Director Energy

If to Escrow Agent: _____

15. **Assignment**. None of the parties may assign this Agreement or delegate its obligations hereunder without the other party's prior written consent. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns.

16. **Rules of Interpretation**. The following rules apply to the interpretation of this Agreement, in each case unless the particular context expressly requires otherwise:

(a) The term "business day" means any day other than a Saturday, Sunday or day on which commercial banks in Kentucky are authorized or required by applicable law to remain closed.

(b) The term “person” means any individual, corporation, partnership, joint venture, association, limited liability company, joint stock company, trust, unincorporated organization, government, or any agency or political subdivision thereof, or any other form of organization.

(c) The terms “includes” and “including” and similar words are inclusive and not exclusive terms, and are not intended to create any limitation.

(d) All defined terms apply to both singular and plural forms, and all references to any gender include all other genders.

(e) The captions in this Agreement are for convenience only, and do not limit or amplify the provisions hereof.

(f) All exhibits, attachments, appendices and schedules attached hereto are by reference made a part of this Agreement.

(g) All defined terms and references as to any agreements, notes, instruments, certificates or other documents shall be deemed to refer to such documents as they may from time to time be amended, modified, renewed, extended, replaced, restated, supplemented or substituted.

(h) Unless otherwise provided, all references to statutes and related regulations shall include any amendments and successor statutes and regulations.

17. **Severability**. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, such provision shall be automatically replaced by other provisions that are as similar as possible in terms to such provision but are valid and enforceable, and the remaining provisions shall remain enforceable to the fullest extent permitted by law.

18. **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky, without regard to its conflict of laws rules.

19. **Amendments and Waivers**. This Agreement may not be modified, supplemented or amended except in writing signed by the parties, and none of its provisions may be waived except in writing signed by the party whose rights are waived. No waivers shall be implied, whether from any custom or course of dealing or any delay or failure in a party’s exercise of its rights and remedies under this Agreement or otherwise. Any waiver granted by a party shall not obligate the party to grant any further, similar, or other waivers, or constitute a continuing waiver unless expressly stated.

20. **No Third Party Beneficiaries**. This Agreement is for the sole benefit of Alcan, Century and the Escrow Agent, and their respective successors and permitted assigns, and is not for the benefit of any third party. No other party shall have any right, title or interest in or to the Escrow Accounts or the Escrow Funds.

21. **Counterparts**. This Agreement may be executed in two or more counterparts, each of which shall be deemed to constitute an original, but all of which shall constitute one and the same instrument, and shall become effective when counterparts have been signed by each of the parties hereto.

22. **Entire Agreement**. This Agreement, including all exhibits attached hereto, constitutes the entire agreement of the parties hereto with respect to the matters set forth herein and supersedes all prior verbal and written agreements or understandings pertaining to such matters.

[SIGNATURE PAGES TO FOLLOW]

Signature Page to Escrow Agreement

The parties have executed this Escrow Agreement as of _____, 2008

Alcan:

**ALCAN PRIMARY PRODUCTS
CORPORATION**

By: _____

Title: _____

Century:

**CENTURY ALUMINUM OF KENTUCKY
GENERAL PARTNERSHIP**

By: METALSCO, LLC, General Partner

By: _____

Title: _____

Escrow Agent:

By: _____

Title: _____

Signature Page to Escrow Agreement

Subject to the provisions of the Memorandum of Understanding dated as of June 23, 2008, among E.ON and the Smelters, the foregoing Escrow Agreement is hereby acknowledged and consented to by:

E.ON U.S. LLC

By: _____

Title: _____

Date: _____

Exhibit A to Escrow Agreement

ESCROW ACCOUNT

Account # _____, designated as _____ *[name of account]* _____
_____, held at _____ *[name of bank]* _____.

Exhibit B to Escrow Agreement

FORM OF DISBURSEMENT INSTRUCTION

Date of Request: _____

Disbursement Amount: _____

Disbursement Date: _____

This Disbursement Instruction is submitted to _____ (“Escrow Agent”), by [Alcan Primary Products Corporation, a Texas corporation (“Alcan”)] [Century Aluminum Of Kentucky General Partnership, a Kentucky general partnership (“Century”)] pursuant to the Escrow Agreement dated _____, 2008 (as amended, the “Escrow Agreement”) among Alcan, Century and Escrow Agent. Capitalized terms used herein without definition have the same meanings as in the Escrow Agreement or in the [Alcan] [Century] Retail Agreement, as applicable.

[Alcan] [Century] certifies that it is entitled to withdraw the disbursement amount from the Escrow Account, based on the following calculation:

	Billing Month and Year	_____
	Actual FAC Factor for Billing Month:	_____
(a)	Excess of Actual FAC Factor over Index Factor in table below:	_____
(b)	Total Monthly Energy:	_____
Disbursement Amount	(a) x (b):	_____

<u>Year</u>	<u>Model FAC Factor per MWH Sales</u>	<u>Year</u>	<u>Index Factor per MWH Sales</u>
2008	5.90	2016	9.41
2009	5.84	2017	9.45
2010	7.05	2018	9.75
2011	7.60	2019	9.64
2012	7.81	2020	10.11
2013	8.31	2021	10.30
2014	8.99	2022	10.39
2015	9.01	2023	10.44

[Alcan Signature] or [Century Signature]

Exhibit C to Escrow Agreement

FORM OF WITHDRAWAL NOTICE

Date: _____

This Withdrawal Notice is submitted to _____ (“Escrow Agent”), by [Alcan Primary Products Corporation, a Texas corporation (“Alcan”)] [Century Aluminum Of Kentucky General Partnership, a Kentucky general partnership (“Century”)] pursuant to the Escrow Agreement dated _____, 2008 (as amended, the “Escrow Agreement”) among Alcan, Century and Escrow Agent. Capitalized terms used herein without definition have the same meanings as in the Escrow Agreement.

[Alcan] [Century] hereby certifies that the [Alcan] [Century] Retail Agreement has been or will be terminated effective as of _____ (“Termination Date”).

[Alcan Signature] or [Century Signature]

Exhibit D to Escrow Agreement

PERMITTED INVESTMENTS

Exhibit E to Escrow Agreement

ESCROW AGENT FEES

AL080:0AL19:699597:9:LOUISVILLE

MEMORANDUM OF UNDERSTANDING

This Memorandum is entered into this ~~23rd~~ day of June, 2008 by and among E.ON U.S., LLC, a Kentucky limited liability company ("E.ON"), ALCAN PRIMARY PRODUCTS CORPORATION, a Texas corporation ("Alcan"), and CENTURY ALUMINUM OF KENTUCKY GENERAL PARTNERSHIP, a Kentucky general partnership ("Century") (Alcan and Century together, the "Smelters"), to set forth the understanding of the parties relating to the administration of monies to be funded by E.ON and Big Rivers Electric Corporation ("Big Rivers") to defray incremental fuel costs once the transactions contemplated by the Transaction Termination Agreement dated as of March 26, 2007, as amended, among Big Rivers and certain affiliates of E.ON have been consummated (the "Unwind Transaction"). E.ON, Alcan and Century are collectively referred to herein as the "Parties."

1. Incremental Fuel Costs. In April 2008, Big Rivers and Western Kentucky Energy Corporation, a subsidiary of E.ON, confirmed from new bids received from coal suppliers that the price of coal for 2009-11 had risen significantly over the projected cost set forth in the financial model prepared by Big Rivers and filed with the Kentucky Public Service Commission ("KPSC") in Case No. 2007-00455 (the "December Model"), which costs were also carried over to the April, 2008 financial model. The incremental fuel costs presented an impediment for both the Smelters and the Non-Smelter Members of Big Rivers (the "Members") to proceed with the Unwind Transaction. Good faith negotiations were undertaken which concluded with the following agreements to become effective with consummation of the Unwind Transaction (but not before): (i) E.ON would fund a fuel reserve of \$82,000,000 for the benefit of the Members solely through an increase in the amount of the Termination Payment payable by WKEC to Big Rivers pursuant to, and upon the consummation of, the Unwind Transaction (which increase in the Termination Payment has been implemented pursuant to the Second Amendment to Transaction Termination Agreement dated June 19, 2008, among Big Rivers, Western Kentucky Energy Corp. and LG&E Energy Marketing Inc.), (ii) E.ON would fund a fuel reserve of \$70,000,000 for the benefit of the Smelters, and (iii) Big Rivers would supplement the ~~fuel reserve~~ moneys available for the benefit of the Smelters by \$7,000,000.

2. Off-set Against Incremental Fuel Costs. The Parties have agreed that monies from each of the ~~fuel reserves~~ reserve will be applied following the Unwind Transaction, until depleted, only to offset the higher cost of fuel of both the Members and the Smelters in amounts equal to the actual cost of fuel less the forecasted cost of fuel set forth in the December Model. To implement this agreement, Big Rivers, E.ON and the Smelters have made the following additional agreements: (i) the \$82,000,000 fuel reserve to be funded by E.ON for the benefit of the Members will be paid by E.ON to Big Rivers at the closing of the Unwind Transaction (the "Closing") as part of the Termination Payment as described in Paragraph 1 above, and will thereafter be held in and applied from the Economic Reserve referenced in lines 41, 62 and 80 of the December Model (Pro Forma) and corresponding lines of the financial model filed with the KPSC on June 11, 2008; (ii) the \$70,000,000 fuel reserve to be funded by E.ON for the benefit of the Smelters will be paid by E.ON to the Smelters at the Closing, and will thereafter be held in and applied from an interest bearing third party depository reserve account (the "Smelter Escrow") to be allocated to two subaccounts, \$30,305,882.40 in a subaccount for the benefit of Alcan and \$39,694,117.60 in a subaccount for the benefit of Century; and (iii) the \$7,000,000 ~~fuel reserve~~ to be funded provided by Big Rivers for the benefit

~~of the Smelters will be held by Big Rivers in two interest bearing reserve accounts, \$3,030,588.24 in the Alcan FAC Reserve referenced in Section 4.13.5 of the Alcan Retail Agreement and \$3,969,411.76 in the Century FAC Reserve referenced in Section 4.13.30 of the Century Retail Agreement. paid by Big Rivers to the Smelters at Closing.~~

~~3. Application of Funds From the Alcan FAC Reserve and Century FAC Reserve. Section 4.13.5 of the Alcan Retail Agreement and Section 4.13.5 of the Century Retail Agreement set forth the method for crediting the monthly bill of each smelter from the Alcan FAC Reserve and Century FAC Reserve. The factor of 0.090909 is determined by the quotient of \$7,000,000 over \$77,000,000.~~

~~3. 4. Application of Funds From the Smelter Escrow. With respect to each monthly bill to the Smelters, the Smelters will each Notwithstanding any provision of the escrow instrument to the contrary, each Smelter will draw down from its respective subaccount in the Smelter Escrow only the amount determined by the formula set forth in Section 4.13.5 of each smelter retail agreement, except that the factor set forth in Section 4.13.5 (a)(3) shall be 0.909091, determined by the quotient of \$70,000,000 over \$77,000,000. For the month in which the draw depletes the Smelter Escrow entirely or, if earlier, on Schedule 1 hereto for each monthly bill under the Alcan Retail Agreement (as to Alcan) and the Century Retail Agreement (as to Century). The Parties agree that the escrow instrument will provide for the distribution of the escrow in the remote event there are funds remaining in either subaccount at the tenth anniversary of the closing, the amount in escrow shall be distributed on a prorated basis between the Smelters based on kilowatt hours consumed during the subject month. Closing. Once E.ON has made its initial funding of \$70,000,000 into the Smelter Escrow as contemplated herein, E.ON shall have no further obligation to fund additional amounts into the Smelter Escrow, ~~nor shall E.ON have or~~ any further responsibility for the maintenance, upkeep or preservation of the amounts held by the Smelter Escrow, it being understood and agreed that the Smelters shall be solely responsible for any losses to those amounts resulting from any cause whatsoever, including without limitation, losses incurred by virtue of the investment of all or any portion of those amounts.~~

~~4. 5. Creation of Smelter Escrow. E.ON, Alcan and Century will cooperate in the establishment of the Smelter Escrow as of the Closing, including the selection of the depository and the terms and conditions of the escrow instrument. The cost of establishing and maintaining the Smelter Escrow shall be borne by Alcan and Century.~~

~~5. 5. Reporting. On an annual or more frequent basis if requested, Alcan and Century shall provide documentation confirming that the amounts drawn from the Smelter Escrow during the prior period are in accord with the escrow instrument and this Memorandum of Understanding.~~

~~6. 6. Inter-Smelter Agreement. Alcan and Century contemplate that both Smelters will operate at full load during the period in which the Smelter Escrow is available to offset incremental fuel costs. However, if either Alcan or Century should cease smelting operations with an undistributed balance in its subaccount, such balance shall be paid to the subaccount of the other smelter. Furthermore, in the event of unforeseen developments that could cause one or both Smelters to operate at less than full load, Alcan and Century shall be free~~

to make appropriate adjustments to the subaccounts to assure an equitable distribution of the Smelter Escrow, provided that the aggregate monthly amount drawn down is based on Schedule ~~4.13.5~~ of the ~~Alcan Retail Agreement and the Century Retail Agreement, respectively~~, I hereto and on the aggregate Base Monthly Energy during the billing month.

7. ~~7.~~ Definitions. Any term not specifically defined in this Memorandum shall have the meaning set forth in Article I of the Alcan Retail Agreement and the Century Retail Agreement, respectively.

8. ~~8.~~ Big Rivers. E.ON, Alcan and Century represent to each other that, to their knowledge, Big Rivers is in agreement with the terms of this Memorandum of Understanding.

9. ~~9.~~ Miscellaneous. This Memorandum shall expire and become null and void at such time, prior to the ~~closing~~ Closing, as the Transaction Termination Agreement referred to above shall expire or be terminated. Neither E.ON nor the Smelters make any representation, warranty, guarantee or other assurance to the other Parties that Big Rivers will administer, manage, make disbursements from, hold or apply the reserve funds described in ~~subclauses~~ sub clause 2(i) and 2(iii) above in the manner and for the purpose(s) described in this Memorandum, it being understood that nothing contained in this Memorandum, shall obligate any Party in any manner with respect to those reserve funds.

E.ON ~~US~~ U.S. LLC

_____ By: _____
By: _____
Its: _____

ALCAN PRIMARY PRODUCTS
CORPORATION

_____ B
y: _____
Its: _____

CENTURY ALUMINUM OF KENTUCKY
GENERAL PARTNERSHIP

By: METALSCO, LLC, General
Partner

By: _____
Its: _____

~~AL080:0AL19:686362:11:LOUISVILLE
6-11-08~~

Schedule 1 to Memorandum of Understanding

Each Smelter may withdraw funds from the Smelter Escrow, based on the FAC Factor for each Billing Month under the Century Retail Agreement or Alcan Retail Agreement, as applicable, each in an amount equal to the product of (i) the excess of the actual FAC Factor for the Billing Month over the Index Factor in the table below, multiplied by (ii) the Total Monthly Energy for such Billing Month

<u>Year</u>	<u>Index Factor</u> <u>(per MWH Sales)</u>
<u>2008</u>	<u>5.90</u>
<u>2009</u>	<u>5.84</u>
<u>2010</u>	<u>7.05</u>
<u>2011</u>	<u>7.60</u>
<u>2012</u>	<u>7.81</u>
<u>2013</u>	<u>8.31</u>
<u>2014</u>	<u>8.99</u>
<u>2015</u>	<u>9.01</u>
<u>2016</u>	<u>9.41</u>
<u>2017</u>	<u>9.45</u>
<u>2018</u>	<u>9.75</u>
<u>2019</u>	<u>9.64</u>
<u>2020</u>	<u>10.11</u>
<u>2021</u>	<u>10.30</u>
<u>2022</u>	<u>10.39</u>
<u>2023</u>	<u>10.44</u>

Document comparison by Workshare Professional on Wednesday, October 08, 2008
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Rendering set	standard

Legend:	
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Deleted cell	
Moved cell	
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Statistics:		
	Count	
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Deletions	39	
Moved from	0	
Moved to	0	
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Format changed	0	
Total changes	104	

Exhibit PWT-5

**THIRD AMENDMENT TO
TRANSACTION TERMINATION AGREEMENT**

THIS THIRD AMENDMENT TO TRANSACTION TERMINATION AGREEMENT (*“Third Amendment”*) is made and entered into as of this ____ day of October 2008 , by and among BIG RIVERS ELECTRIC CORPORATION (*“Big Rivers”*), LG&E ENERGY MARKETING INC. (*“LEM”*), and WESTERN KENTUCKY ENERGY CORP. (*“WKEC”*) (collectively, the *“Parties”*).

RECITALS:

A. Reference is made to the Transaction Termination Agreement by and among the Parties dated as of March 26, 2007, as amended by a First Amendment to Transaction Termination Agreement dated as of November 1, 2007, as clarified in part by a letter agreement among the Parties dated December 4, 2007, and as amended by a Second Amendment to Transaction Termination Agreement dated as of June 19, 2008 (collectively, the *“Termination Agreement”*). Pursuant to the Termination Agreement, among other transactions, the Parties agreed to terminate certain property interests and contractual relationships between LEM and WKEC, on the one hand, and Big Rivers, on the other hand, at the Closing, upon the terms and subject to the conditions set forth therein. Capitalized terms used but not defined in this Third Amendment shall have their same respective meanings as in the Termination Agreement.

B. The Parties now desire to further amend the Termination Agreement in the manner set forth in this Third Amendment, including without limitation, in order to increase the Termination Payment contemplated as to be paid by WKEC to Big Rivers at the Closing, and in order to evidence certain additional agreements and understandings among them with respect to certain actual or potential environmental conditions or circumstances that have been identified by Big Rivers through its due diligence investigation of the Generating Plants.

C. Attached hereto as Appendix D is a draft order that is being jointly sought by the Parties and that may be issued by the Kentucky Energy and Environment Cabinet (the *“Draft Agreed Order”*).

AGREEMENT:

NOW, THEREFORE, in consideration of the premises and for other valuable consideration, the receipt of which is hereby acknowledged, the Parties agree as follows, effective immediately:

1. **AMENDMENT TO SUBSECTION 3.3(a)**. The first (1st) sentence of Subsection 3.3(a) of the Termination Agreement (as previously amended pursuant to the Second Amendment to Transaction Termination Agreement dated as of June 19, 2008) is hereby further amended to be and read in its entirety as follows:

“At the Closing, WKEC shall pay to Big Rivers (in immediately available funds) the sum of _____ Dollars and no cents (\$_____.00) [NOTE: this amount will be the sum of \$383,500,000.00, plus one-half of the net PMCC buyout price (TBD), plus \$172,500.00, representing WKEC’s proposed reimbursement to Big Rivers relating to its previous 20% funding of the Reid 1 gas burners], subject to the adjustment provided for in the following two sentences (as adjusted, collectively, the “*Termination Payment*”).”

2. **SUBSECTION 15.3(d)**. The Parties hereby amend the Termination Agreement to include a new Schedule 15.3(d) thereto, which new Schedule 15.3(d) shall be in the form (and shall contain only the items or matters set forth in the form) attached to this Third Amendment as Appendix A (“Schedule 15.3(d)”). The Parties agree that each and every matter, description, event, condition or circumstance set forth or identified in Schedule 15.3(d) (as the same may be supplemented as hereinafter provided) shall be deemed for all purposes to be included in, made a part of and incorporated by reference in Subsection 15.3(d) of the Termination Agreement (together with the matters, descriptions, events, conditions and circumstances included as a part of Subsection 15.3(d) prior to the date of this Third Amendment), rendering each of the same the subject of WKEC’s indemnification and hold harmless covenants set forth in that Subsection 15.3(d) (but subject to the limitations and exclusions provided for therein). The Parties may by mutual written agreement (specifically referring to Schedule 15.3(d)), from time-to-time following the date of this Third Amendment, substitute a new Schedule 15.3(d) for the version of that Schedule attached to this Third Amendment, without the need for the Parties to amend Subsection 15.3(d) of the Termination Agreement or this Third Amendment.

3. **COLEMAN TITLE V AIR PERMIT.** Following the Closing, and expiring at such time as the Kentucky Energy and Environment Cabinet shall have issued or entered into an agreed order in the form (in all material respects) of the Draft Agreed Order (but with paragraph 14 thereof in the form set forth in the Draft Agreed Order), WKEC shall indemnify and hold harmless Big Rivers from and against any claims, demands, losses, damages, liabilities, costs, expenses, obligations and deficiencies (including without limitation, any costs of corrective or remedial actions, fines, civil or criminal penalties, settlements or attorney's fees) that have been or may be suffered or incurred by Big Rivers to the extent (but only to the extent) resulting from or arising out of any failure of WKEC to apply for the renewal of the Air Quality Title V permit number V-02-003 issued on October 24, 2003, Source ID# 21-091-00003, for Coleman Station (the "*Coleman Title V Permit*"), on or before the date such application was required in order to authorize continued operation of Plant Coleman under the Coleman Title V Permit after it would otherwise expire on October 24, 2008, including any operation of Plant Coleman prior to the renewal of the Coleman Title V Permit that was not authorized by the provisions of Section 8 of 410 KAR 52:020. The covenants and agreements set forth in this Section 3 are covenants and agreements of the type contemplated in Subsection 15.3(e) of the Termination Agreement. The provisions of this Section 3 shall be deemed for all purposes of the Termination Agreement to be included in and a part of Section 15.3 of the Termination Agreement, as contemplated in Subsection 15.3(e) of the Termination Agreement, and all provisions of this Section 3 shall be and remain subject to the last sentence of that Subsection 15.3(e).

4. **WILSON KPDES PERMIT.** Following the Closing, and expiring at such time as the Kentucky Energy and Environment Cabinet shall have issued or entered into an agreed order in the form (in all material respects) of the Draft Agreed Order (but with paragraph 15 thereof in the form set forth in the Draft Agreed Order), WKEC shall indemnify and hold harmless Big Rivers from and against any claims, demands, losses, damages, liabilities, costs, expenses, obligations and deficiencies (including without limitation, any costs of corrective or remedial actions, fines, civil or criminal penalties, settlements or attorney's fees) that have been or may be suffered or incurred by Big Rivers to the extent (but only to the extent) resulting from or arising out of any failure of WKEC to apply for the renewal of Kentucky Pollutant Discharge Elimination System ("*KPDES*") permit number KY0054836 for Wilson Station (the "*Wilson*

KPDES Permit”) on or before the date such application was required in order to authorize continued operation of Plant Wilson under the Wilson KPDES Permit after its original expiration date of October 31, 2004, including any discharges from Plant Wilson that are subject to the Wilson KPDES Permit and are not authorized by 401 KAR 5:060, Section 1(5)(c). The covenants and agreements set forth in this Section 4 are covenants and agreements of the type contemplated in Subsection 15.3(e) of the Termination Agreement. The provisions of this Section 4 shall be deemed for all purposes of the Termination Agreement to be included in and a part of Section 15.3 of the Termination Agreement, as contemplated in Subsection 15.3(e) of the Termination Agreement, and all provisions of this Section 4 shall be and remain subject to the last sentence of that Subsection 15.3(e).

5. WILSON CONVEYOR BELT RUN-OFF BASINS. Following the Closing, and expiring at such time as the Kentucky Energy and Environment Cabinet shall have issued or entered into an agreed order in the form (in all material respects) of the Draft Agreed Order (but with paragraph 16 thereof in the form set forth in the Draft Agreed Order), WKEC shall indemnify and hold harmless Big Rivers from and against any claims, demands, losses, damages, liabilities, costs, expenses, obligations and deficiencies (including without limitation, any costs of corrective or remedial actions, fines, civil or criminal penalties, settlements or attorney’s fees) that have been or may be suffered or incurred by Big Rivers to the extent (but only to the extent) resulting from or arising out of any failure of WKEC to apply for or obtain an amendment to the Wilson KPDES Permit on a timely basis in order to construct, maintain and operate the Wilson conveyor belt runoff ponds. The covenants and agreements set forth in this Section 5 are covenants and agreements of the type contemplated in Subsection 15.3(e) of the Termination Agreement. The provisions of this Section 5 shall be deemed for all purposes of the Termination Agreement to be included in and a part of Section 15.3 of the Termination Agreement, as contemplated in Subsection 15.3(e) of the Termination Agreement, and all provisions of this Section 5 shall be and remain subject to the last sentence of that Subsection 15.3(e).

6. COLEMAN POND.

(a) Following the Closing, WKEC shall indemnify and hold harmless Big Rivers from and against any fines and civil or criminal penalties that may be suffered or

incurred by Big Rivers to the extent (but only to the extent) resulting from or arising out of any failure of WKEC to obtain a KPDES permit required for the discharge of wastewater from the new wastewater treatment facility at Plant Coleman (the "**Coleman WWTF**"); provided, that the foregoing obligation of WKEC to indemnify and hold harmless Big Rivers shall be limited to the percentage of all such fines and civil and criminal penalties, collectively, equal to the ratio (the "**WKE Contribution Ratio**") by which all waste materials that were deposited by WKEC into the Coleman WWTF prior to the Closing bears to the total amount of all waste materials that were deposited into the Coleman WWTF (whether by WKEC, by Big Rivers or by any other Person (exclusive of the Affiliates of WKEC)) at any time prior to the last date in the period for which such fines and/or penalties are imposed by the relevant Governmental Entity, regardless of whether any of those waste materials were removed from the Coleman WWTF prior to that date of imposition. Notwithstanding the foregoing, WKEC shall have no obligation to indemnify or hold harmless Big Rivers under or pursuant to this Subsection (a) in the event a KPDES permit for the discharge of wastewater from the Coleman WWTF is issued at any time prior to the Closing, it being understood and agreed that this Subsection (a) shall become null, void and of no further force or effect in the event such a permit is issued prior to the Closing.

(b) To the extent not issued or obtained prior to the Closing, Big Rivers agrees to use its reasonable best efforts to obtain a KPDES permit for the discharge of wastewater from the Coleman WWTF at the earliest practicable time following the Closing. In the event, however, despite such reasonable best efforts of Big Rivers, the Kentucky Energy and Environment Cabinet (the "**Cabinet**") shall, in writing, refuse to issue, or shall otherwise make a determination that it will not issue, a KPDES permit required for the discharge of wastewater from the Coleman WWTF (the "**Cabinet Determination**"), then Big Rivers shall evaluate and develop various alternatives of how to address the collective waste material which has been deposited by Big Rivers and by WKEC in the Coleman WWTF, including, without limitation, evaluate and develop alternatives, if any, that would result in the Coleman WWTF continuing to be utilized for the disposal of these waste materials. If within 180 days following the date of the Cabinet Determination, Big Rivers provides written notice to WKEC of Big Rivers'

intent to carry out a particular alternative in order to address the collective waste material which has been deposited by Big Rivers and by WKEC in the Coleman WWTF, WKEC shall, upon completion of the work with respect to such selected alternative, reimburse Big Rivers for WKEC's share (determined as provided below) of the total, direct, out-of-pocket costs actually incurred by Big Rivers for the carrying out of the selected alternative; provided however, that in no event shall WKEC's obligation to reimburse Big Rivers for costs under this Subsection (b) ever exceed total, direct, out-of-pocket costs that WKEC would incur for hauling and disposing of the waste materials deposited by WKEC in the Coleman WWTF prior to Closing in the Plant Wilson landfill at the time such alternative disposal is required. The aforementioned notice from Big Rivers shall set forth a description of the alternatives evaluated by Big Rivers, the alternative Big Rivers has selected to pursue, the estimated total, direct, out-of-pocket costs for carrying out the selected alternative by Big Rivers, and WKEC's share of the costs. WKEC's "share" of the costs to be reimbursed hereunder shall be the portion of the total, direct, out-of-pocket costs for carrying out the selected alternative which Big Rivers believes, in good faith, is properly allocable to WKEC given the nature of such alternative; provided however, in no event shall WKEC's "share" exceed the WKE Contribution Ratio. Upon reimbursement by WKEC to Big Rivers as provided herein, or in the event Big Rivers does not provide the written notice contemplated herein to WKEC within the above described 180 day period, (i) WKEC shall have no further responsibility or liability with respect to any material that may be remaining in the Coleman WWTF (whether or not originally deposited in the Coleman WWTF by WKEC), or that may have been or may be deposited in the Coleman WWTF after Closing, and (ii) Big Rivers shall indemnify and hold harmless WKEC from and against any claims, demands, losses, damages, liabilities, costs, expenses, obligations and deficiencies (including without limitation, any costs of corrective or remedial actions, fines, civil or criminal penalties, settlements or attorney's fees) that have been or may be suffered or incurred by WKEC with respect to any material that may be remaining in the Coleman WWTF (whether or not originally deposited in the Coleman WWTF by WKEC), or that may have been or may be deposited in the Coleman WWTF after Closing. The covenants and agreements set forth in this

Section 6 are covenants and agreements of the type contemplated in Subsection 15.3(e) of the Termination Agreement.

7. **SUBSECTION 15.3(e).** *The Parties hereby amend the Termination Agreement to include a new Schedule 15.3(e) thereto, which new Schedule 15.3(e) shall be in the form attached to this Third Amendment as Appendix B (“**Schedule 15.3(e)**”). From and after the date hereof (and with the exception of the indemnification and hold harmless covenants and agreements set forth on that new Schedule 15.3(e) or in Sections 3, 4 and 5 of this Third Amendment), in the event the Parties desire to agree in writing on one or more additional mutually-satisfactory indemnification and hold harmless covenants, risk allocation covenants or other covenants, agreements, representations or warranties of the type(s) contemplated in Subsection 15.3(e) of the Termination Agreement, such additional covenants, agreements, representations and/or warranties need not be set forth in one or more amendments or addenda to the Termination Agreement as contemplated in that Subsection 15.3(e), but rather may be implemented by the mutual written agreement of the Parties (specifically referring to Schedule 15.3(e)) to substitute a new Schedule 15.3(e) for the Schedule 15.3(e) attached to this Third Amendment, so that it includes such additional covenants, agreements, representations and/or warranties. The covenants and agreements set forth in Schedule 15.3(e) (including any future substitutions therefor) shall be deemed for all purposes to be covenants and agreements of the type contemplated in Subsection 15.3(e) of the Termination Agreement. The provisions of this Section 7 and of Schedule 15.3(e) (including any future substitutions therefor) shall be deemed for all purposes of the Termination Agreement to be included in and a part of Section 15.3 of the Termination Agreement, as contemplated in Subsection 15.3(e) of the Termination Agreement, and all provisions of this Section 7 and of Schedule 15.3(e) shall be and remain subject to the last sentence of that Subsection 15.3(e).*

8. **SECTION 15.4.** *Notwithstanding anything to the contrary set forth in Section 15.4 of the Termination Agreement or elsewhere in that agreement, the Parties agree that following the date of this Third Amendment they need not amend that Section 15.4 or any other provision of the Termination Agreement in order to add one or more Secondary Conditions to Schedule 15.4 of the Termination Agreement (thereby rendering such Secondary Condition(s) the subject of the covenants and agreements set forth in that Section 15.4). Rather, the Parties*

may by mutual written agreement (specifically referring to Schedule 15.4) substitute a new Schedule 15.4 for the Schedule 15.4 attached to the Termination Agreement (which continues to be intentionally left blank by the Parties as of the date of this Third Amendment) at any time following the date hereof.

9. GREEN RIVER DREDGING PROCESS AT WILSON STATION. From and after the date of this Third Amendment through the Closing (or the earlier termination of the Termination Agreement), WKEC agrees to continue to maintenance dredge the Green River adjacent to Wilson Station (at such times as WKEC shall deem appropriate, consistent with Prudent Utility Practice) in a manner and using methods consistent with the past practices of WKEC. As of the Closing, WKEC shall ensure that no material amount of Green River sediment that was dredged by WKEC since the Effective Date is still located at any sediment stockpile on the east bank of the Green River adjacent to Wilson Station.

10. CLEAN-OUT OF PONDS. The Parties agree that, as additional conditions precedent to Big Rivers' obligation to consummate the transactions contemplated in the Termination Agreement at the Closing (but not as a covenant or agreement on the part of WKEC), WKEC must clean out each of the ponds identified below in a manner consistent with WKEC's previous practices and to the reasonable satisfaction of Big Rivers:

10.1 The metal cleaning waste pond at Sebree Complex that was sampled by the Environmental Consultant at point SD-1;

10.2 The settling pond associated with controlling runoff from the stack-out pad and areas around the FGD waste handling system, commonly known as the CSI Building, at the Sebree Complex, which was sampled by the Environmental Consultant at point SD-2 (the outfall from which is identified as KPDES Discharge Point 011);

10.3 The coal pile runoff pond at Coleman Station that was sampled by the Environmental Consultant at point SD-2;

10.4 The wastewater ponds at Wilson Station, which were sampled by the Environmental Consultant at points SD-1, SD- 2 and SD-3; and

10.5 The Reid Station ash pond, but limited, in the case of that pond and WKEC's obligation to clean out the same under this Section 10, to the removal of materials sufficient to provide Big Rivers thirty (30) days of capacity in that pond following the Closing, assuming normal operations of Station Two and Plant Reid following the Closing consistent with the past practices of WKEC.

11. CLEANUP OF SURFACE SPILLS. As an additional condition to the Closing (but not as a covenant or agreement on the part of WKEC), WKEC shall clean up and remove all visible surface staining resulting from the spills identified on Appendix E attached hereto. As a condition to the Closing only, such areas shall be excavated to remove all visually detectable evidence of contamination and, upon Big Rivers' request, the adequacy of the removal shall be demonstrated by post-excavation sampling (for target contaminants involved in the release) indicating that residual levels of contamination, if any, meet the USEPA Region IX Preliminary Remediation Goals for industrial property or such other standards for industrial property as may be satisfactory to the Kentucky Energy and Environment Cabinet. Excavations shall be backfilled with clean fill, and removed soil shall be disposed of lawfully off-site, or at an on-site location approved by Big Rivers (which approval shall not be unreasonably withheld, conditioned or delayed). Any other surface staining identified by Big Rivers to WKEC in writing prior to Closing shall, upon Big Rivers' request and as an additional condition to the Closing (but not as a covenant or agreement on the part of WKEC), be excavated and removed in accordance with the procedures and requirements of this Section 11.

12. AMENDMENT TO SUBSECTION 15.3(d)(x). Subsection 15.3(d)(x) of the Termination Agreement is hereby amended to be and read in its entirety as follows:

“(x) (1) the request from the Division of Waste Management dated December 12, 2006, to conduct a groundwater assessment of statistically significant increases in constituents in the groundwater adjacent to the special waste landfill at the Green Plant, but only to the extent those increases occurred from the Effective Date through the Closing Date; or (2) actions required to comply with the groundwater assessment requirements of 401 KAR 45:160 or 401 KAR 48:300, as applicable, as a result of groundwater monitoring reports indicating above background concentrations of constituents in the groundwater which are attributable to migration, occurring from the Effective Date through the Closing Date, from ash ponds at the Coleman and Wilson Plants and Sebree Complex;”

13. **EXHIBIT S.** Exhibit S to the Termination Agreement is hereby amended to add the following additional agreements, instruments and documents at the end thereof, and new Exhibit S to the Termination Agreement in its entirety (as so amended) is attached to this Third Amendment as Appendix C:

35. All documents of conveyance, assignment and transfer as shall be required to transfer to Big Rivers at the Closing all of WKEC's rights, title and interests in and to all tow boats and other motorized vessels owned by WKEC (but excluding the "Barges" (as defined in Section 15 below)), including without limitation, any such documents as are required to be filed with the United States Coast Guard to effect that conveyance, assignment and transfer;

36. The Closing Memorandum among Big Rivers, WKEC, LEM and E.ON to be entered into as of the Closing and to be dated as of the Unwind Closing Date, evidencing certain agreements of the Parties with respect to the Closing or certain transactions relating to the Closing;

37. The letter agreement dated April 14, 2008, among the Parties, and relating to the capacity testing of the Generating Plants contemplated in Subsection 10.2(ee) of the Termination Agreement;

38. The First Amendment to Transaction Termination Agreement dated November 1, 2007, among the Parties, together with the related letter agreement among the Parties dated December 4, 2008;

39. The Second Amendment to Transaction Termination Agreement among the Parties dated June 19, 2008;

40. The Third Amendment to Transaction Termination Agreement among the Parties dated October _____, 2008;

41. The letter agreement dated April 17, 2008, among the Parties, setting the Scheduled Unwind Closing Date;

42. The letter agreement among Big Rivers, Alcan Primary Products Corporation, Century Aluminum of Kentucky General Partnership and E.ON, dated June 24, 2008, relating to the buy-out of Bank of America's defeased lease position by Big Rivers;

43. The letter agreement between Big Rivers and E.ON, dated June 24, 2008, relating to the buy-out of Bank of America's defeased lease position by Big Rivers;

44. The sublease to Big Rivers of the space leased by WKEC in the Soaper Building located in downtown Henderson, Kentucky;

45. The letter agreement between Big Rivers and E.ON dated September 26, 2008, relating to the treatment of certain costs associated with the buy-out of Philip Morris Capital Corporation's defeased lease position by Big Rivers; and

46. Any and all amendments to any of the other agreements or instruments identified in this Exhibit S that have been or may hereafter be implemented by the written agreement of the parties to such agreements or instruments.

Notwithstanding anything to the contrary set forth in the Termination Agreement or this Third Amendment, the Parties agree that following the date of this Third Amendment they need not amend the Termination Agreement in order to add one or more agreements, instruments or documents to Exhibit S of the Termination Agreement. Rather, the Parties may by mutual written agreement (specifically referring to Exhibit S of the Termination Agreement) substitute a new Exhibit S for the Exhibit S attached to this Third Amendment at any time following the date hereof.

14. AMENDMENT TO SUBSECTION 3.2(d). Subsection 3.2(d) of the Termination Agreement is hereby amended to delete from that Subsection the reference to "the two Farm Lease and Security Agreements, each dated March 1st, 2006, between LCC, LLC and (i) Steve and Rona Ogle and (ii) Sean Taylor, respectively", and to replace the same with the following: "the two Farm Lease and Security Agreements, each dated March 1, 2008, between LCC, LLC and (i) Aaron Payne and (ii) Steve Ogle, respectively".

15. BARGE PURCHASE. WKEC hereby agrees to sell and convey to Big Rivers at the Closing (but not before), and Big Rivers hereby agrees to purchase and accept from WKEC at the Closing, all (but not less than all) of the barges identified on Appendix F attached hereto (the "**Barges**"), for an aggregate purchase price payable by Big Rivers to WKEC at the Closing (in immediately available funds) equal to the net book value of the Barges for the month in which the Closing occurs, as reflected in the regular books of account of WKEC. Upon tender of the purchase price described above, WKEC shall execute and deliver to Big Rivers at the Closing such instruments of conveyance, assignment and transfer as shall be reasonably required in order

for WKEC to transfer to and vest in Big Rivers of all of WKEC's rights, title and interests in and to the Barges; provided, that the Barges shall be so conveyed and transferred to Big Rivers in "AS IS", "WHERE IS" condition as of October 6, 2008, subject to reasonable wear and tear after such date and prior to Closing, and with no representation or warranty of any nature whatsoever, including without limitation, with no representation or warranty with respect to the condition or state of repair of the Barges AND NO IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

16. WILSON STACK BUILD-UP RISKS.

(a) Following the Closing, and provided that Big Rivers complies with the provisions of Section 16(b) hereof, then WKEC shall comply with Sections 16(c) and 16(d) hereof, subject to the further requirements of Sections 16(e) and (f) hereof.

(b) Big Rivers shall cause Plant Wilson to be taken out of service for a period of seven (7) consecutive weeks (24 hours a day, seven days a week) ending prior to December 31, 2009 (the "*Minimum Outage*") it being understood by the Parties that such period of outage may be extended beyond the scheduled Minimum Outage for an additional period (the "*Outage Extension*," and collectively with the Minimum Outage, the "*Actual Outage Period*"). Big Rivers shall notify WKEC of the start date of the Minimum Outage at least sixty (60) days prior to the approximate date of commencement of the Minimum Outage. Big Rivers shall afford WKEC and its designated employees and contractors reasonable access, 24 hours a day, to Plant Wilson, to the operating and maintenance logs, data and information relating to Plant Wilson, and to the employees of Big Rivers relating to Plant Wilson, in each case throughout the period from and after the Unwind Closing Date through the expiration of the Actual Outage Period, for the purposes of allowing WKEC: (i) to continuously monitor and inspect the condition, operation and usage of the Plant Wilson stack wall, stack brick lining, stack foundation, stack support, stack breeching duct and other stack ductwork (collectively, the "*Wilson Stack*") and the Plant Wilson FGD facilities (but in each case with no obligation of Big Rivers to shut down Plant Wilson to accommodate those monitoring or inspection efforts); (ii) to reasonably prepare for and stage for the removal and cleaning work to be undertaken by WKEC as described below; (iii) solely during the entire period of the Minimum Outage (and, as necessary, any Outage Extensions made by Big Rivers in its sole discretion or requested by WKEC as contemplated

below), to undertake and complete that removal and cleaning work; and (iv) to undertake any repair work of the types described below that may be required as contemplated below. Big Rivers shall make its Plant Wilson management personnel available to reasonably assist WKEC in WKEC's coordination and control of the contractors of WKEC to undertake the removal, cleaning and, as applicable, repair work contemplated below.

(c) (1) WKEC agrees to undertake and complete, during the Minimum Outage (and, if requested by WKEC, any Outage Extension), the removal and cleaning from the interior of the brick lining of the Wilson Stack (the "*Interior Lining*") of the build-up of FGD reagent, ash, moisture and other commingled materials that have accumulated on that lining and in the bottom of the stack through the start date of the Minimum Outage (the "*Build-Up Materials*"), at WKEC's sole cost and expense; provided, that the standards and procedures required to be followed or undertaken by WKEC (or its contractor) in performing that removal and cleaning work, and the extent or level to which the Build-Up Materials must be removed down to the Interior Lining, shall each be such as would be consistent with Prudent Utility Practice and with the standards and procedures of the generating plant stack cleaning industry generally in connection with similar facilities and consistent with Appendix G. The work under the preceding sentence shall be undertaken by WKEC on a 24 hours per day, 7 days per week, basis in order to expeditiously complete the work. WKEC shall begin such removal and cleaning work as soon after the Minimum Outage begins as is practicable, provided WKEC is given the notice of the start date of the Minimum Outage provided for in Subsection 16(b). WKEC shall oversee the removal and cleaning work while permitting Big Rivers' representative(s) to observe the condition of the cleaned stack lining on a regular basis so that any repair work required to be undertaken by WKEC under Subsection 16(c)(3) below can be promptly scheduled, initiated, completed and inspected in accordance with that Subsection; provided, that such observation by Big Rivers' representative(s) shall not unreasonably interfere with the removal, cleaning and repair work of WKEC. In the event the removal and cleaning work contemplated in this Subsection 16(c)(1) cannot be completed by WKEC during the Minimum Outage, then upon the written request of WKEC, Big Rivers agrees to extend that outage in order to accommodate the completion of that cleaning and removal work, which extension shall be an Outage Extension. If at least 48 hours prior to the expiration of the Minimum Outage or any Outage Extension

requested by WKEC, WKEC shall not have notified Big Rivers in writing that it is requesting an Outage Extension or another Outage Extension during which to complete the removal, cleaning and, as applicable, repair work contemplated in this Subsection 16(c)(1) or in Subsection 16(c)(3) below, then WKEC shall be deemed to have declined that Outage Extension and to have instead (y) elected to request that Big Rivers return Plant Wilson to generating operation, and (z) elected to complete that work at a subsequent outage of Plant Wilson, in each case as contemplated in Subsection 16(d)(4) below. If, during the Minimum Outage or any Outage Extension requested by WKEC, (i) Big Rivers notifies WKEC in writing (specifying the effective date of termination) that Big Rivers is terminating the *Minimum Outage or any Outage Extension* requested by WKEC, or (ii) Big Rivers shall materially breach Subsection 16(b) above, then the Parties agree that whatever work that was completed by WKEC at the completion of the shortened *Minimum Outage or Outage Extension* or as of the date of such material breach shall be deemed as the fulfillment of all of WKEC's obligations under this Subsection 16(c)(1), and Big Rivers shall be deemed as having accepted this work as complete and acceptable, and neither party shall have any further responsibility or liability to the other under Subsections 16(a), (b), (c), (d) and (e).

(2) If, following the Closing and prior to restart of Plant Wilson following the completion of the removal and cleaning of the Build-Up Materials contemplated in Subsection 16(c)(1) above and, as applicable, in Subsection 16(d)(4), any physical damage to the Wilson Stack shall occur as a direct consequence of one or more separations (each a "*Separation*") from the Interior Lining of the Wilson Stack of any portion(s) of the Build-Up Materials, howsoever caused, or as a consequence of the work conducted by WKEC to remove the Build-Up Materials, including the deposition of Build-Up Materials at the bottom of the stack (any such physical damage, a "*Damage Event*"), then WKEC shall promptly thereafter, at its sole cost and expense, undertake and complete a repair of that physical damage at the earliest practicable time consistent with Prudent Utility Practice. In the event such physical damage is discovered and such damage cannot be safely and/or economically repaired absent a shutdown of the generating operations of Plant Wilson, and in the event Big Rivers shall refuse in writing to so shut down those operations for a consecutive period of time reasonably sufficient for WKEC to undertake and complete that repair work, then WKEC shall not be obligated to undertake or complete that

repair work until such time as the generating operations of Plant Wilson are so shut down for that reasonably sufficient period. Big Rivers agrees to notify WKEC immediately (to be confirmed in writing within 48 hours) following the occurrence of a Separation or Damage Event of which Big Rivers becomes aware, describing that Separation and any Damage Event to the extent known to Big Rivers in reasonable detail. Following the occurrence of any Damage Event, Big Rivers shall afford WKEC and its consultants and advisors (at WKEC's risk and expense) a reasonable opportunity to inspect and photograph any resulting physical damage to the Wilson Stack, the associated Build-Up Materials causing that damage, and the Interior Lining of the Wilson Stack, in each case prior to any attempt by Big Rivers or its contractors to remedy that damage (which Big Rivers shall in any event not undertake without first giving WKEC notice thereof and a reasonable period of time and opportunity to repair the same as contemplated in this Subsection 16(c)(2)) or to remove the "Separated" Build-Up Materials; provided, that in the event WKEC so elects to inspect and/or photograph that damage, the associated Build-Up Materials and/or the Interior Lining of the Wilson Stack during a forced outage, or an unplanned outage requested by WKEC to inspect and photograph any resulting physical damage to the Wilson Stack, of Plant Wilson as contemplated above, the period of outage resulting from such activities by WKEC or its consultants or advisors at Plant Wilson (rounded up to the nearest whole hour) shall be added to the duration of the period for which WKEC is required to deliver replacement energy to Big Rivers as contemplated in Subsection 16(d)(2) below.

(3) During any cleaning and removal efforts by WKEC contemplated in Subsection 16(c)(1) and, as applicable, Subsection 16(d)(4), or during any inspection or repair efforts contemplated in Subsection 16(c)(2), Big Rivers shall observe and inspect the interior of the brick lining of the Wilson Stack for the purpose of assessing the condition of the brick lining. Big Rivers shall immediately notify WKEC of the nature, location and extent of any material deterioration in the physical condition of the Interior Lining of the Wilson Stack that was not reasonably observable or detectable prior to the cleaning and removal of the Build-Up Materials. WKEC shall schedule, undertake and complete a repair of that material deterioration consistent with Prudent Utility Practice, taking into consideration the age and historical usage of that brick lining generally (it being expressly agreed that WKEC shall not be obligated to repair that brick lining to "like new" condition, but only to repair that lining to the extent reasonably required to

return it to a safe and functional condition with a remaining useful life approximately equal to that of a brick lining of similar age and historical usage).

(d) (1) During an Outage Extension requested by WKEC as contemplated in Subsection 16(c)(1) above, and so long as the failure of WKEC to complete the relevant removal and cleaning work during the Minimum Outage is not the result of a breach by Big Rivers of Section 16(b) above or of the gross negligence or willful misconduct of Big Rivers or its employees, agents or contractors, WKEC shall, or shall cause an Affiliate to, sell and deliver to Big Rivers (at any point of interconnection to the Big Rivers' transmission system, where available to deliver energy to Big Rivers' member load, satisfactory to WKEC) an amount of replacement energy equal to 418 MW per hour for the number of hours during which Plant Wilson is not capable of any generating operations solely by reason of that requested Outage Extension. Subject to Subsection 16(d)(4) below, Big Rivers shall pay a purchase price equal to the lower of (y) WKEC's actual cost for such replacement energy or (z) the product of \$18.50 per MWh multiplied by the volume (in MWh) of such replacement energy, which shall be immediately due and payable within 30 days after the invoice is delivered to Big Rivers following the delivery of such energy. If for any reason replacement energy scheduled by WKEC to a particular interconnection point is cut, WKEC shall reschedule the cut energy at an alternative interconnection point. WKEC may not declare a Force Majeure for failure to deliver replacement energy. WKEC shall reimburse Big Rivers for any costs above \$18.50 per MWh (or, for replacement energy to be delivered during the "Cumulative Interruption Period" (as defined in Subsection 16(d)(4) below) under the circumstances described in the first sentence of that Subsection 16(d)(4), above an average cost of \$58.50 per MWh) that Big Rivers incurs to procure replacement energy required to be delivered by WKEC hereunder and that WKEC fails to deliver.

(2) Except during the Minimum Outage, during any Outage Extension requested by WKEC, and during any subsequent outage of the type contemplated in Subsection 16(d)(4), if a Damage Event contemplated in Subsection 16(c)(2) above shall occur that prevents all generating operations of Plant Wilson from occurring without risk of injury to personnel or further damage to Plant Wilson (i.e., that causes a forced outage or an unplanned outage that is

requested by WKEC of Plant Wilson, as opposed to an elective outage by Big Rivers of Plant Wilson), then WKEC shall, or shall cause its Affiliate to, sell and deliver to Big Rivers (at any point of interconnection to the Big Rivers' transmission system, where available to deliver energy to Big Rivers' member load, satisfactory to WKEC) an amount of replacement energy equal to 418 MW per hour for the number of hours during which Plant Wilson is not capable of any generating operations solely by reason of the Damage Event or the repair work by WKEC required hereunder to address the Damage Event. Big Rivers shall pay a purchase price equal to the lower of (y) WKEC's actual cost for such replacement energy or (z) the product of \$18.50 per MWh multiplied by the volume (in MWh) of such replacement energy, which shall be immediately due and payable within 30 days after the invoice is delivered to Big Rivers following the delivery of such energy. Notwithstanding the foregoing, WKEC shall have no obligation to, nor any obligation to cause its Affiliate to, deliver replacement energy to Big Rivers pursuant to this Subsection 16(d)(2) for any periods during which WKEC's efforts to repair any physical damage to the Wilson Stack as contemplated in Subsection 16(c)(2) above shall be prevented or delayed as a result of a breach by Big Rivers of Section 16(b) above or of the gross negligence or willful misconduct of Big Rivers or its employees, agents or contractors. If for any reason replacement energy scheduled by WKEC to a particular interconnection point is cut, WKEC shall reschedule the cut energy at an alternative interconnection point. WKEC may not declare a Force Majeure for failure to deliver replacement energy. WKEC shall reimburse Big Rivers for any costs above \$18.50 per MWh that Big Rivers incurs to procure replacement energy required to be delivered by WKEC hereunder and that WKEC fails to deliver.

(3) During any portion of an outage required solely for the purpose of repairing any material deterioration contemplated in Subsection 16(c)(3) above, WKEC shall sell and deliver to Big Rivers (at any point of interconnection to the Big Rivers' transmission system, where available to deliver energy to Big Rivers' member load, satisfactory to WKEC) an amount of replacement energy equal to 418 MW per hour for the number of hours during which Plant Wilson is not capable of any generating operations by reason of that required outage. Subject to Subsection 16(d)(4) below, Big Rivers shall pay a purchase price equal to the lower of (y) WKEC's actual cost for such replacement energy or (z) the product of \$18.50 per MWh multiplied by the volume (in MWh) of such replacement energy, which shall be immediately due

and payable within 30 days after the invoice is delivered to Big Rivers following the delivery of such energy. Notwithstanding the foregoing, WKEC shall have no obligation to, nor any obligation to cause its Affiliate to, deliver replacement energy to Big Rivers pursuant to this Subsection 16(d)(3) for any periods during which WKEC's efforts to repair any material deterioration of the Interior Lining as contemplated in Subsection 16(c)(3) above shall be prevented or delayed as a result of a breach by Big Rivers of Section 16(b) above or of the gross negligence or willful misconduct of Big Rivers or its employees, agents or contractors. If for any reason replacement energy scheduled by WKEC to a particular interconnection point is cut, WKEC shall reschedule the cut energy at an alternative interconnection point. WKEC may not declare a Force Majeure for failure to deliver replacement energy. WKEC shall reimburse Big Rivers for any costs above \$18.50 per MWh (or, for replacement energy to be delivered during the "Cumulative Interruption Period" (as defined in Subsection 16(d)(4) below) under the circumstances described in the first sentence of Subsection 16(d)(4), above an average cost of \$58.50 per MWh) that Big Rivers incurs to procure replacement energy required to be delivered by WKEC hereunder and that WKEC fails to deliver.

(4) Notwithstanding anything contained in Subsection 16(d)(1) or 16(d)(3) to the contrary, in the event, during the Minimum Outage or any Outage Extension requested by WKEC, WKEC is rendered incapable for one or more periods of time, each of at least four consecutive hours in duration (each an "Interruption Period"), of performing the removal, cleaning or, as applicable, repair work contemplated in Subsection 16(c)(1) or 16(c)(3) above by reason of the actions or omissions of Big Rivers or its employee(s), agent(s) or contractor(s) which constitute negligence, but such actions or omissions did not constitute gross negligence or willful misconduct on the part of Big Rivers or such employee(s), agent(s) or contractor(s), and in the event as a result of the cumulative total of such Interruption Period(s), WKEC is not able to complete all such removal, cleaning and, as applicable, repair work during the Minimum Outage or that Outage Extension, then Big Rivers' cost for replacement energy delivered by WKEC, or its Affiliate, to Big Rivers during the first 168 hours of that Outage Extension necessary to make up the cumulative total of such Interruption Periods (such cumulative periods, up to a maximum of 168 hours, being referred to herein as the "*Cumulative Interruption Period*") shall be the lower of (y) WKEC's actual cost for such replacement energy or (z) the

product of \$58.50 per MWh multiplied by the volume (in MWh) of such replacement energy. WKEC agrees to consult with Big Rivers with a view toward locating least cost sources for replacement energy to be delivered under the circumstances contemplated in this Subsection 16(d)(4). Big Rivers agrees to use its reasonable best efforts to return Plant Wilson to generating operation promptly following the request of WKEC made at the end of the Minimum Outage or at any time during the Outage Extension contemplated above; provided, that in the event, as of such request by WKEC, all removal, cleaning and/or repair work required to be undertaken and completed by WKEC has not been so completed by WKEC in accordance with Subsection 16(c)(1) or 16(c)(3) above, then WKEC agrees to complete the removal, cleaning and, as applicable, repair work of areas of the Interior Lining not cleaned or repaired by it during the Minimum Outage or that Outage Extension at a subsequent outage of Plant Wilson of sufficient duration to permit WKEC to complete the remaining removal, cleaning and, as applicable, repair work, but with no obligation on the part of WKEC to provide Big Rivers any replacement energy during that subsequent outage absent the agreement of WKEC to the contrary; and provided further, that such removal, cleaning and, as applicable, repair work during that subsequent outage shall be conditioned (i) on the fulfillment by Big Rivers of its covenants and agreements in Subsection 16(b) (exclusive of the first sentence of that Subsection) during the period following the Minimum Outage or the Outage Extension described above through that subsequent outage as though the provisions of Subsection 16(b) were originally applicable to that period and to that subsequent outage, and (ii) on that subsequent outage being of a duration reasonably sufficient for WKEC to complete that removal and cleaning work. In the event WKEC shall believe that an action or omission on the part of Big Rivers or its employee, agent or contractor constituting negligence shall have caused a failure of WKEC to complete the removal, cleaning or, as applicable, repair work contemplated in Subsection 16(c)(1) or 16(c)(3) during the Minimum Outage or the Outage Extension contemplated above, WKEC shall promptly notify Big Rivers of the circumstances leading to that belief, and the Parties shall immediately thereafter consult and attempt to mutually agree on the best course of action for promptly eliminating the impediment such that WKEC's work can be completed during the remainder of the Minimum Outage or the Outage Extension contemplated above.

(e) (1) In the absence of a breach by WKEC of its removal and cleaning commitment set forth in Subsection 16(c)(1), Big Rivers shall not attempt to remove or clean any Build-Up Materials from the Interior Lining of the Wilson Stack at any time following the Closing through the completion of the Minimum Outage or any Outage Extension requested by WKEC, without the prior written consent of WKEC; provided, that the foregoing shall not prevent Big Rivers from removing any Build-Up Materials that may completely “Separate” from the Interior Lining of the Wilson Stack.

(2) Notwithstanding anything to the contrary set forth in Section 16.4(b) of the Termination Agreement, the repair obligations, removal and cleaning obligations and energy sales obligations of WKEC provided for in this Section 16, and any costs and expenses associated with the same, shall be excluded for all purposes from (and from any limitation or calculation contemplated in) the first sentence of Section 16.4(b) of the Termination Agreement. The covenants and agreements of WKEC set forth in this Section 16 are in lieu of any other indemnification, defense, hold harmless, assumption, payment or reimbursement commitments or undertakings on the part of WKEC or LEM set forth elsewhere in the Termination Agreement or in any other Definitive Document with respect to Damage Events contemplated in this Section 16.

(f) WKEC shall indemnify and hold Big Rivers harmless from any loss, damage, cost, expense, claim and liability suffered or incurred in connection with the physical injury to any person due to a Damage Event, or resulting from or occurring in connection with the cleaning and removal work conducted by WKEC, its employees, agents and contractors pursuant to Section 16(c)(1) hereof, in each case occurring prior to an early termination of the Minimum Outage or the Outage Extension (as applicable) by Big Rivers as contemplated in Subsection 16(c)(1) above and not caused by the negligence or willful misconduct of Big Rivers or its employees, agents or contractors.

17. PAYMENT FOR CERTAIN COSTS. Upon the termination of the Termination Agreement in accordance with its terms at any time prior to a Closing (but not in the event a Closing occurs), WKEC shall remit and pay to Big Rivers in immediately available funds the

amount of One Hundred Thousand Dollars (\$100,000.00), in consideration of certain administrative and personnel costs theretofore or thereafter to be undertaken or incurred by Big Rivers. The provisions of this Section 17 shall survive the termination of the Termination Agreement for any reason and shall continue to be binding upon WKEC and to inure to the benefit of Big Rivers.

18. AMENDMENT TO SECTION 8.2. Consistent with the second sentence of Subsection 8.2(a)(ii) of the Termination Agreement, Section 8.2 of the Termination Agreement is hereby further amended to substitute Schedule 8.2 attached to this Third Amendment for and in place of the Schedule 8.2 referred to in Section 8.2 of the Termination Agreement and established pursuant to the First Amendment to Transaction Termination Agreement dated as of November 1, 2007, among the Parties (the "*First Amendment*").

19. AMENDMENTS TO SECTION 12.2. The first sentence of Subsection 12.2(a)(vi) of the Termination Agreement is hereby further amended to be and read in its entirety as follows:

"During 2007, 2008 and 2009, and provided Big Rivers funds the Big Rivers Contributions for 2007, 2008 and 2009 in accordance with the relevant Operative Document(s), WKEC shall spend not less than ninety percent (90%) of the cumulative total of the amounts (collectively, the "*Scheduled Amounts*") set forth on Schedule 12.2(a)(vi) through and including the Closing Month (pro-rated as contemplated below) for Non-Incremental Capital Costs and Henderson Non-Incremental Capital Costs."

In addition, Schedule 12.2(a)(vi) attached to this Third Amendment is hereby substituted for and in place of Schedule 12.2(a)(vi) referred to in Subsection 12.2(a)(vi) of the Termination Agreement and established pursuant to the First Amendment.

20. CERTAIN POTENTIAL RECEIPTS BY BIG RIVERS. In recognition that the Termination Payment to be made by WKEC to Big Rivers at the Closing will include an amount the purpose of which is to reimburse Big Rivers for certain costs incurred by it in connection with the September 30, 2008, termination of each of the three leveraged lease transactions

between Big Rivers and Bluegrass Leasing, among other parties (the “*PMCC Termination Transaction*”), Big Rivers hereby represents and warrants to E.ON, WKEC and LEM that no agreements, documents, instruments or other arrangements exist with any Person for the reimbursement of or contribution to Big Rivers with respect to the amounts paid or payable by Big Rivers or on its behalf in connection with the PMCC Termination Transaction (including, without limitation, amounts paid by Big Rivers or on its behalf in respect of “Lessor Consideration”, as defined in the Omnibus Termination Agreement dated September 30, 2008, among Big Rivers, Bluegrass Leasing and other parties). In the event Big Rivers or any of its affiliates receives any reimbursement or other payment in connection with the PMCC Termination Transaction (including, without limitation, any contribution to the Lessor Consideration (other than the contribution by WKEC described above and other than proceeds received by Big Rivers from its three member distribution cooperatives, including in connection with the rates to be charged by Big Rivers to its three member distribution cooperatives, including the rates chargeable by Big Rivers to Kenergy Corp. for resale to the Smelters), and in the event such amounts received by Big Rivers or its affiliate(s) have not been contributed toward the Lessor Consideration, then Big Rivers hereby agrees to promptly pay fifty percent (50%) of such amount to WKEC.

21. SOLID FUEL STOCK INVENTORY LEVELS. (a) Section 10.3 of the Termination Agreement is hereby amended by adding the following condition precedent as a new Subsection 10.3(rr) thereto:

(rr) Solid Fuel Stock Inventory Levels. The quantities of Solid Fuel Stock constituting Inventory (as determined in accordance with Section 4.1) for each Generating Plant as of the date of Closing shall be at least an amount (on a Btu basis) equal to the following:

Generating Plant	Solid Fuel Stock Inventory Amount as of Closing (in GBtus)
Plant Wilson	2,791*
Plant Green	3,389**
Station Two/Plant Reid	2,142

*The amount of Petcoke included for purposes of determining the Solid Fuel Stock Inventory Amount above for Plant Wilson pursuant to this subsection 10.3(rr) will not exceed 50% on a Btu basis.

**The amount of Petcoke included for the purposes of determining the Solid Fuel Stock Inventory Amount above for Plant Green pursuant to this Subsection 10.3(rr) will not exceed 40% on a Btu basis.

For purposes of determining the Solid Fuel Stock Inventory Amount as of the date of Closing for each Generating Plant under this Subsection 10.3(rr), the following categories of Solid Fuel Stock shall be included:

1. all Solid Fuel Stock constituting Inventory located at such Generating Plant on September 30, 2008 which is still located at such Generating Plant on the date of Closing (the quantities of which shall be determined in accordance with Subsection 4.1(a));

2. all Solid Fuel Stock constituting Inventory at such Generating Plant which is delivered to such Generating Plant between September 30, 2008 and the date of Closing, and is still located at such Generating Plant (or is inventory in transit pursuant to Section 4.1 (a)) on the date of Closing (the quantities of which shall be determined in accordance with Section 4.1(a)), but only to the extent such deliveries (or inventory in transit) are attributable to a written contract to which WKEC is a party and either (i) was in existence as of September 30, 2008, or (ii) that is

related to or results from WKEC's solicitation for bids which were received by WKEC in September 2008 (a copy of which having been provided to Big Rivers);

3. all Solid Fuel Stock constituting Inventory at such Generating Plant which is delivered to such Generating Plant between September 30, 2008 and the date of Closing, and is still located at such Generating Plant (or is inventory in transit pursuant to Section 4.1 (a)) on the date of Closing (the quantities of which shall be determined in accordance with Section 4.1(a)), but only to the extent such Solid Fuel Stock (i) is attributable to a written contract (other than a contract described in clause 2) above), and (ii) such Solid Fuel Stock delivered in connection with the contract meets or exceeds the following specifications for the relevant Generating Plant:

	Coleman	Wilson	Green	Station Two/Reid
Moisture (max.) (lbs./MMBtu)	14.50	14.50	14.50	14.00
Ash (max.) (lbs./MMBtu)	12.00	15.00	17.00	11.00
Sulfur (max.) (lbs./MMBtu)	3.25	3.75	4.00	2.60
BTU/lb. (min.)	11,000	10,200	10,200	11,200

(b) Section 4.2 of the Termination Agreement is hereby amended by adding the following paragraph as a new paragraph:

Notwithstanding anything in this Section 4.2 to the contrary, if WKEC enters into a New Non-Solicitation Fuel Contract (as such term is defined below), and the delivered cost of Solid Fuel Stock under such New Non-Solicitation Fuel Contract is in excess of \$3.44 per MMBtu, then WKEC shall make an adjustment at Closing with respect to the value of the Solid Fuel Stock to be included in the Inventory Value (as contemplated in the first sentence of this Section 4.2) to reflect that the delivered cost of Solid Fuel Stock delivered pursuant to such New Non-Solicitation Fuel Contract (and included in such value) is deemed to be \$3.44 per MMBtu. For purposes of this paragraph, the term "New Non-Solicitation Fuel Contract" shall mean a written contract for the procurement of Solid Fuel Stock, entered into by WKEC between

September 30, 2008 and the date of the Closing, that is not related to nor resulting from WKEC's solicitation for bids which were received by WKEC in September 2008 (a copy of which having been provided to Big Rivers).

22. REAFFIRMATION. *Except as amended or modified by this Third Amendment, the Termination Agreement shall continue in full force and effect from and after the date hereof in accordance with its terms.*

[Signatures appear on the following page]

WITNESS the signatures of the undersigned as of the date first written above.

BIG RIVERS ELECTRIC CORPORATION

By: _____
Name: _____
Title: _____

LG&E ENERGY MARKETING INC.

By: _____
Name: _____
Title: _____

WESTERN KENTUCKY ENERGY CORP.

By: _____
Name: _____
Title: _____

GUARANTOR'S CONSENT

FOR VALUE RECEIVED, the undersigned, **E.ON U.S. LLC**, a Kentucky limited liability company ("**E.ON**"), hereby consents to the Third Amendment to Transaction Termination Agreement to which this consent is appended (the "**Third Amendment**"), which Third Amendment amends the Transaction Termination Agreement dated as of March 26, 2007, as amended (the "**Termination Agreement**"), among Western Kentucky Energy Corp. ("**WKEC**"), LG&E Energy Marketing Inc. ("**LEM**") and Big Rivers Electric Corporation ("**Big Rivers**"). The undersigned further agrees that the Termination Agreement as so amended (and the obligations of WKEC and LEM thereunder) shall continue to be the subject of that certain Guarantee dated as of March 26, 2007, from E.ON in favor of Big Rivers in accordance with its terms.

WITNESS the signature of the undersigned as of this ____ day of _____, 2008.

E.ON U.S. LLC

By: _____
Name: _____
Title: _____

LOU: 3036012.4

APPENDIX A

SCHEDULE 15.3(d) TO THE TERMINATION AGREEMENT

Schedule 15.3(d)

1. May 31, 2007 spill of Turbine Lube Oil in the area by the auxiliary boiler feed pumps at Wilson Plant to the extent not remediated prior to the Closing.
2. June 16, 2007 spill of diesel fuel oil from underground piping into the sewage piping system at Wilson Plant to the extent not remediated prior to the Closing.
3. March 12, 2008 spill of power line chemical biocide materials at the cooling towers at Wilson Plant to the extent not remediated prior to the Closing.
4. May 19, 2008 spill of lube oil from #1 ID fan at Wilson Plant to the extent not remediated prior to the Closing.
5. April 21, 2007 spill of EHC fluid at the Green 1 EHC Unit at the Sebree Complex to the extent not remediated prior to the Closing.
6. September 22, 2007 spill of oil from the Green 2 step-up transformer at the Sebree Complex to the extent not remediated prior to the Closing.
7. September 30, 2007 spill of FGD thickener material from the Green 2 scrubber system at the Sebree Complex to the extent not remediated prior to the Closing.
8. October 23, 2007 spill of turbine lube oil from the Henderson 2 lube oil coolers at the Sebree Complex to the extent not remediated prior to the Closing.
9. April 14, 2008 spill of turbine lube oil from the Green 2 turbine lube oil reservoir at the Sebree Complex to the extent not remediated prior to the Closing.
10. August 15, 2007 spill of oil from the Coleman 2 main step-up transformer at the Coleman Plant to the extent not remediated prior to the Closing.
11. May 12, 2008 spill of turbine lube oil from the Coleman 1 turbine at the Coleman Plant to the extent not remediated prior to the Closing.
12. Notice of Violation received from the Division of Water on May 31, 2007, for excursions of TSS at the Sebree Complex;
13. Notice of Violation received from the Division for Air Quality on August 2, 2007, for exceedance of the Opacity Standard at the Reid 1 facility;
14. Notice of Violation received from the Division for Air Quality on August 3, 2007, for exceedances of the Opacity Standard at each unit at the Coleman facility;

15. Notice of Violation received from the Division of Water on March 4, 2008, for excursions of TSS at the Sebree Complex;

16. Notice of Deficiency received from the Division of Water on April 16, 2008, for errors in the Monthly Operating Report of the public water system at Wilson Plant;

17. Radiation exposure of personnel entering precipitator hoppers at the Wilson Station due to the failure of protective shutters on nuclear gauges to close (including five contractor personnel who may have experienced radiation exposure during the March 12, 2008 through March 13, 2008 period), and the related Notice of Violation received from the Radiation Health Branch on July 10, 2008;

18. Releases of petroleum or hazardous materials resulting from the sinking of the motor vessel Miss Debbie (Official Number 569023) on December 30, 2007, to the extent not remediated prior to the Closing;

19. Any complaints received during the period from the Execution Date through the Closing from any persons or entities (other than Big Rivers or any Member Cooperative) regarding particulate matter and plume impacts from the Wilson Plant that occurred at any time from the Execution Date through the Closing;

20. Any Notices of Violation received from the Division of Water following October _____, 2008 **[the date of this Third Amendment]** to the extent relating to excursions of pH or TSS at Sebree Complex occurring prior to the Closing;

21. Any noncompliances with existing reporting and recordkeeping protocols at the Sebree, Wilson, and Coleman Facilities under the Toxic Chemical Release Inventory (TRI) program from the Effective Date through the Closing relating to omission of metal releases from use of steel balls in stoker ball mills in the TRI reports; potential lack of certain release reporting back-up documentation; and potential inaccurate descriptions of materials as being "otherwise used" on Form R Reports; and

22. Any noncompliances with existing reporting and recordkeeping protocols under the Risk Management Planning (RMP) program at the Sebree and Wilson Facilities for ammonia and chlorine management from the Effective Date through the Closing relating to missing annual certifications that operating procedures are current and accurate; potential lack of documentation of management of change process information and mechanical integrity requirements; potential lack of triennial audit documentation; potential lack of coordination with local community emergency response plan; and potential deviations from operating procedure letters.

APPENDIX B

SCHEDULE 15.3(e) TO THE TERMINATION AGREEMENT

Schedule 15.3(e)

1. Wilson and Green Coal Conveyor Dust Collection Systems. Following the Closing, but subject to the limitations provided for below, WKEC shall indemnify and hold harmless Big Rivers from and against any and all fines and/or civil or criminal penalties that may be imposed or assessed against Big Rivers following the Closing under any applicable Environmental Law to the extent, but only to the extent, such fines and/or civil or criminal penalties resulted from or arose out of any failure of the coal conveyor dust collection system of Plant Green or Plant Wilson to comply with any Title V Permit condition during the period from the Effective Date through and including the date which is two hundred seventy (270) days following the Unwind Closing Date, solely by reason of the inoperability of any portion or component of that coal conveyor dust collection system during that same period, but then only to the extent Big Rivers has, throughout the 270-day period described above, maintained that coal conveyor dust collection system in the same general condition and state or repair as existed on the Unwind Closing Date, other than for such modifications, repairs and/or replacements of that system (or any components thereof) during that period by Big Rivers as are intended or designed to improve the operability, reliability or functionality of that system.

2. Indemnities for Groundwater Assessment Requirements.

(a) Notwithstanding anything to the contrary set forth elsewhere in this Third Amendment, in the Termination Agreement or in any other Definitive Document, and in lieu of any other indemnification, hold harmless or cost sharing covenants or other relief therefor set forth or contemplated elsewhere in this Third Amendment, in the Termination Agreement or in any other Definitive Document (but subject to the limitations contemplated in this Section 2), following the Closing WKEC and Big Rivers shall share responsibility (in the percentages set forth in Subsection (b) below) for any and all claims, demands, losses, damages,

liabilities, costs, expenses, obligations and deficiencies (including without limitation, costs of corrective or remedial actions, fines, civil or criminal penalties, settlements and attorneys fees) that may following the Closing be suffered or incurred by WKEC, Big Rivers and their respective Affiliates, and their respective directors, officers, employees, agents, representatives, successors and assigns, or any of them (collectively, the “*Applicable Costs*”), resulting from or arising out of any written requirement under Environmental Law (other than the letter identified in Subsection 15.3(d)(x) of the Termination Agreement) by the Kentucky Division of Waste Management (“*KDWM*”) for WKEC or Big Rivers to conduct a groundwater assessment of statistically significant increases in constituents in the groundwater adjacent to the special waste landfills at Plant Wilson or Plant Green, but only to the extent:

(i) the constituent at issue was detected in the groundwater by the Environmental Consultant in the Supplemental UEA Additional Groundwater Evaluation dated July 7, 2008 (being part of the Unwind Environmental Audit Report) for the Plant at issue, the concentration of that contaminant increased significantly since the audit that resulted in the Baseline Environmental Audit Report, and the concentration of that constituent was detected in the groundwater above Maximum Contaminant Levels or Region 9 Preliminary Remediation Goals for industrial sites as those levels/goals existed at that time; or

(ii) the constituents at issue are sulfates or chlorides; and

(iii) the constituent(s) so identified in subparagraph (i) or (ii) that is the subject of the requirement has statistically increased further in the groundwater adjacent to the special waste landfills at Plant Wilson or Plant Green between the Unwind Closing Date and the fifth (5th) anniversary of that date, to a level which *either* then violates one or more Environmental Laws as in force and effect as of the Closing *or* is then required to be remedied or otherwise addressed by one or more Environmental Laws as in force and effect as of the Closing (but then only

to the extent the same are so required to be remedied or addressed under Environmental Laws as in force and effect as of the Closing).

(b) Following the Closing, WKEC shall be responsible under this Section 2 for funding twenty percent (20%) of all Applicable Costs, and Big Rivers shall be responsible under this Section 2 for funding eighty percent (80%) of all Applicable Costs. In the event a Governmental Entity or other Person provides notice to Big Rivers alleging a claim, demand, violation or other deficiency which could give rise to an Applicable Cost, Big Rivers shall provide written notice thereof (together with a copy of any related written correspondence received from that Governmental Entity or Person) to WKEC within ten (10) business days thereafter in accordance with Section 18.4 of the Termination Agreement. Within twenty (20) business days of receipt of such notice, WKEC may notify Big Rivers that WKEC will participate in the Defense of or concerning any such claim, demand, violation or other deficiency in the manner contemplated in Section 16.6. Regardless of whether WKEC exercises its right hereunder to participate in the Defense of or concerning any such claim, demand, violation or other deficiency, Big Rivers and WKEC shall reasonably cooperate in good faith in opposing and defending against any such claim, demand, violation or other deficiency. Big Rivers and WKEC shall use their respective commercially reasonable efforts to minimize the Applicable Costs that are incurred.

(c) The provisions of this Section 2 shall be deemed for all purposes of the Termination Agreement to be included in and a part of Section 15.3 of the Termination Agreement, but shall not be subject to the last sentence of Section 15.3(e) of the Termination Agreement. Notwithstanding the foregoing provisions of this Section 2, the obligation of a Party to pay or fund its percentage share of Applicable Costs pursuant to this Section 2 shall only apply to the extent the relevant written requirement by the KDWM described above (or the statistically significant increase(s) in constituent(s) identified in that written requirement) is (or are) made the subject of a written claim for such payment or funding under

this Section 2 from the other Party delivered prior to the sixtieth (60th) day following the fifth (5th) anniversary of the Unwind Closing Date, but then only to the extent that claiming Party believes in good faith that the criteria for such payment or funding obligation set forth above have been satisfied (the “*Claim Deadline*”). Notwithstanding anything contained in this Section 2 to the contrary, in the event a Party (the “*First Party*”) shall assert a claim against the other Party (the “*Second Party*”) for payment or funding under this Section 2 at any time within thirty (30) days of the Claim Deadline, the period of time contemplated in the preceding sentence by which the Second Party must assert a claim against the First Party on the basis of any fact, event, circumstance which is the subject of that claim by the First Party shall be extended to the thirtieth (30th) day following the Claim Deadline. The covenants contemplated or contained in this Section 2 shall not apply to, and no Party shall be obligated hereunder for, any costs or expenses which constitute Incremental Environmental O&M, Henderson Incremental Environmental O&M, or costs or expenses for Capital Assets or Station Two Improvements that were or are necessary to comply with any requirement of any Environmental Law or any environmental regulatory authority.

3. Indemnity Regarding SERC Audit. Following the Closing, WKEC shall indemnify and hold harmless Big Rivers from and against any and all fines and/or civil penalties that may be imposed or assessed against Big Rivers by the SERC Reliability Corporation (“SERC”) in connection with an audit by SERC of WKEC (to be conducted on or about November 2008) to the extent, but only to the extent, such fines and/or civil penalties resulted from or arose out of any failure of WKEC to comply with North American Electric Reliability Corporation (“NERC”) reliability standards applicable to the Leased Generators (but not Station Two) and required to be met by WKEC as a registered Generation Operator. In no event shall WKEC have any obligation to indemnify and hold harmless Big Rivers or have any other responsibility or liability whatsoever under or pursuant to this Section 3 in connection with or related to any NERC reliability standards which are required to be met by a registered entity other than a registered Generation Operator, including without limitation, WKEC shall have no

obligation or responsibility for any NERC reliability standards which are required to be met by a Balancing Authority, Load-Serving Entity, Planning Authority, Resource Planner, Transmission Owner, Transmission Operator, Interchange Authority, Transmission Planner or Transmission Service Provider.

APPENDIX C

EXHIBIT S TO TERMINATION AGREEMENT

EXHIBIT S

DEFINITIVE DOCUMENTS

1. Termination Agreement
2. Termination and Release
3. E.ON Guaranty
4. Inventory Bill of Sale
5. Personal Property Bill of Sale
6. Assignment and Assumption of Contracts
7. Intercreditor Agreement
8. Deed of Real Property (Central Lab parcel)
9. Deed of Real Property (Hancock County parcel)
10. Assignment of Owned Intellectual Property
11. License of Owned Intellectual Property
12. Information Technology Support Services Agreement
13. Assignment and Assumption of Permits
14. Conveyance of Allowances
15. Alcan Termination and Release
16. Century Termination and Release
17. Creditor Termination and Release
18. Station Two Termination and Release
19. Texas Gas Termination and Release
20. Transmission Agreement

21. Generation Dispatch Support Services Agreement
22. Assignment of Unemployment Reserve
23. Any Contract Counterparty Consents or other agreed forms of Assigned Contract Counterparty acknowledgments, releases and discharges that may be entered into as contemplated in Section 5.2.
24. The Assigned Contract Indemnity if any.
25. The letter agreement dated November 1, 2004, as amended, between Big Rivers and WKEC (as successor to WKE), and the related guaranty of even date therewith, as amended, from E.ON to and in favor of Big Rivers.
26. The letter agreement dated February 9, 2007, among Big Rivers, E.ON, Alcan Primary Products Corporation and Century Aluminum of Kentucky General Partnership, regarding the funding of certain consent fees.
27. The letter agreement dated February 9, 2007, among Big Rivers, E.ON, Alcan Primary Products Corporation and Century Aluminum of Kentucky General Partnership, regarding the funding of certain transaction costs.
28. The certificate of the Responsible Officer of Big Rivers contemplated in Section 10.2(a), and the certificate of the Responsible Officer of Big Rivers contemplated in Section 10.2(c).
29. The written acknowledgment regarding the Termination Payment contemplated in Section 10.2(z), and the written acknowledgment regarding the True-Up Payments contemplated in Section 10.2(aa).
30. The acknowledgment of Big Rivers contemplated in Section 10.2(hh).
31. The release and discharge contemplated in Section 10.2(ii) unless such release and discharge is accomplished pursuant to the agreements referred to in items 17 and 18 above.
32. The certificate of the Responsible Officer of each of the WKE Parties contemplated in Section 10.3(a), and the certificate of the Responsible Officer of the WKE Parties and E.ON contemplated in Section 10.3(c).
33. The Confidentiality Agreement dated April 26, 2004, as amended, between or among certain of the Parties and/or E.ON.
34. The written waiver of certain Member Cooperatives contemplated in Section 3.2(o).
35. All documents of conveyance, assignment and transfer as shall be required to transfer to Big Rivers at the Closing all of WKEC's rights, title and interests in

and to all tow boats and other motorized vessels owned by WKEC (but excluding the “Barges” (as defined in Section 15 of the Third Amendment to Transaction Termination Agreement)), including without limitation, any such documents as are required to be filed with the United States Coast Guard to effect that conveyance, assignment and transfer;

36. The Closing Memorandum among Big Rivers, WKEC, LEM and E.ON to be entered into as of the Closing and to be dated as of the Unwind Closing Date, evidencing certain agreements of the Parties with respect to the Closing or certain transactions relating to the Closing;
37. The letter agreement dated April 14, 2008, among the Parties, and relating to the capacity testing of the Generating Plants contemplated in Subsection 10.2(ee) of the Termination Agreement;
38. The First Amendment to Transaction Termination Agreement dated November 1, 2007, among the Parties, together with the related letter agreement among the Parties dated December 4, 2008;
39. The Second Amendment to Transaction Termination Agreement among the Parties dated June 19, 2008;
40. The Third Amendment to Transaction Termination Agreement among the Parties dated October _____, 2008;
41. The letter agreement dated April 17, 2008, among the Parties, setting the Scheduled Unwind Closing Date;
42. The letter agreement among Big Rivers, Alcan Primary Products Corporation, Century Aluminum of Kentucky General Partnership and E.ON, dated June 24, 2008, relating to the buy-out of Bank of America’s defeased lease position by Big Rivers;
43. The letter agreement between Big Rivers and E.ON, dated June 24, 2008, relating to the buy-out of Bank of America’s defeased lease position by Big Rivers;
44. The sublease to Big Rivers of the space leased by WKEC in the Soaper Building located in downtown Henderson, Kentucky;
45. The letter agreement between Big Rivers and E.ON, dated September 26, 2008, relating to the treatment of certain costs associated with the buy-out of Philip Morris Capital Corporation’s defeased lease position by Big Rivers; and
46. Any and all amendments to any of the other agreements or instruments identified in this Exhibit S that have been or may hereafter be implemented by the written agreement of the parties to such agreements or instruments.

* * * * *

APPENDIX D

FORM OF AGREED ORDER

COMMONWEALTH OF KENTUCKY
ENERGY AND ENVIRONMENT CABINET
DIVISION FOR AIR QUALITY
DIVISION OF WATER
FILE NO. DOW-33299

IN RE: Western Kentucky Energy Corp.
P.O. Box 1518
Henderson, KY 42419
KYEIS I.D. #: 2109100003; AI #: 1640
Activity #: APE 20080001; and
KPDES No.: KY0054836; AI #: 3319
Activity #: 20040004

AGREED ORDER

WHEREAS, the parties to this Agreed Order, the Energy and Environment Cabinet (hereinafter "Cabinet") and Western Kentucky Energy Corp. (hereinafter "WKEC"), state:

STATEMENTS OF FACT

1. The Cabinet is charged with the statutory duty of enforcing KRS Chapter 224 and the regulations promulgated pursuant thereto.
2. WKEC is a Kentucky corporation with a principal office located in Henderson, Kentucky. WKEC leases and operates the following facilities that are the subject of this Agreed Order: (a) the Kenneth C. Coleman Station, which is an electric power plant located in Hawesville, Kentucky (hereinafter "Coleman Station"); and (b) the D.B. Wilson Station, which is an electric power plant located in Island, Kentucky (hereinafter "Wilson Station").

Coleman Station

3. WKEC, is the holder of Division for Air Quality Title V permit number V-02-003 issued on October 24, 2003, Source ID# 21-091-00003, for Coleman Station.

4. The Title V Permit for Coleman Station is set to expire on October 24, 2008. Kentucky regulations, specifically 401 KAR 52:020 Section 12(4), required WKEC to submit an application to the Kentucky Division for Air Quality (hereinafter "KDAQ") for renewal of this permit within six months of its expiration date. The KDAQ received WKEC's application to renew the Coleman Station permit on May 14, 2008, and it is presently undertaking a review of WKEC's permit renewal application. It is possible that a renewed Title V permit will not be issued before the current permit expires.

5. Pursuant to 401 KAR 52:020 Section 12, the expiration of a source's Title V permit will terminate its authority to operate unless the source submits a "timely and complete renewal application."

Wilson Station

6. WKEC is the holder of Kentucky Pollutant Discharge Elimination System ("KPDES") permit number KY0054836 for Wilson Station, which the Kentucky Division of Water ("KDOW") originally issued on February 26, 2001 with an effective date of April 1, 2001. This permit was set to expire on October 31, 2004. The KDOW notified WKEC of this fact in a letter dated June 23, 2004 and explained that WKEC was to complete and return a renewal application to the KDOW's KPDES permit branch by July 15, 2004.

7. Pursuant to the KDOW's June 23, 2004, letter, WKEC submitted a new KPDES permit application on July 14, 2004, although the KDOW did not receive WKEC's application

until July 16, 2004. The KDOW notified WKEC that its KPDES application was complete in a letter dated September 14, 2004. As of the date of this Agreed Order, the KDOW has not issued a renewed KPDES permit for Wilson Station.

8. If a permittee submits a timely application for a renewed KPDES permit, it may discharge pursuant to the terms of the expired permit until the effective date of the renewed permit issued by the KDOW. 401 KAR 5:060 Section 1(5)(c).

Modification of the Wilson Station KPDES Permit

9. In a July 8, 2003 letter to the KDOW, WKEC requested a modification of its KPDES permit for the Wilson Station to allow for the addition of four process water treatment basins to run along a fuel conveyor, which extends from the Green River to a fuel pile at the facility. These basins collect storm water from the base of the conveyor and treat it by primary settling.

10. The KDOW advised WKEC that it could operate the above-referenced water treatment basins provided that WKEC monitor the discharge for Total Suspended Solids ("TSS"), pH, oil and grease. Based on this representation, WKEC has operated the aforementioned storm water basins according to the limitations imposed by the KDOW.

Operating Status and Permit Transfer

11. The Coleman Station and Wilson Station facilities discussed herein are of vital importance to serving the electrical power needs of residents and industry in Western Kentucky.

12. A transfer of the various operating permits issued by the Cabinet for Coleman Station and Wilson Station to a new operator is currently under consideration by WKEC. It is

important to provide for certainty with respect to permit and regulatory operating authorizations for the Coleman Station and the Wilson Station to support the potential transfer of the above-referenced permits to new operators.

13. This Agreed Order is intended to provide authorization for continued operation of the aforementioned facilities consistent with existing permit authorizations pending issuance of renewed permits based upon pending permit applications, and to resolve any potential claims that such operating authorizations would not exist without renewed or reissued permits.

NOW THEREFORE, in the interest of settling all claims and controversies involving the matters described above, the parties hereby consent to the entry of this Agreed Order and agree as follows:

14. In the event that the Title V permit for Coleman Station is not renewed in final form before the expiration of the facility's current permit on October 24, 2008, WKEC, or any successor operator of Coleman Station, is authorized to operate in accordance with its present Title V permit for Coleman Station, KRS Chapter 224 and the regulations promulgated thereto, including, but not limited to 401 KAR 52:020, "Title V permits," pending final action on the pending Title V permit application. The Cabinet agrees that for purposes of this matter, the Title V renewal application was complete and timely submitted.

15. With respect to the Wilson Station KPDES permit, as indicated in the KDOW's September 14, 2004 letter, the KDOW considers WKEC's application for a renewal of the KPDES permit for Wilson Station to be complete. In addition, the KDOW considers WKEC's renewal application to be timely made pursuant to 401 KAR 5:060, which allows the KDOW discretion to accept KPDES permit renewal applications within 180 days of the permit's

expiration date. Thus, WKEC, or any successor operator of Wilson Station, may continue to operate Wilson Station according to its present KPDES permit pursuant to 401 KAR 5:060 Section 1(5)(c) until a renewed KPDES permit is issued and becomes effective.

16. With respect to the conveyor belt storm water basins at Wilson Station, WKEC, or any successor operator at Wilson Station, may continue to operate these basins pending the issuance of a modified KPDES permit for the facility, as requested in WKEC's July 8, 2003 letter to the KDOW, provided that it continues to monitor the discharge from the ponds for TSS, pH, oil and grease, and otherwise employs best management practices to reduce pollutants in the storm water discharge from said facilities.

MISCELLANEOUS PROVISIONS

17. This Agreed Order addresses only the matters specifically described above. Other than those matters resolved by entry of this Agreed Order, nothing contained herein shall be construed to waive or to limit any remedy or cause of action by the Cabinet based on statutes or regulations under its jurisdiction and WKEC reserves its defenses thereto. The Cabinet expressly reserves its right at any time to issue administrative orders and to take any other action it deems necessary that is not inconsistent with this Agreed Order, including the right to order all necessary remedial measures, assess penalties for violations, or recover all response costs incurred, and WKEC reserves its defenses thereto.

18. This Agreed Order shall not prevent the Cabinet from issuing, reissuing, renewing, modifying, revoking, suspending, denying, terminating, or reopening any permit to WKEC or its successor. WKEC reserves his/its defenses thereto, except that WKEC shall not use this Agreed Order as a defense.

19. WKEC waives its right to any hearing on the matters described herein. However, failure by WKEC to comply strictly with any or all of the terms of this Agreed Order shall be grounds for the Cabinet to seek enforcement of this Agreed Order in Franklin Circuit Court and to pursue any other appropriate administrative or judicial action under KRS Chapters 224 and the regulations promulgated pursuant thereto.

20. The Agreed Order may not be amended except by a written order of the Cabinet's Secretary or his designee. WKEC may request an amendment by writing the Director of Division of Water or the Director of the Division for Air Quality at 200 Fair Oaks Lane, Frankfort, Kentucky 40601 and stating the reasons for the request. If granted, the amended Agreed Order shall not affect any provision of this Agreed Order unless expressly provided in the amended Agreed Order.

21. The Cabinet does not, by its consent to the entry of this Agreed Order, warrant or aver in any manner that WKEC's complete compliance with this Agreed Order will result in compliance with the provisions of KRS Chapter 224 and the regulations promulgated pursuant thereto. Notwithstanding the Cabinet's review and approval of any plans formulated pursuant to this Agreed Order, WKEC shall remain solely responsible for compliance with the terms of KRS Chapter 224 and the regulations promulgated pursuant thereto, this Agreed Order and any permit and compliance schedule requirements.

22. WKEC shall give notice of this Agreed Order to any purchaser, lessee or successor in interest prior to the transfer of operation of any part of the subject facilities occurring prior to termination of this Agreed Order, shall notify the Cabinet that such notice has been given, and shall follow all statutory and regulatory requirements for a transfer.

23. This Agreed Order applies specifically and exclusively to the unique facilities referenced herein and is inapplicable to any other site or facility.

24. This Agreed Order shall be of no force and effect unless and until it is entered by the Secretary or his designee as evidenced by his signature thereon.

25. This Agreed Order shall terminate upon the issuance of the final renewed Title V permit for Coleman Station and the issuance of a renewed KPDES permit for Wilson Station, except that the claims and controversies related to the matters described above shall remain resolved for enforcement purposes.

AGREED TO BY:

President
Western Kentucky Energy Corp.

Date

APPROVAL RECOMMENDED BY:

John S. Lyons, Director
Division for Air Quality

Date

Sandy Gruzesky, Director
Kentucky Division of Water

Date

John G. Horne, II, General Counsel
Environmental Protection Legal Division

Date

C. Michael Haines, General Counsel
Office of General Counsel

Date

ORDER

Wherefore, the foregoing Agreed Order is entered as the final Order of the Energy and Environment Cabinet this the _____ day of _____, 200_____.

**ENERGY AND
ENVIRONMENT CABINET**

LEONARD K. PETERS, SECRETARY

CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing **AGREED ORDER** was mailed, postage prepaid, to the following
this the ____ day of _____, _____:

Jack Bender
Greenebaum Doll & McDonald PLLC
300 West Vine Street, Suite 1100
Lexington, Kentucky 40507

And mailed via messenger mail to:

John S. Lyons, Director
Division for Air Quality
803 Schenkel Lane
Frankfort, Kentucky 40601

Sandy Gruzesky, Director
Kentucky Division of Water
14 Reilly Road
Frankfort, KY 40601

John G. Horne, II, General Counsel
Environmental Protection Legal Division
300 Fair Oaks Lane
Frankfort, Kentucky 40601

DOCKET COORDINATOR

APPENDIX E

LIST OF KNOWN SURFACE SPILLS

ID #	PLANT	ID from INTERIM UEA REPORT	ID from SUPPLEMENTAL UEA REPORT	AREA DESCRIPTION	Post-Excavation Sampling	NOTES
1	Sebree	N/A	AOS-1 (Figure 2-1); Section 3.2.1.6	Stressed vegetation was observed south of the boneyard and west of Green Ash Pond.	Estimate 4 Samples (TPH & PAH)	
2	Sebree	3.2.1.9	AOS-2 (Figure 2-1)	Surface staining was observed in the area between Reid Oil Storage Building and Fueling Station adjacent to Green Cooling Towers and Front Gate. Staining of soils was observed around the new drummed lubricant storage area, used for storage of motor oil, anti-freeze, hydraulic fluid, gear oil, mineral spirits, turbine oil, and grease.	Estimate 2 Samples (TPH & PAH)	
3	Sebree	N/A	AOS-3 (Figure 2-1)	Surface staining was observed near Reid Central Machine Shop and the Oil Storage Building.	No Excavation and no Sampling Required	Oil drums no longer stored at this location. Minimal staining was observed on the asphalt.*

ID #	PLANT	ID from INTERIM UEA REPORT	ID from SUPPLEMENTAL UEA REPORT	AREA DESCRIPTION	Post-Excavation Sampling	NOTES
4	Sebree	Section 3.2.1.9	AOS-4 (Figure 2-1)	Staining of soils was observed around the transfer piping and truck unloading manifolds by the 750,000 gallon fuel oil AST near the Reid Bulk Fuel Oil Storage and HMP&L SCR Ammonia Storage.	Soil will be removed down to concrete. No sampling required.	The majority of the staining was observed on the concrete containment unit.*
5	Sebree	Section 3.2.1.9	AOS-5 (Figure 2-1)	Staining of soils was observed around the 550 gallon waste oil tank and area adjacent to the coal handling heavy equipment maintenance building. Area is outside HMP&L Warehouse and Reid Heavy Machine Shop.	Estimate 1 Sample (TPH, RCRA Metals and PAH)	
6	Sebree	Section 3.2.1.9	AOS-6 (Figure 2-1)	Staining of soils was observed around the piping manifold system connected to a 26,500 gallon fuel oil storage tank, south of the Green Fuel Tank.	Clean concrete. No sampling.	Staining was observed on the concrete pad.*
7	Sebree	N/A	AOS-7 (Figure 2-1)	Stained gravel surrounding Reid/HMP&L Transformer (aux & step-up) pads.	Estimate 4 Samples (PAH, TPH and PCBs)	
8	Wilson	Sections 3.4.1.9, 3.4.1.20	AOS-1 (Figure 2-5B)	Minor miscellaneous staining of the gravel surrounding the Coal Handling Heavy Equipment Maintenance Area building was observed. This includes the area adjacent to the former Fuel Dispensing Area (10,000 gal diesel; 1,800 gal gasoline; and 2,450 gal kerosene ASTs).	Estimate 5 Samples (TPH, PAH and RCRA Metals)	

ID #	PLANT	ID from INTERIM UEA REPORT	ID from SUPPLEMENTAL UEA REPORT	AREA DESCRIPTION	Post-Excavation Sampling	NOTES
9	Wilson	N/A	AOS-2 (Figure 2-5B)	Surface staining observed adjacent to #1 and #2 ID Fans.	Clean Concrete. No sampling.	Staining observed on concrete.*
10	Wilson	N/A	AOS-3 (Figure 2-5B)	Surface staining observed adjacent to #1 and #2 ID Fans.	Clean Concrete. No Sampling.	Staining observed on concrete.*
11	Wilson	N/A	AOS-4 (Figure 2-5B)	Surface staining observed adjacent to #1 and #2 ID Fans.	No action required.	No staining observed.*
12	Wilson	Section 3.4.1.8	AOS-5 (Figure 2-5B)	Surface staining observed adjacent to Drum Waste Storage Area.	No Action Required.	Minimal staining observed on asphalt.*
13	Wilson	Section 3.4.1.9	AOS-6 (Figure 2-5B)	Surface staining observed adjacent to GE Warehouse Building.	Estimate 2 Samples (TPH and PAH)	
14	Wilson	Section 3.4.1.9	AOS-7 (Figure 2-5B)	Surface staining observed in the area previously utilized for storing the Portable Diesel Tank.	Estimate 1 Sample (TPH & PAH)	A general area is indicated on the figure - the diesel tank is portable so the staining is not limited to one area, but is dependent on the location of coal piles.

ID #	PLANT	ID from INTERIM UEA REPORT	ID from SUPPLEMENTAL UEA REPORT	AREA DESCRIPTION	Post-Excavation Sampling	NOTES
WNS #1*	Wilson	N/A	N/A	Stained gravel was observed just off the concrete pad (east and west) that houses the Bulk Fuel Tanks used for boiler start-up fuel.	Estimate 2 Samples (TPH & PAH)	
WNS #2* (see also AOS 14)	Wilson	N/A	N/A	Stained gravel was observed in the storage shelter south of the coal storage area. The shelter is currently utilized for storing the Portable Diesel Tank.	See #14	
WNS #3*	Wilson	N/A	N/A	Stained gravel was observed within the containment unit that houses the GE step-up transformer.	Concrete containment unit. No sampling Required.	
15	Coleman	N/A	AOS-1 (Figure 2-3)	Surface staining observed in area north of Coal Handling Machine Shop.	Estimate 1 Sample (TPH & PAH)	
16	Coleman	N/A	AOS-2 (Figure 2-3)	Surface staining was observed in the area north of Coal Handling Office.	Estimate 1 Sample (TPH & PAH)	
17	Coleman	Section 3.3.1.1	AOS-3 (Figure 2-3)	Stained gravel and/or soil was observed near transformers (aux., spare, and step-up) on the south face of the power units.	Estimate 1 Sample (TPH, PAH & PCB)	
18	Coleman	Section 3.3.1.1	AOS-4 (Figure 2-3)	Stained gravel and/or soil was observed near transformers (aux., spare, and step-up) on the south face of the power units.	Estimate 2 Samples (TPH, PAH & PCB)	

ID #	PLANT	ID from INTERIM UEA REPORT	ID from SUPPLEMENTAL UEA REPORT	AREA DESCRIPTION	Post-Excavation Sampling	NOTES
19	Coleman	Section 3.3.1.1	AOS-5 (Figure 2-3)	Stained gravel and/or soil was observed near transformers (aux., spare, and step-up) on the south face of the power units.	Estimate 2 Samples (TPH, PAH & PCB)	
20	Coleman	Section 3.3.1.1	AOS-8 (Figure 2-3)	Stained soil and stressed vegetation was observed at the Power Unit between Units 1 and 2, likely due to the Soil Vapor Extraction system.	Estimate 1 Sample (TPH, PAH & PCB)	
21	Coleman	Section 3.3.1.1	AOS-6 (figure 2-3)	The collection drum in front of C-1 sits directly on soil, which was heavily stained.	Estimate 1 Sample (TPH & PAH)	
22	Coleman	Section 3.3.1.18	AOS-7 (Figure 2-4)	Stressed vegetation and staining was observed in the vicinity of the former location of the 54,000 gallon fuel tank.	No excavation but 4 confirmation samples will be collected around perimeter of concrete pad	No definitive staining observed.
CNS #1*	Coleman	N/A	N/A	Stained gravel was observed adjacent to the concrete pad located on the south face of Coleman Unit #2. CNS #1 is located within 10 ft. to the south of AOS-20.	Estimate 1 Sample (TPH, PAH & PCB)	
CNS #2*	Coleman	N/A	N/A	Stained soil was observed next to the building between Coleman Units #2 and #3. CNS #2 is located between AOS-17 and AOS-18.	Estimate 1 Sample (TPH & PAH)	

* Observations made during the site walks on 9/10-11/08.

APPENDIX F

BARGES

SEE ATTACHED

WKE - Owned Barge Information Summary

Barge New ID	Old ID	Hull ID	Type	Purchase Date	Construction Date	Model	Age (Years)	Dimensions (l'xw'xh')	Draft Weights (Tons)	
									9' 0"	9' 6"
WKE 001	PN 128	613537	Rake	3/23/05	1979	Jeffboat Inc	29	195'x35'x12'		
WKE 002B	RR 201	598521	Box	3/31/05	1978	Jeffboat Inc	30	200'x35'x12'	1,639	1,749
WKE 003B	RR 202	598257	Box	4/29/05	1978	Jeffboat Inc	30	200'x35'x12'	1,639	1,749
WKE 004	PC 104	604685	Rake	4/8/05	1979	Jeffboat Inc	29	195'x35'x12'	1,531	1,637
WKE 005	HLEM 504	629521	Rake	3/23/05	1980	Ingalls Ship	28	195'x35'x12'	1,512	1,616
WKE 006B	RR 204	598258	Box	4/21/05	1978	Jeffboat Inc	30	200'x35'x12'	1,639	1,749
WKE 007B	PJ 114	605143	Box	3/23/05	1979	Jeffboat Inc	29	200'x35'x12'	1,665	1,775
WKE 008	PN 132	613850	Rake	3/23/05	1979	Jeffboat Inc	29	195'x35'x12'	1,520	1,625
WKE 009	PN 124	613532	Rake	4/8/05	1979	Jeffboat Inc	29	195'x35'x12'	1,520	1,625
WKE 010B	PL 146	614804	Box	3/23/05	1979	St. Louis Ship	29	200'x35'x12'	1,647	1,757
WKE 011	PC 103	604684	Rake	3/31/05	1979	Jeffboat Inc	29	195'x35'x12'	1,531	1,637
WKE 012	SJT 152	621697	Rake	6/7/05	1980	Jeffboat Inc	28	195'x35'x12'		
WKE 013	SJT 155	621700	Rake	6/7/05	1980	Rake	28	195'x35'x12'		
WKE 014B	PJ 115	605144	Box	5/12/05	1978	Jeffboat Inc	30	200'x35'x12'	1,665	1,775
WKE 015	PJ 123	613531	Rake	5/12/05	1979	Jeffboat Inc	29	195'x35'x12'	1,521	1,626
WKE 016	SJT 153	621698	Rake	6/7/05	1980	Rake	28	195'x35'x12'		

APPENDIX G

Interior Stack Cleanup Specifications

- The interior wall of the brick liner shall be cleaned to expose the brick surface and mortar joints to allow visual inspection.
- The brick-work shall be cleaned adequately to allow for visual detection of mortar joint degradation, cracks or spalling
- The brick-work shall be cleaned adequately to allow for visual detection and continuation of tracking of cracks in brick to compare with previous baseline data attached to the Molter Corporation report performed in year 2000, as well as prior data collected.
- The area of the breech duct penetration to the stack shall be cleaned to expose all brick, hardware and expansion joint fabric to allow for visual detection of defects such as missing hardware, cracks, or tears without destructive testing techniques.

Schedule 8.2

LEASED GENERATOR SO₂ ALLOWANCES

<u>Closing Year Month</u>	<u>SO₂ Allowances</u>
January, 2008	5,069
February	4,632
March	1,349
April	2,741
May	2,747
June	2,811
July	4,839
August	4,940
September	2,594
October	3,047
November	2,957
December	3,067
January, 2009	4,198
February	3,649
March	2,658
April	2,326

The allowance amounts set forth above do not include SO₂ Allowances allotted to Station Two.

Schedule 12.2(a)(vi)

NON-INCREMENTAL CAPITAL EXPENDITURES

<u>Closing Year Month</u>	<u>Non-Incremental Capital Expenditures (\$)</u>
January, 2007	49,000
February	972,500
March	4,015,100
April	2,335,000
May	6,038,000
June	2,606,300
July	1,560,300
August	2,414,500
September	1,047,500
October	2,865,500
November	1,152,500
December	121,500
January, 2008	156,000
February	475,667
March	6,334,500
April	3,519,167
May	5,240,500
June	2,045,667
July	3,593,000
August	1,943,117
September	1,942,300
October	2,024,267
November	281,500
December	67,665
January, 2009	923,500
February	4,123,030
March	5,411,435
April	4,443,035

Exhibit PWT-6

SECOND AMENDATORY AGREEMENT

THIS SECOND AMENDATORY AGREEMENT ("*Amendment*"), dated as of _____, 2008 (the "*Amendment Effective Date*"), by and among (a) BIG RIVERS ELECTRIC CORPORATION, a Kentucky rural electric generation and transmission cooperative ("*Big Rivers*"), (b) LG&E ENERGY MARKETING INC., an Oklahoma corporation ("*LEM*"), and WESTERN KENTUCKY ENERGY CORP., a Kentucky corporation ("*WKEC*") and the successor by merger of (i) WKE Corp., a Kentucky corporation ("*WKE*"), and (ii) WKE Station Two Inc., a Kentucky corporation ("*Station Two Subsidiary*") (WKEC, together with LEM, the "*E.ON Station Two Parties*"), and (c) the CITY OF HENDERSON, KENTUCKY (the "*City of Henderson*") and the CITY OF HENDERSON UTILITY COMMISSION, d/b/a HENDERSON MUNICIPAL POWER & LIGHT (the "*City Utility Commission*") (collectively, the "*Parties*").

RECITALS:

A. Prior to the effectiveness of the Plan of Reorganization (defined below), Big Rivers operated a two unit electric Generating Plant owned by the City of Henderson ("*Station Two*"), and purchased a certain portion of the output of such facility.

B. In accordance with the First Amended Plan of Reorganization in Big River's bankruptcy proceeding, as modified and restated on June 9, 1997 (as so modified, the "*Plan of Reorganization*"), Big Rivers, LEM, Station Two Subsidiary and WKEC entered into a New Participation Agreement, dated April 6, 1998 (as amended, the "*Participation Agreement*") and certain other documents.

C. In accordance with the Participation Agreement, upon the closing of the transactions contemplated therein on July 15, 1998, Station Two Subsidiary assumed certain of Big Rivers' operational responsibilities with respect to Station Two, and WKEC, LEM, Station Two Subsidiary, the City of Henderson, the City Utility Commission, Big Rivers and E.ON U.S. LLC, the indirect parent company of WKEC and LEM and the successor to LG&E Energy Corp. ("*E.ON*"), executed and delivered certain agreements, including the "Station Two Agreement" (as hereinafter defined), creating (among other rights and responsibilities) certain interests in favor of one or more of the E.ON Station Two Parties with respect to Station Two, certain of the energy generated thereby, and the land on which Station Two is situated and to which it is adjacent.

D. Prior to the date hereof, WKE and Station Two Subsidiary were merged with and into WKEC in accordance with Kentucky law, with WKEC being the surviving entity in that merger succeeding to all of the assets, properties, rights, debts, obligations and liabilities of WKE and Station Two Subsidiary, respectively, including without limitation, their respective rights, debts, obligations and liabilities relating to Station Two.

E. Big Rivers, the E.ON Station Two Parties and E.ON have concluded that it is in their respective best interests to terminate and release between and among them the property interests and contractual relationships between them created by the Participation Agreement, the Station Two Agreement and the other "Operative Documents" (as defined in the Participation Agreement), and have each executed and delivered a Transaction Termination Agreement dated as of March 26, 2007, as amended (the "*Transaction Termination Agreement*"), setting forth the terms and conditions upon which Big Rivers, the E.ON Station Two Parties and E.ON are willing to terminate and release such property interests and contractual relationships between them (collectively, the "*Unwind Transactions*").

F. In order to effect the Unwind Transaction among them with respect to Station Two, the E.ON Station Two Parties and Big Rivers have requested that the City of Henderson and the City Utility Commission agree to amend the Station Two Agreement by accelerating, to the Amendment Effective Date, the date on which the Station Two Agreement will expire in accordance with its terms, subject to such provisions of the Station Two Agreement which, by their express terms, survive the expiration of the Station Two Agreement.

G. As an inducement for the City of Henderson and the City Utility Commission to agree to that amendment, WKEC has agreed to pay to the City Utility Commission an "Expiration Fee" as provided for in Section 2.1 of this Amendment.

H. The City of Henderson and the City Utility Commission have decided that it is in their respective best interests to accommodate the Unwind Transactions by entering into this Amendment with the other Parties, thereby amending the Station Two Agreement to provide for its early expiration on and as of the Amendment Effective Date, upon the terms and subject to the conditions set forth in this Amendment, including without limitation, in exchange for WKEC's payment to the City Utility Commission of the Expiration Fee contemplated in Section 2.1.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth below, and for other valuable consideration, the receipt of which is hereby acknowledged, the Parties each agree as follows, effective immediately:

ARTICLE 1

DEFINITIONS

Section 1.1 Definitions. As used in this Amendment, the "*Station Two Agreement*" shall mean the Agreement and Amendments to Agreement dated as of July 15, 1998, as amended, among the City of Henderson, the City Utility Commission, Big Rivers, LEM and WKEC (for itself and as successor to WKE and Station Two Subsidiary), including without limitation, as amended by the Amendatory Agreement, dated as of April 1, 2005, among the City of Henderson, the City Utility Commission, Big Rivers, WKEC (for itself and as successor to WKE and Station Two Subsidiary) and LEM. Capitalized terms used in

this Amendment (including the Recitals hereto) and not otherwise defined herein shall have the meanings set forth in the Station Two Agreement.

ARTICLE 2

EXPIRATION FEE; ESCROW FOR STATION TWO IMPROVEMENTS

Section 2.1 Expiration Fee. In consideration of the execution and delivery of this Amendment by the City of Henderson and the City Utility Commission, and as a material inducement for such execution and delivery, WKEC has paid to the City Utility Commission, contemporaneous with the execution and delivery of this Amendment, the amount of _____ DOLLARS (\$ _____ .00) in immediately available funds, the receipt of which is hereby acknowledged by the City Utility Commission (the "*Expiration Fee*").

Section 2.2 Escrow Funding. Contemporaneous with the execution and delivery of this Amendment, WKEC has deposited the amount of _____ DOLLARS (\$ _____ .00) in immediately available funds with _____ ("*Escrow Agent*") in accordance with that certain Escrow Agreement of even date herewith among the City of Henderson, the City Utility Commission, WKEC and Escrow Agent, which amount shall be available for use by the City of Henderson or the City Utility Commission for the purpose of funding its or their share of the costs of Station Two Improvements to be implemented following the date hereof pursuant to the Station Two Operating Agreement, upon the terms and subject to the conditions set forth in that Escrow Agreement.

ARTICLE 3

AMENDMENTS TO STATION TWO AGREEMENT

Section 3.1 Amendment to Section 9.3. Section 9.3 of the Station Two Agreement is hereby amended to be and read in its entirety as follows:

"9.3 Term of Assignment. The term (the "Phase II Assignment Term") of the assignment by Big Rivers to Station Two Subsidiary, its successors and permitted assigns, of certain rights and obligations under the Assigned Station Two Contracts, as contemplated in Section 9.1 of this Agreement, shall commence on the Phase II Effective Date and shall end at and as of _____ [**Insert Unwind Closing Date and Time**]."

Section 3.2 Acknowledgments. The Parties acknowledge and agree that, by virtue of the amendments effected pursuant to Section 3.1 above, and by virtue of Section 2.4 of the Station Two Agreement, the Station Two Agreement shall expire at and as of _____ [**Insert Unwind Closing Date and Time**] (the "*Expiration Date*") for all purposes contemplated in the Station Two Agreement, in the G&A Allocation Agreement, in the New Reserves Agreement and in the Guaranty, in each case without notice or further action on the part of any Party, including without limitation, as contemplated in Section

10.16 of the Station Two Agreement for the purpose of effecting the automatic reversion and assignment to Big Rivers provided for therein. Consistent with the foregoing, the Expiration Date shall be deemed to be the “date of expiration” and the “expiration date” of the Station Two Agreement, and the “date the Station Two Agreement expires”, as those terms are used in the Station Two Agreement and in the G&A Allocation Agreement and the New Reserves Agreement. Notwithstanding the foregoing provisions of this Section 3.2, the Parties agree that the expiration of the Station Two Agreement as contemplated above shall not be deemed to affect those provisions of the Station Two Agreement, the G&A Allocation Agreement, the New Reserves Agreement and/or the Guaranty which, by their terms, are to continue in force and effect following the expiration of the Station Two Agreement.

ARTICLE 4

STATION TWO TERMINATED DOCUMENTS; MORTGAGE RELEASES

Section 4.1 Termination. Effective immediately, and without notice or further action on the part of any Party, each of Big Rivers, the City of Henderson, the City Utility Commission and the E.ON Station Two Parties, for themselves and their respective successors, predecessors and assigns, and for all other persons or entities claiming by, through or under them, hereby collectively and irrevocably terminate, discharge and render null and void and of no further force or effect whatsoever each of the easements, agreements and other instruments and documents set forth or identified on Schedule 4.1 hereto (collectively, the “*Station Two Terminated Documents*”) to which such Parties are signatories or beneficiaries; provided, that the foregoing shall not be deemed to relieve any E.ON Station Two Party or Big Rivers, on the one hand, or the City of Henderson or the City Utility Commission, on the other hand, of or from any obligation(s) to the others resulting from or arising out of its breach or default under a Station Two Terminated Document occurring prior to the Expiration Date.

Section 4.2 Filing of Releases and Termination Statements. On the Amendment Effective Date, and consistent with the last sentence of Subsection 10.11(a) of the Station Two Agreement, the relevant Parties agree to execute and deliver to the appropriate Party or Parties for purposes of recording or filing the same: (a) terminations of easements and rights of way in the forms attached hereto as Exhibits A-1 and A-2, (b) a termination of Assignment of Easements in the form attached hereto as Exhibit A-3, (c) a Partial Termination and Release of Deed of Easement in the form attached hereto as Exhibit A-4, (d) a Partial Release of Grantors’ Rights to Rights and Easements in the form attached hereto as Exhibit A-5, and (e) all such other instruments of termination or discharge (in form reasonably satisfactory to the relevant Parties) as shall be required by or otherwise provided for in any Station Two Terminated Document, or as shall be reasonably requested by any Party, to evidence such termination and discharge or for the purpose of updating the real estate records of Henderson County, Kentucky, in respect of the terminations and discharges of the Station Two Terminated Documents as contemplated herein.

Section 4.3 Releases of Mortgages and Security Agreements. Each of the E.ON Station Two Parties and Big Rivers severally agrees with the City of Henderson and the City Utility Commission (a) to execute and deliver on the date hereof written releases of

mortgages and security agreements in form satisfactory to the E.ON Station Two Parties and Big Rivers ("**Mortgage Releases**"), sufficient to terminate, release and discharge in their entirety (i) the Mortgage and Security Agreement, dated July 15, 1998, by Big Rivers in favor of LEM and WKEC (for itself and as successor to Station two Subsidiary and WKE), and (ii) the Mortgage and Security Agreement (LEM Mortgage), dated July 15, 1998, by Big Rivers in favor of LEM and WKEC (for itself and as successor to Station two Subsidiary and WKE), and (b) promptly following the execution and delivery of this Amendment, to file those Mortgage Releases, together with all terminations of security interests under Financing Statements (fixture filings) filed under the Kentucky Uniform Commercial Code in connection with the Mortgage and Security Agreements described above (or either of them), in Henderson County, Kentucky or in the office of the Secretary of State of the Commonwealth of Kentucky, as applicable, in order to terminate, release and discharge of record any mortgages, fixture filings or other security interests created by or in connection with the Mortgage and Security Agreements described above (or either of them).

ARTICLE 5

RELEASED STATION TWO DOCUMENTS

Section 5.1 Released Station Two Documents. Schedule 5.1 attached hereto sets forth or identifies an agreement and certain easements to which Big Rivers, one or more of the E.ON Station Two Parties, the City of Henderson and/or the City Utility Commission (among other parties) are parties as of the date hereof (collectively, the "**Released Station Two Documents**").

Section 5.2 Release of E.ON Station Two Parties by City of Henderson and City Utility Commission. In light of the Parties' intentions that the Released Station Two Documents continue in force and effect following the Amendment Effective Date as between or among the City of Henderson, the City Utility Commission and Big Rivers (in certain cases among other parties), but that the E.ON Station Two Parties, on the one hand, and the City of Henderson and City Utility Commission, on the other hand, be relieved by the others from further obligation under those documents arising or accruing following the Amendment Effective Date, the E.ON Station Two Parties, the City of Henderson and the City Utility Commission agree with each others as follows:

- (a) effective immediately, and without notice or further action on the part of any Party, the City of Henderson and the City Utility Commission, for themselves and their respective successors, predecessors and assigns, and for all other persons or entities claiming by, through or under any of them, hereby fully, irrevocably and forever remise, release, acquit, waive and discharge each of LEM and WKEC, and their respective members, shareholders, directors, officers, employees, agents, representatives, advisors, successors, predecessors and assigns, and each of them, of and from any and all debts, obligations or liabilities of any nature whatsoever, whether in contract, in equity, in tort or otherwise, whether known or unknown, whether accrued or unaccrued, and whether fixed, contingent or otherwise (collectively, "**Claims**"), which the City of Henderson or the City Utility Commission ever had, now have, may now have or may hereafter have against LEM or WKEC,

resulting from, arising out of or in any manner relating to the Released Station Two Documents (or any of them); provided, that the foregoing provisions of this Subsection (a) shall not be deemed to remise, release, acquit, waive or discharge LEM or WKEC of or from any Claims resulting from or arising out of any breach or default on the part of LEM or WKEC under or pursuant to a Released Station Two Document occurring prior to the Expiration Date; and

(b) effective immediately, and without notice or further action on the part of any Party, LEM and WKEC, for themselves and their respective successors, predecessors and assigns, and for all other persons or entities claiming by, through or under any of them, hereby fully, irrevocably and forever remise, release, acquit, waive and discharge each of the City of Henderson and the City Utility Commission, and their respective directors, officers, employees, agents, representatives, advisors, successors, predecessors and assigns, and each of them, of and from any and all Claims which LEM or WKEC ever had, now have, may now have or may hereafter have against the City of Henderson or the City Utility Commission, resulting from, arising out of or in any manner relating to the Released Station Two Document (or any of them); provided, that the foregoing provisions of this Subsection (b) shall not be deemed to remise, release, acquit, waive or discharge the City of Henderson or the City Utility Commission of or from any Claims resulting from or arising out of any breach or default on the part of the City of Henderson or the City Utility Commission under or pursuant to a Released Station Two Document occurring prior to the Expiration Date.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES

Section 6.1 Representations and Warranties of the E.ON Station Two Parties. Each of the E.ON Station Two Parties hereby severally represents and warrants to Big Rivers, the City of Henderson and the City Utility Commission that:

(a) Organization and Existence. Each of the E.ON Station Two Parties is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and WKEC is duly qualified to transact business as a foreign corporation in any jurisdiction where the nature of its business and its activities require it to be so qualified. LEM is qualified to transact business as a foreign corporation in (i) any jurisdiction where the nature of its business and its activities require it to be so qualified and (ii) in the Commonwealth of Kentucky.

(b) Execution, Delivery and Binding Effect. This Amendment has been duly authorized, executed and delivered by each E.ON Station Two Party and, assuming the due authorization, execution and delivery hereof by Big Rivers, the City of Henderson and the City Utility Commission, constitutes a legal, valid and binding obligation of each E.ON Station Two Party, enforceable against each such E.ON Station Two Party in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency,

reorganization, arrangement, moratorium or other laws relating to or affecting the rights of creditors generally and by general principles of equity.

(c) No Violation. The execution and delivery of this Amendment by each E.ON Station Two Party, the consummation by each E.ON Station Two Party of the transactions contemplated hereby, and the compliance by each E.ON Station Two Party with the terms and provisions hereof, do not and will not (i) contravene any Applicable Laws or its organizational documents or by-laws, or (ii) contravene the provisions of, or constitute a default (or an event which, with notice or the passage of time, or both, would constitute a default) by it under, any indenture, mortgage or other material contract, agreement or instrument to which any E.ON Station Two Party is a party or by which any E.ON Station Two Party, or its property, is bound, or result in the creation of any lien on the property of any E.ON Station Two Party.

(d) No Required Consents. All consents, approvals, resolutions, authorizations, actions or orders, including those which must be obtained from any Governmental Entities, required for the authorization, execution and delivery of, and for the consummation of the transactions contemplated by, this Amendment by any E.ON Station Two Party have been obtained prior to the date hereof.

Section 6.2 Representations and Warranties of Big Rivers. Big Rivers hereby represents and warrants to each of the E.ON Station Two Parties, the City of Henderson and the City Utility Commission that:

(a) Organization and Existence. Big Rivers is a rural electric cooperative duly organized, validly existing, and in good standing under the laws of the Commonwealth of Kentucky, and is duly licensed or qualified and in good standing in each jurisdiction where the nature of its business and its activities requires it to be so qualified.

(b) Authorization, Execution, Binding Effect. This Amendment has been duly authorized, executed and delivered by all necessary cooperative action by Big Rivers and, assuming the due authorization, execution and delivery hereof by each E.ON Station Two Party, the City of Henderson and the City Utility Commission, constitutes the legal, valid and binding obligation of Big Rivers, enforceable against Big Rivers in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium or other laws relating to or affecting the rights of creditors generally and by general principles of equity.

(c) No Violation. The execution, delivery and performance by Big Rivers of this Amendment, the consummation by Big Rivers of the transactions contemplated hereby, and the compliance by Big Rivers with the terms and provisions hereof, do not and will not (i) contravene any Applicable Laws or Big Rivers' Articles of Incorporation or By-Laws, or (ii) contravene the provisions of, or constitute a default (or an event which, with notice or the passage of time, or both, would constitute a default) by it under, any indenture, mortgage or other material contract, agreement or instrument to which Big Rivers is a party or by which Big Rivers, or its property, is bound, or result in the creation of any lien on the property of Big Rivers.

(d) No Required Consents. All consents, approvals, resolutions, authorizations, actions or orders, including, those which must be obtained from any Governmental Entities, required for the authorization, execution and delivery of, and for the consummation of the transactions contemplated by, this Amendment by Big Rivers have been obtained prior to the date hereof.

Section 6.3 Representations and Warranties of the City of Henderson and the City Utility Commission. The City of Henderson and the City Utility Commission hereby severally represent and warrant to each of the E.ON Station Two Parties and Big Rivers that:

(a) Organization and Existence. The City of Henderson is a municipal corporation and city of the second class duly organized and existing under the laws of the Commonwealth of Kentucky. The City Utility Commission is a public body politic and corporate duly organized and existing under Kentucky Revised Statutes § 96.530 and related statutes.

(b) Authorization, Execution, Binding Effect. This Amendment has been duly authorized, executed and delivered by the City of Henderson and the City Utility Commission, and, assuming the due authorization, execution and delivery hereof by each E.ON Station Two Party and Big Rivers, constitutes the legal, valid and binding obligation of the City of Henderson and the City Utility Commission, enforceable against the City of Henderson and the City Utility Commission in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium or other laws relating to or affecting the rights of creditors generally and by general principles of equity.

(c) No Violation. The execution, delivery and performance by the City of Henderson and the City Utility Commission of this Amendment, the consummation by the City of Henderson and the City Utility Commission of the transactions contemplated hereby, and the compliance by the City of Henderson and the City Utility Commission with the terms and provisions hereof, do not and will not (i) contravene any Applicable Laws, or (ii) contravene the provisions of, or constitute a default (or an event which, with notice or the passage of time, or both, would constitute a default) by it under, any indenture, mortgage or other material contract, agreement or instrument to which the City of Henderson or the City Utility Commission is a party or by which the City of Henderson or the City Utility Commission, or its property, is bound, or result in the creation of any lien on the property of the City of Henderson or the City Utility Commission.

(d) No Required Consents. All consents, approvals, resolutions, authorizations, actions or orders, including, those which must be obtained from any Governmental Entities, required for the authorization, execution and delivery of, and for the consummation of the transactions contemplated by, this Amendment by the City of Henderson and the City Utility Commission have been obtained prior to the date hereof.

ARTICLE 7

SO₂ ALLOWANCES AND NO_x ALLOWANCES

Section 7.1 Allowances under Station Two Contracts. Big Rivers agrees with the City of Henderson and the City Utility Commission that, notwithstanding anything contained in this Station Two Termination and Release to the contrary, following the date hereof (a) the City of Henderson and the City Utility Commission shall receive the Station Two SO₂ allowances and Station Two NO_x allowances to which the City of Henderson and the City Utility Commission are entitled as provided for in the Station Two Contracts, and (b) in the case of any such allowances accruing or arising with respect to periods prior to the date hereof which are to be allocated in accordance with the Station Two Contracts subsequent to the date hereof, the City of Henderson and the City Utility Commission shall receive such allowances to which they shall be entitled upon allocation thereof following the date hereof in accordance with the Station Two Contracts.

ARTICLE 8

TAX MATTERS

Section 8.1 Tax Acknowledgments and Commitments. Big Rivers and the E.ON Station Two Parties agree with the City of Henderson and the City Utility Commission that, in the event any of the transfers or assignments by WKEC to Big Rivers, effected or to be effected pursuant to the Transaction Termination Agreement (or one or more other "Definitive Documents" referred to in the Transaction Termination Agreement), of inventory, personal property, agreements, permits, SO₂ allowances or NO_x allowances relating to Station Two or to the Joint Use Facilities shall result in the assessment or imposition of any sales or use taxes by any taxing authority, those sales or use taxes shall not be allocated by Big Rivers or the E.ON Station Two Parties to Station Two as operating or maintenance costs or expenses (or other expenses) recoverable by them under the Station Two Operating Agreement. In addition, the City of Henderson and the City Utility Commission, on the one hand, and Big Rivers, on the other hand, agree that, as between them, the apportionment of property taxes (or responsibility for the same) between the E.ON Station Two Parties and Big Rivers, and the allocation of responsibility for unemployment taxes and workers' compensation premiums between the E.ON Station Two Parties and Big Rivers, in each case pursuant to the Transaction Termination Agreement (or any other Definitive Document), shall not relieve Big Rivers from responsibility for the payment or discharge following the date hereof of property taxes, unemployment taxes and workers' compensation premiums to the extent and in the manner contemplated in the Station Two Contracts (but subject to the provisions of the Station Two Contracts). Nothing contained in this Section 8.1 shall amend, modify or supplement the agreements as between Big Rivers and the E.ON Station Two Parties with respect to sales and use taxes, property taxes, unemployment taxes and workers' compensation premiums set forth in the Transaction Termination Agreement or the other Definitive Documents.

ARTICLE 9

MISCELLANEOUS

Section 9.1 Successors and Assigns. This Amendment shall be binding upon, and shall inure to the benefit of and be enforceable by, the Parties named herein and their respective members, shareholders, directors, officers, employees, agents, representatives, advisors, successors, predecessors and permitted assigns, and all other persons or entities claiming by, through or under any of them.

Section 9.2 Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF KENTUCKY.

Section 9.3 Waivers. No waiver of any of the provisions of this Amendment shall be deemed to or shall constitute a continuing waiver or a waiver of any other provision hereof (whether or not similar). No delay on the part of any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

Section 9.3 Further Assurances. Each Party hereby agrees, from and after the date hereof, and upon the reasonable request of any other Party, to do, execute, acknowledge and deliver any and all such other actions, instruments and documents as shall be necessary or appropriate in order to give full force and effect to this Amendment and to the transactions contemplated herein.

IN WITNESS WHEREOF, the Parties have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

[Signatures appear on the following page.]

BIG RIVERS ELECTRIC CORPORATION

By: _____
Name:
Title:

LG&E ENERGY MARKETING INC.

By: _____
Name:
Title:

WESTERN KENTUCKY ENERGY CORP.

By: _____
Name:
Title:

CITY OF HENDERSON, KENTUCKY

By: _____
Name:
Title:

**CITY OF HENDERSON UTILITY
COMMISSION, D/B/A, HENDERSON
MUNICIPAL POWER & LIGHT**

By: _____
Name:
Title:

FOR VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, the undersigned, E.ON U.S. LLC, a Kentucky limited liability company and the successor in interest of LG&E Energy Corp. ("E.ON"), in its capacity as the guarantor under that certain Guarantee Agreement [Station Two Obligations] dated as of July 15, 1998, among E.ON, the City of Henderson, Kentucky, and the City of Henderson Utility Commission, hereby consents to the amendments to the Station Two Agreement effected

pursuant to the foregoing Second Amendatory Agreement.

WITNESS the signature of the undersigned as of the ____ day of _____, 2008.

E.ON U.S. LLC

By: _____
Name:
Title:

EXHIBIT A-1

TERMINATION OF CITY EASEMENT

TERMINATION AND RELEASE OF DEED OF EASEMENT

On July 15, 1998, the CITY OF HENDERSON, KENTUCKY, a municipal corporation, and the CITY OF HENDERSON UTILITY COMMISSION, a body politic and corporate (hereinafter collectively referred to as "Henderson") granted to WKE STATION TWO, INC., formerly known as LG&E Station Two, Inc., a Kentucky corporation, LG&E ENERGY MARKETING, INC., an Oklahoma corporation, and WESTERN KENTUCKY ENERGY CORP., a Kentucky Corporation, (hereinafter collectively referred to as the "LG&E Parties") a non-exclusive easement for access to Henderson's property for the purpose of enabling the LG&E Parties to perform and fulfill their respective obligations under certain agreements relating to the operation and maintenance of Henderson's Station Two Power Plant, all in accordance with the rights, privileges, reservations, exceptions and limitations recited therein, and

WHEREAS, the LG&E Parties will, upon the effective date of this Termination and Release of Deed of Easement, cease to operate, maintain and control Henderson's Station Two Power Plant, and will thereupon cease to use the easement and right-of-way granted to them by Henderson by the terms of the Deed of Easement and Right-of-Way dated July 15, 1998, of record in Miscellaneous book 6, at page 373, in the Henderson County Clerk's Office, Henderson County, Kentucky (the "Deed of Easement"); and

WHEREAS, prior to the date hereof, WKE Station Two, Inc., formerly known as LG&E Station Two, Inc., a Kentucky corporation, was merged with and into Western Kentucky Energy Corp. in accordance with Kentucky law, with Western Kentucky Energy Corp. being the surviving entity in that merger succeeding to all of the assets, properties, rights, debts, obligations and liabilities of WKE Station Two, Inc., whereby the execution of this document by Western Kentucky Energy Corp. will transfer and convey all right, title and interest of WKE Station Two, Inc. in the Deed of Easement herein referred to.

NOW, THEREFORE, in consideration of the premises, the said LG&E Energy Marketing, Inc. and Western Kentucky Energy Corp. (for itself and as successor by merger of WKE Station Two Inc.) do hereby bargain, sell, and convey, and by these presents release, remise and quit-claim unto the said City of Henderson, Kentucky and City of Henderson Utility Commission, their respective successors and assigns, any and all right, title and interest in and to the property conveyed by said Deed of Easement, and all and any other interest the said LG&E Energy Marketing, Inc. and Western Kentucky Energy Corp., their respective successors and assigns, may have in and to the said property of City of Henderson, Kentucky and City of Henderson Utility Commission conveyed by said Deed of Easement.

IN TESTIMONY WHEREOF, the said parties to this Termination and Release of Deed of Easement have hereunto executed this document by their respective duly

authorized representatives to be effective the _____ day of _____, 2008.

LG&E ENERGY MARKETING, INC.

By: _____

Title: _____

WESTERN KENTUCKY ENERGY CORP.

By: _____

Title: _____

CITY OF HENDERSON, KENTUCKY

By: _____

Title: _____

CITY OF HENDERSON UTILITY
COMMISSION

By: _____

Title: _____

EXHIBIT A-2

TERMINATION OF BIG RIVERS EASEMENT

TERMINATION AND RELEASE OF DEED OF EASEMENT

On July 15, 1998, BIG RIVERS ELECTRIC CORPORATION, a Kentucky rural electric cooperative (hereinafter referred to as "Big Rivers") granted to WKE STATION TWO INC., formerly known as LG&E Station Two Inc., a Kentucky corporation, LG&E ENERGY MARKETING INC., an Oklahoma corporation, and WESTERN KENTUCKY ENERGY CORP., a Kentucky Corporation, (hereinafter collectively referred to as the "LG&E Parties") a non-exclusive easement for access to Big Rivers' property for the purpose of enabling the LG&E Parties to perform and fulfill their respective obligations under certain agreements relating to the operation and maintenance of Big Rivers Green Station and Reid Station Power Plants and Henderson's Station Two Power Plant, all in accordance with the rights, privileges, reservations, exceptions and limitations recited therein, and

WHEREAS, the LG&E Parties will, upon the effective date of this Termination and Release of Deed of Easement, cease to operate, maintain and control Big Rivers Green Station and Reid Station Power Plants and Henderson's Station Two Power Plant, and will thereupon cease to use the easement and right-of-way granted to them by Big Rivers by the terms of the Deed of Easement and Right-of-Way dated July 15, 1998, of record in Miscellaneous Book 6, at page 378, in the Henderson County Clerk's Office, Henderson County, Kentucky (the "Deed of Easement"); and

WHEREAS, prior to the date hereof, WKE Station Two Inc., formerly known as LG&E Station Two Inc., a Kentucky corporation, was merged with and into Western Kentucky Energy Corp. in accordance with Kentucky law, with Western Kentucky Energy Corp. being the surviving entity in that merger succeeding to all of the assets, properties, rights, debts, obligations and liabilities of WKE Station Two Inc., whereby the execution of this document by Western Kentucky Energy Corp. will transfer and convey all right, title and interest of WKE Station Two Inc. in the Deed of Easement herein referred to.

NOW, THEREFORE, in consideration of the premises, the said LG&E Energy Marketing Inc. and Western Kentucky Energy Corp. (for itself and as successor by merger of WKE Station Two Inc.) do hereby bargain, sell, and convey, and by these presents release, remise and quit-claim unto the said Big Rivers Electric Corporation, its successors and assigns, any and all right, title and interest in and to the property conveyed by said Deed of Easement, and all and any other interest the said LG&E Energy Marketing Inc. and Western Kentucky Energy Corp., their respective successors and assigns, may have in the said property of Big Rivers conveyed by said Deed of Easement.

IN TESTIMONY WHEREOF, the said parties to this Termination and Release of Deed of Easement have hereunto executed this document by their respective duly authorized

representatives to be effective on the _____ day of _____, 2008.

LG&E ENERGY MARKETING INC.

By: _____

Title: _____

WESTERN KENTUCKY ENERGY CORP.

By: _____

Title: _____

BIG RIVERS ELECTRIC CORPORATION

By: _____

Title: _____

This Instrument Was Prepared By:

EXHIBIT A-3

TERMINATION OF ASSIGNMENT OF EASEMENTS

TERMINATION AND RELEASE OF ASSIGNMENT OF EASEMENTS

By ASSIGNMENT OF EASEMENTS entered into on April 30, 2006 by and among WKE STATION TWO INC., a Kentucky corporation, LG&E ENERGY MARKETING INC., an Oklahoma corporation (hereinafter referred to as "Assignors") and WESTERN KENTUCKY ENERGY CORP., a Kentucky corporation (hereinafter referred to as "Assignee"), which Assignment of Easements is of record in Miscellaneous Book 8, beginning at page 902 in the Office of the Henderson County Court Clerk, Henderson County, Kentucky, Assignors assigned to Assignee (1) a Deed of Easement and Right-of-Way by and among the City of Henderson, Kentucky, and the City of Henderson Utility Commission, as Grantors, and WKE Station Two Inc., LG&E Energy Marketing Inc. and Western Kentucky Energy Corp., as Grantees, which Deed of Easement is of record in Miscellaneous Book 6, beginning at page 373 in the Office of the Henderson County Court Clerk, and (2) a Deed of Easement and Right-of-Way by and among Big Rivers Electric Corporation, as Grantor, and WKE Station Two Inc., LG&E Energy Marketing Inc. and Western Kentucky Energy Corp., as Grantees, which Deed of Easement is of record in Miscellaneous Book 6, beginning at page 378 in the Office of the Henderson County Court Clerk, Henderson County, Kentucky (collectively, the "Deeds of Easement"), and

WHEREAS, the purposes for which such Deeds of Easements were granted, and thereafter assigned to Assignee, have terminated as of the effective date of this Termination and Release of Assignment of Easements. It is the desire of the Assignors and Assignee to return said Deeds of Easement to the original Grantors, free and clear of all claims of the Assignors and the Assignee herein, and

WHEREAS, prior to the date hereof, WKE Station Two Inc., formerly known as LG&E Station Two Inc., a Kentucky corporation, was merged with and into Western Kentucky Energy Corp. in accordance with Kentucky law, with Western Kentucky Energy Corp. being the surviving entity in that merger succeeding to all of the assets, properties, rights, debts, obligations and liabilities of WKE Station Two Inc., whereby the execution of this document by Western Kentucky Energy Corp. will transfer and convey all right, title and interest of WKE Station Two Inc. in the Deeds of Easement herein referred to.

NOW, THEREFORE, the Assignors and the Assignee do hereby bargain, sell and convey, and do by these presents release, remise and quit-claim unto the said City of Henderson and City of Henderson Utility Commission, their respective successors and assigns, any and all right, title and interest in and to the easement and right-of-way referred to in that certain Deed of Easement and Right-of-Way dated July 15, 1998 and of record in Miscellaneous Book 6, beginning at page 373 in the Office of the Henderson County Court Clerk, and do by these presents release, remise and quit-claim unto the said Big Rivers Electric Corporation its successors and assigns, any and all right, title and interest in and to the easement and right-of-way referred to in that certain Deed of Easement and Right-of-

Way dated July 15, 1998 and of record in Miscellaneous Book 6, beginning at page 378 in the Office of the Henderson County Court Clerk, Henderson County, Kentucky.

IN WITNESS WHEREOF, the Assignors and the Assignee have caused this instrument to be executed by their respective duly authorized representatives to be effective as of the ____ day of _____, 2008.

LG&E ENERGY MARKETING INC.

By: _____

Title: _____

WESTERN KENTUCKY ENERGY CORP.

By: _____

Title: _____

EXHIBIT A-4

PARTIAL TERMINATION AND RELEASE

**PARTIAL TERMINATION AND RELEASE OF
DEED OF EASEMENT**

On August 12, 2003 the City of Henderson, Kentucky and the City of Henderson Utility Commission (collectively, "Grantors") granted unto WKE Station Two Inc., LG&E Energy Marketing Inc., Western Kentucky Energy Corp., WKE Corp. and Big Rivers Electric Corporation a non-exclusive, irrevocable easement for access to, and ingress and egress over, Grantors' property for the construction, operation, maintenance and removal of an 8 inch diameter high pressure natural gas line and related valves, fittings and ancillary facilities, all as more particularly described in the Deed of Easement which is of record in Deed Book 527, at page 421, in the office of the Henderson County Court Clerk (the "Deed of Easement").

By the terms of paragraph 7 of said Deed of Easement it is provided that the rights and privileges of WKE Station Two Inc., LG&E Energy Marketing Inc., Western Kentucky Energy Corp. and WKE Corp., their successors and assigns, will terminate at such time as they shall cease to operate and maintain Big Rivers Electric Corporation's Reid Station and Big Rivers Electric Corporation's combustion turbine generating unit, both located in Henderson County, Kentucky.

Prior to the date hereof, WKE Station Two Inc. and WKE Corp. were merged with and into Western Kentucky Energy Corp. in accordance with Kentucky law, with Western Kentucky Energy Corp. being the surviving entity in that merger succeeding to all of the assets, properties, rights, debts, obligations and liabilities of WKE Station Two Inc. and WKE Corp. At the same time LG&E Energy Marketing Inc. assigned all of its rights and interests in the Deed of Easement to Western Kentucky Energy Corp.

Prior to the execution of this Partial Termination and Release of Deed of Easement, Western Kentucky Energy Corp. ceased to operate and maintain Big Rivers Electric Corporation's Reid Station and Big Rivers Electric Corporation's combustion turbine generating unit, whereby all rights and interests granted to them pursuant to the terms and provisions of this Deed of Easement terminated in their entirety.

NOW THEREFORE pursuant to the requirements of paragraph 7 of said Deed of Easement, WKE Station Two Inc. and WKE Corp. acting by and through Western Kentucky Energy Corp., LG&E Energy Marketing Inc. and Western Kentucky Energy Corp. hereby permanently and irrevocably release and discharge all rights and interests created by the terms and provisions of the said Deed of Easement, upon which termination they shall have no further easement rights or rights of ingress or egress over or with respect to the Grantors' property under said Deed of Easement, and shall be deemed to be fully and forever remised, released and discharged by Grantors and Big Rivers Electric Corporation of and from any

and all obligations, liabilities, rights and privileges arising under or pursuant to such Deed of Easement.

IN WITNESS WHEREOF the said Western Kentucky Energy Corp., acting for itself and WKE Station Two Inc. and WKE Corp., and LG&E Energy Marketing Inc. hereby execute this Partial Termination and Release of Deed of Easement this ____ day of _____, 2008.

LG&E ENERGY MARKETING INC.

By: _____

Title: _____

WESTERN KENTUCKY ENERGY CORP.,
acting for itself and for
WKE Station Two Inc. and WKE Corp.

By: _____

Title: _____

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The foregoing Partial Termination and Release of Deed of Easement was acknowledged before me this ____ day of _____, 2008, by LG&E Energy Marketing Inc., an Oklahoma corporation, for and on behalf of said corporation.

Notary Public

My commission expires: _____

SEAL

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The foregoing Partial Termination and Release of Deed of Easement was acknowledged before me this ____ day of _____, 2008, by Western Kentucky Energy Corp., a Kentucky corporation, for and on behalf of said corporation, acting also for WKE Station Two Inc. and WKE Corp.

Notary Public

My commission expires: _____

SEAL

This instrument prepared by:

EXHIBIT A-5

PARTIAL RELEASE

**PARTIAL RELEASE OF GRANTORS' RIGHTS
TO RIGHTS AND EASEMENTS**

Effective on April 1, 2005, Big Rivers Electric Corporation and Western Kentucky Energy Corp. granted and conveyed to the City of Henderson, Kentucky and the City of Henderson Utility Commission certain rights of access, easements of location and use, and easements of ingress and egress across lands owned by Big Rivers Electric Corporation, and leased to Western Kentucky Energy Corp., located in Henderson County, Kentucky, for use in connection with the City's Station Two Power Plant and the construction and addition thereto of selective catalytic recovery systems, such Grant of Rights and Easements being of record in Deed Book 548, at page 169, in the office of the Henderson County Court Clerk. Big Rivers Electric Corporation and Western Kentucky Energy Corp. reserved unto themselves certain rights and privileges in connection with said Grant of Rights and Easements.

Western Kentucky Energy Corp. has, prior to the execution of this Partial Release of Grantors' Rights to Rights and Easements, terminated its lease of certain of Big Rivers Electric Corporation's property and improvements thereon, and by these presents terminates its rights and privileges reserved in its Grant of Rights and Easements to the City of Henderson, Kentucky and the City of Henderson Utility Commission under terms and provisions of the said Grant of Rights and Easements.

NOW THEREFORE, Western Kentucky Energy Corp., a Kentucky corporation, acting for itself and its successors and assigns, does hereby release and forever discharge all of its rights and interests reserved by it under the terms and provisions of the said Grant of Rights and Easements dated April 1, 2005, having terminated its lease of certain of Big Rivers Electric Corporation's property and improvements thereon upon which said rights and easements were granted to the City of Henderson, Kentucky and the City of Henderson Utility Commission.

WITNESS the signature of the undersigned duly authorized representative of Western Kentucky Energy Corp. this ____ day of _____, 2008.

WESTERN KENTUCKY ENERGY CORP.

By: _____

Title: _____

SCHEDULE 4.1

STATION TWO TERMINATED DOCUMENTS

1. Deed of Easement and Right-of-Way, dated July 15, 1998, between Big Rivers, as grantor, and Station Two Subsidiary, LEM and WKEC, as grantees;
2. Deed of Easement and Right-of-Way, dated July 15, 1998, between the City of Henderson, the City Utility Commission, as grantors, and Station Two Subsidiary, LEM and WKEC, as grantees;
3. Assignment of Easements, dated April 30, 2006, among Station Two Subsidiary and LEM, as assignors, and WKEC, as assignee;
4. Acknowledgement and Consent, dated July 15, 1998, among the City of Henderson, the City Utility Commission and LEM;
5. **[Supplementary Agreement on SO₂ Emission Allowances, dated January 18, 2002, between the City Utility Commission and WKEC (including as successor by merger of Station Two Subsidiary)] [NOTE: This document could be moved to Schedule 5.1 (as a "Released Station Two Document") before the unwind closing, should Big Rivers and the City choose to retain it in effect between them.];**
6. Excess Power Agreement (letter agreement) dated July 23, 1999, between LEM and the City Utility Commission; and
7. Designated Representative/Alternate Designated Representative Appointment Agreement, dated August 27, 2002, among the City of Henderson, the City Utility Commission, Big Rivers, Station Two Subsidiary, Gregory Black and Ralph Bowling.

SCHEDULE 5.1

RELEASED STATION TWO DOCUMENTS

1. Designated Representative Appointment Agreement, dated September 24, 2007, among the City of Henderson, the City Utility Commission, Big Rivers, WKEC, Gregory Black and Ralph Bowling;
2. Grant of Rights and Easements, dated as of April 1, 2005, among the City of Henderson, the City Utility Commission, Big Rivers and WKEC;
3. Deed of Easement, dated August 12, 2003, but with retroactive effect to June 1, 1999, among the City of Henderson, the City Utility Commission, Big Rivers, WKEC, LEM, Station Two Subsidiary and WKE, relating to the Reid Station gas line;

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Exhibit PWT-7

STATION TWO TERMINATION AND RELEASE AGREEMENT

THIS STATION TWO TERMINATION AND RELEASE AGREEMENT (the "*Station Two Termination and Release*"), dated as of [____], 2008, by and among (a) BIG RIVERS ELECTRIC CORPORATION, a Kentucky rural electric generation and transmission cooperative ("*Big Rivers*"), (b) E.ON U.S. LLC ("*E.ON*"), a Kentucky limited liability company f/k/a LG&E Energy LLC, and the successor to LG&E Energy Corp., a Kentucky corporation ("*LEC*"), (c) LG&E ENERGY MARKETING INC., an Oklahoma corporation ("*LEM*"), and (d) WESTERN KENTUCKY ENERGY CORP., a Kentucky corporation ("*WKEC*") and the successor by merger with (i) WKE Corp., a Kentucky corporation ("*WKE*"), and (ii) WKE Station Two Inc., a Kentucky corporation ("*Station Two Subsidiary*") (WKEC, together with E.ON and LEM, the "*E.ON Station Two Parties*") (collectively, the "*Parties*").

RECITALS:

A. Prior to the effectiveness of the Plan of Reorganization (defined below), Big Rivers operated Station Two and the Joint Use Facilities, and purchased a certain portion of the output of Station Two.

B. In accordance with the First Amended Plan of Reorganization in Big River's bankruptcy proceeding, as modified and restated on June 9, 1997 (as so modified, the "*Plan of Reorganization*"), Big Rivers, LEM, Station Two Subsidiary and WKEC entered into a New Participation Agreement, dated April 6, 1998 (as amended, the "*Participation Agreement*") and certain other documents.

C. In accordance with the Participation Agreement, Station Two Subsidiary assumed certain of Big Rivers' operational responsibilities with respect to Station Two and the Joint Use Facilities, and LEC, WKEC, LEM, Station Two Subsidiary, the City of Henderson, Kentucky (the "*City of Henderson*") the City of Henderson Utility Commission d/b/a Henderson Municipal Power & Light (the "*City Utility Commission*") and Big Rivers executed and delivered certain agreements, including the Station Two Agreement, and

created certain interests in favor of, and certain obligations assumed by, one or more of the E.ON Station Two Parties with respect to Station Two, the Joint Use Facilities and the Station Two Site.

D. Big Rivers and the E.ON Station Two Parties have concluded that it is in their mutual best interests to terminate and release the property interests and contractual relationships created by the Participation Agreement, the Station Two Agreement and the other operative documents, and have executed and delivered a Transaction Termination Agreement, dated as of March 26, 2007, as amended (the "*Transaction Termination Agreement*"), setting forth the terms and conditions upon which Big Rivers and the E.ON Station Two Parties are willing to terminate and release such property interests and contractual relationships.

E. Contemporaneous with the execution and delivery of this Station Two Termination and Release, WKEC, LEM, Big Rivers, the City of Henderson and the City Utility Commission executed and delivered a Second Amendatory Agreement of even date herewith, pursuant to which (among other transactions) those parties amended the Station Two Agreement so that the same expired on the date hereof, and WKE paid to the City Utility Commission a certain "Expiration Fee" as an inducement for the City of Henderson and the City Utility Commission to enter into that Second Amendatory Agreement (the "*Second Amendatory Agreement*").

F. Contemporaneous with the execution and delivery of this Station Two Termination and Release, the City of Henderson, the City Utility Commission and Big Rivers executed and delivered an Amendment to the Station Two Power Sales Contract.

G. Prior to the date hereof, WKE and Station Two Subsidiary were merged with and into WKEC in accordance with Kentucky law, with WKEC being the surviving entity in that merger succeeding to all of the assets, properties, rights, debts, obligations and liabilities of WKE and Station Two Subsidiary, respectively.

H. Also prior to the date hereof, LEM assigned and transferred to WKEC, among other agreements and rights, all rights, title and interests of LEM under or pursuant to the Station Two Agreement, the Station Two Power Sales Agreement and certain other

agreements or instruments with Big Rivers and/or the City of Henderson (or the City Utility Commission) relating to Station Two and/or the Joint Use Facilities. However, LEM was not, by reason of such assignments and transfers, relieved from its debts, obligations or liabilities under or pursuant to those agreements or instruments.

I. This Station Two Termination and Release, together with the Second Amendatory Agreement, constitute the “Station Two Termination and Release” contemplated in the Transaction Termination Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth below, the E.ON Station Two Parties and Big Rivers each agree as follows:

ARTICLE 1

DEFINITIONS

Section 1.1 Definitions. Capitalized terms used in this Station Two Termination and Release (including the Recitals, Exhibits and Schedules hereto) and not otherwise defined herein shall have the meanings set forth in Exhibit A to this Station Two Termination and Release or, if not so defined in that Exhibit A, in the Station Two Agreement. The rules of interpretation set forth in Exhibit A to this Station Two Termination and Release shall apply to this Station Two Termination and Release and to the Parties’ respective rights and obligations hereunder.

ARTICLE 2

STATION TWO TERMINATED AGREEMENTS; MORTGAGE RELEASES

Section 2.1 Station Two Terminated Agreements. Effective immediately, without notice or further action on the part of any Party, and to the extent they may do so without the consent, approval or agreement of any other person or entity (including without limitation, the City of Henderson or the City Utility Commission), each of the E.ON Station Two Parties and Big Rivers, for themselves and their respective successors, predecessors and assigns, and for all other persons or entities claiming by, through or under them, hereby collectively and irrevocably terminate, discharge and render null and void and of no further force or effect whatsoever each of the agreements, letter agreements, guaranties, easements, implementing

letters, directives and other instruments and documents set forth or identified on Schedule 2.1 hereto (collectively, the “***Station Two Terminated Agreements***”) to which such Parties are signatories or beneficiaries.

Section 2.2 Filing of Releases and Termination Statements. Promptly following the execution and delivery hereof, and consistent with the last sentence of Subsection 10.11(a) of the Station Two Agreement, the relevant Parties agree to execute and deliver to the appropriate Party or Parties for purposes of recording or filing the same: (a) terminations of easements and rights of way in the forms attached hereto as Exhibits B-1 and B-2, (b) a termination of Assignment of Easements in the form attached hereto as Exhibit B-3, (c) a Partial Termination and Release of Deed of Easement in the form attached hereto as Exhibit B-4, (d) a Partial Release of Grantors’ Rights to Rights and Easements in the form attached hereto as Exhibit B-5, and (e) all such other instruments of termination, discharge or release (in form reasonably satisfactory to the relevant Parties) as shall be required by or otherwise provided for in any Station Two Terminated Agreement, or as shall be reasonably requested by any Party to evidence such termination, discharge or release or for the purpose of updating the real estate records of Henderson County, Kentucky, in respect of the terminations, releases and discharges of the Station Two Terminated Agreements as contemplated herein.

Section 2.3 Releases by Big Rivers. Effective immediately, and without notice or further action on the part of any Party, Big Rivers, for itself and its successors, predecessors and assigns, and for all other persons or entities claiming by, through or under any of them: (a) hereby fully, irrevocably and forever remises, releases, acquits, waives and discharges any possessory interest in real or personal property granted by any E.ON Station Two Party, and any lien, security interest, charge or encumbrance whatsoever created or granted by any E.ON Station Two Party, in each case to or in favor of Big Rivers by any one or more of the Station Two Terminated Agreements at any time prior to the execution and delivery hereof; and (b) hereby fully, irrevocably and forever remises, releases, acquits and discharges each of LEC, E.ON, LEM, WKEC, WKE and Station Two Subsidiary, and their respective members, shareholders, directors, officers, employees, agents, representatives, advisors, successors, predecessors and assigns, and each of them (collectively, the “***Big Rivers Released Parties***”), of and from any and all manner of actions, causes of action, suits, sums of money, accounts, reckonings, covenants, controversies, agreements, promises, remedies, amounts paid in

settlement, compromises, losses, levies, rights of contribution, rights of set-off, other rights, damages, judgments, executions, debts, obligations, liabilities, claims and demands of any nature whatsoever, whether or not in contract, in equity, in tort or otherwise, whether pursuant to any statute, ordinance, regulation, rule of common law or otherwise, whether direct or indirect, whether punitive or compensatory, whether known or unknown, whether presently discoverable or undiscoverable, whether threatened, pending, suspected or claimed, and whether fixed, accrued, contingent or otherwise (collectively, "*Claims*"), which Big Rivers ever had, now has, may now have or may hereafter have against any one or more of the Big Rivers Released Parties, resulting from, arising out of or in any manner relating to: (i) any Station Two Terminated Agreement; or (ii) any performance or non-performance by a Big Rivers Released Party under or pursuant to any Station Two Terminated Agreement; or (iii) any breach or default by a Big Rivers Released Party under or pursuant to any Station Two Terminated Agreement howsoever caused and whenever occurring; or (iv) in the case of the E.ON Station Two Parties, their respective (including without limitation, their respective employees', officers', agents', representatives', advisors' and/or contractors' respective) operation, maintenance, repair, upkeep, occupation, generation, use, closure, abandonment, retirement, replacement or possession of, or the condition or state of repair of, Station Two or any component(s) thereof (including without limitation, any components installed or constructed following the date of the Station Two Agreement), the Joint Use Facilities or any component(s) thereof, the Station Two Site (and any other real property of Big Rivers, the City of Henderson or the City Utility Commission operated, maintained, repaired, kept up, occupied or used by an E.ON Station Two Party (or its employees, officers, agents, representatives, advisors and/or contractors)), any electric energy generated by or capacity associated with Station Two, or any tangible or intangible properties, inventories, spare parts, tools, materials or supplies of, relating to or used in connection with the operation, maintenance, repair, upkeep, occupation, generation, use, closure, abandonment, retirement, replacement or possession of Station Two (or any components thereof), the Joint Use Facilities (or any components thereof), the Station Two Site or such electric energy or capacity, in each case whether pursuant to a Station Two Terminated Agreement, a "Released Station Two Contract" (as hereinafter defined) or otherwise; provided, however, that nothing contained in this Section 2.3 shall be deemed to affect, release, discharge, limit, waive or eliminate (A) any other covenant or agreement on the part of any E.ON Station Two

Party set forth in, or expressly contemplated as surviving the “Closing” in, the Transaction Termination Agreement or any other “Definitive Document” (as defined in the Transaction Termination Agreement), it being understood that such other covenants and agreements shall survive the execution and delivery hereof and the transactions contemplated in this Station Two Termination and Release as between Big Rivers and the relevant E.ON Station Two Parties; or (B) any covenant or agreement on the part of the City of Henderson or the City Utility Commission to or in favor of Big Rivers set forth in any Station Two Terminated Agreement, or any right, defense, claim or counterclaim of Big Rivers as against the City of Henderson and/or the City Utility Commission of any nature whatsoever; and provided further, that Big Rivers does not hereby remise, release, acquit, waive or discharge the E.ON Station Two Parties of or from performance of and compliance with any obligations under this Station Two Termination and Release to be performed or complied with by the E.ON Station Two Parties (or any of them).

Section 2.4 Releases by the E.ON Station Two Parties. Effective immediately, and without notice or further action on the part of any Party, each E.ON Station Two Party, for itself and its successors, predecessors and assigns, and for all other persons or entities claiming by, through or under any of them: (a) hereby fully, irrevocably and forever remises, releases, acquits, waives and discharges any possessory interest in real or personal property granted by Big Rivers, and any lien, security interest, charge or encumbrance whatsoever created or granted by Big Rivers, in each case to or in favor of such E.ON Station Two Party by any one or more of the Station Two Terminated Agreements at any time prior to the date hereof; and (b) hereby fully, irrevocably and forever remises, releases, acquits, waives and discharges Big Rivers and its members, directors, officers, employees, agents, representatives, advisors, successors, predecessors and assigns, and each of them (collectively, the “*E.ON Released Parties*”), of and from any and all Claims which such E.ON Station Two Party ever had, now has, may now have or may hereafter have against any one or more of the E.ON Released Parties, resulting from, arising out of or in any manner relating to: (i) any Station Two Terminated Agreement; or (ii) any performance or non-performance by an E.ON Released Party under or pursuant to any Station Two Terminated Agreement; or (iii) any breach or default by an E.ON Released Party under or pursuant to any Station Two Terminated Agreement howsoever caused and whenever occurring;

provided, however, that nothing contained in this Section 2.4 shall be deemed to affect, release, discharge, limit, waive or eliminate (A) any other covenant or agreement on the part of Big Rivers set forth in, or expressly contemplated as surviving the "Closing" in, the Transaction Termination Agreement or any other Definitive Document, it being understood that such other covenants and agreements shall survive the execution and delivery hereof and the transactions contemplated in this Station Two Termination and Release as between Big Rivers and the relevant E.ON Station Two Parties; or (B) any covenant or agreement on the part of the City of Henderson or the City Utility Commission to or in favor of any E.ON Station Two Party set forth in any Station Two Terminated Agreement, or any right, defense, claim or counterclaim of any E.ON Station Two Party as against the City of Henderson or the City Utility Commission of any nature whatsoever; and provided further, that the E.ON Station Two Parties do not hereby remise, release, acquit, waive or discharge Big Rivers of or from performance of and compliance with any obligations under this Station Two Termination and Release to be performed or complied with by Big Rivers.

ARTICLE 3

RELEASED STATION TWO CONTRACTS

Section 3.1 Released Station Two Contracts. Schedule 3.1 attached hereto sets forth or identifies various contracts, agreements or other instruments to which Big Rivers is a party as of the execution and delivery hereof, certain of which contracts, agreements or instruments were partially assigned to and assumed by, or were entered into by, one or more of the E.ON Station Two Parties (or their predecessors) prior to the date hereof, or under certain of which contracts, agreements or instruments one or more E.ON Station Two Parties may have become a beneficiary, in either case pursuant to the transactions contemplated in one or more of the Station Two Terminated Agreements or other transactions entered into by such E.ON Station Two Parties since the date of the Station Two Agreement (collectively, the "**Released Station Two Contracts**"). The Parties acknowledge that, by reason of the transactions contemplated in this Station Two Termination and Release and in the Second Amendatory Agreement, the relevant E.ON Station Two Parties shall be released by Big Rivers from the Released Station Two Contracts to which they are a party as provided below in this Article 3, but that those Released Station Two Contracts shall hereafter continue in full force and effect as between Big Rivers, on the one hand, and the City of Henderson

and/or the City Utility Commission, on the other hand (and with such other parties thereto), in accordance with their respective terms (unless otherwise amended, modified, terminated or replaced by the separate agreement of Big Rivers, the City of Henderson and/or the City Utility Commission). In light of the fact, as contemplated in the Station Two Agreement, that Big Rivers has remained a party to and beneficiary of certain of the Released Station Two Contracts throughout the period during which the relevant E.ON Station Two Parties (as assignees of Big Rivers, or as assignees of one or more other E.ON Station Two Parties or of Station Two Subsidiary or WKE) may have been parties to or beneficiaries of such Released Station Two Contracts, Big Rivers remains possessed of all rights and interests as against the City of Henderson and/or the City Utility Commission (as applicable) under and pursuant to such Released Station Two Contracts, whether such rights and interests were heretofore held by Big Rivers and/or by any E.ON Station Two Party, with full right and entitlement, following the execution and delivery of this Station Two Termination and Release, to exercise and enjoy all such rights and interests in accordance with the respective terms of such contracts.

Section 3.2 Release of E.ON Station Two Parties by Big Rivers. Effective immediately, without notice or further action on the part of any Party, Big Rivers, for itself and its successors, predecessors, and assigns, and for all other persons or entities claiming by, through or under any of them, hereby fully, irrevocably and forever remises, releases, acquits, waives and discharges each of LEC, E.ON, LEM, WKEC, WKE and Station Two Subsidiary, and their respective members, shareholders, directors, officers, employees, agents, representatives, advisors, successors, predecessors and assigns, and each of them (collectively, the "***Section 3.2 Released Parties***"), of and from any and all Claims which Big Rivers ever had, now has, may now have or may hereafter have against any one or more of the Section 3.2 Released Parties, resulting from, arising out of or in any manner relating to: (i) any Released Station Two Contract; or (ii) any performance or non-performance by a Section 3.2 Released Party under or pursuant to any Released Station Two Contract; or (iii) any breach or default by a Section 3.2 Released Party under or pursuant to any Released Station Two Contract howsoever caused and whenever occurring; provided, however, that nothing contained in this Section 3.2 shall be deemed to affect, release, discharge, limit, waive or eliminate (A) any other covenant or agreement on the part of any E.ON Station Two

Party set forth in, or expressly contemplated as surviving the “Closing” in, the Transaction Termination Agreement or any other Definitive Document, it being understood that such other covenants and agreements shall survive the execution and delivery hereof and the transactions contemplated in this Station Two Termination and Release as between Big Rivers and the relevant E.ON Station Two Parties; or (B) any covenant or agreement on the part of the City of Henderson or the City Utility Commission to or in favor of Big Rivers set forth in any Released Station Two Contract, or any right, defense, claim or counterclaim of Big Rivers as against the City of Henderson and/or the City Utility Commission of any nature whatsoever; and provided further, that Big Rivers does not hereby remise, release, acquit, waive or discharge the E.ON Station Two Parties of or from performance of and compliance with any obligations under this Station Two Termination and Release to be performed or complied with by the E.ON Station Two Parties (or any of them).

Section 3.3 Release of Big Rivers by E.ON Station Two Parties. Effective immediately, without notice or further action on the part of any Party, each E.ON Station Two Party, for itself and its successors, predecessors, and assigns, and for all other persons or entities claiming by, through or under any of them, hereby fully, irrevocably and forever remises, releases, acquits, waives and discharges Big Rivers and its members, directors, officers, employees, agents, representatives, advisors, successors, predecessors and assigns, and each of them (collectively, the “**Section 3.3 Released Parties**”), of and from any and all Claims which such E.ON Station Two Party ever had, now has, may now have or may hereafter have against any one or more of the Section 3.3 Released Parties, resulting from, arising out of or in any manner relating to (i) any Released Station Two Contract, or (ii) any performance or non-performance by a Section 3.3 Released Party under or pursuant to any Released Station Two Contract, or (iii) any breach or default by a Section 3.3 Released Party under or pursuant to any Released Station Two Contract howsoever caused and whenever occurring; provided, however, that nothing contained in this Section 3.3 shall be deemed to affect, release, discharge, limit, waive or eliminate (A) any other covenant or agreement on the part of Big Rivers set forth in, or expressly contemplated as surviving the “Closing” in, the Transaction Termination Agreement or any other Definitive Document, it being understood that such other covenants and agreements shall survive the execution and delivery hereof and the transactions contemplated in this Station Two Termination and Release as

between Big Rivers and the relevant E.ON Station Two Parties; or (B) any covenant or agreement on the part of the City of Henderson or the City Utility Commission to or in favor of any E.ON Station Two Party set forth in any Released Station Two Contract, or any right defense, claim or counterclaim of any E.ON Station Two Party as against the City of Henderson or the City Utility Commission of any nature whatsoever; and provided further, that the E.ON Station Two Parties do not hereby remise, release, acquit, waive or discharge Big Rivers of or from performance of and compliance with any obligations under this Station Two Termination and Release to be performed or complied with by Big Rivers.

ARTICLE 4

RECONCILIATIONS; DISTRIBUTIONS; PAYMENTS

Section 4.1 Closing Year Reconciliation.

(a) Big Rivers, LEM and WKEC agree with each other that, notwithstanding any provisions of this Station Two Termination and Release, the Second Amendatory Agreement, the Transaction Termination Agreement or the “Termination and Release” (as defined in the Transaction Termination Agreement) to the contrary, the provisions of Subsection 10.1(a) of the Station Two Agreement (solely to the extent they relate to the “date of termination or expiration of the Term” and to the period of operation of Station Two during the “Term” (as defined in the Station Two Agreement)), and the provisions of Subsections 10.1(c) and 10.1(d) of the Station Two Agreement, shall each survive the execution and delivery of this Station Two Termination and Release and of the Second Amendatory Agreement, and shall continue to be binding on and to inure to the benefit of Big Rivers, LEM and WKEC (as the successor to Station Two Subsidiary and the assignee of LEM) until satisfied or discharged in full; provided, that:

(i) the provisions of the concluding sentence of Subsection 10.1(c) is hereby amended and restated to be and read in its entirety as follows:

“Amounts which have accrued or become payable during the Partial Year prior to the expiration or termination of the Term, but (i) which have not been paid to the relevant Party as of the date of that expiration or termination and

(ii) the payment of which as between WKEC and Big Rivers has not been expressly provided for in this Article 4 or in Section 3.5 of the Termination Agreement, shall continue to be payable to that Party thereafter by the Party having the obligation to make such payment prior to the date of expiration or termination of the Term.”

; and

(ii) all references in any of the above-described provisions of Section 10.1 to the “date of termination or expiration of the Term,” to the “date of expiration or termination of this Agreement,” to the “termination or expiration date,” to the “expiration or termination of the Term,” or to the “date of that expiration or termination,” shall be deemed to be references to the date of this Station Two Termination and Release; and

(iii) by way of clarification and not of limitation, for purposes of the reconciliation to be undertaken following the date hereof by Big Rivers, LEM and WKEC pursuant to Section 10.1 of the Station Two Agreement, the operating and maintenances costs actually paid or accrued by WKEC in the Partial Year shall be deemed to include, without limitation, all general and administrative expenses for the Partial Year permitted, immediately prior to the execution and delivery of this Station Two Termination and Release, to be charged by Station Two Subsidiary to Station Two pursuant to Section 4.3 of the G&A Allocation Agreement (including any general and administrative expenses for the Partial Year permitted to be charged by Big Rivers to Station Two pursuant to Section 4.1 of the G&A Allocation Agreement but which were paid by WKEC to Big Rivers pursuant to Section 5.2 of that agreement prior to the date hereof); provided, that those general and administrative expenses for the Partial Year shall be subject to further reconciliation and payment between WKEC and Big Rivers as contemplated in Section 5.2(b) of the G&A Allocation Agreement.

Big Rivers, LEM and WKEC hereby further agree with each other that attached to this Station Two Termination and Release as Schedule 4.1 and incorporated herein by reference is a true, correct and complete copy of those provisions (or portions thereof) of Section 10.1 of the Station Two Agreement (as amended hereby) that shall survive

the execution and delivery hereof and continue to be binding on and to inure to the benefit of Big Rivers, LEM and WKEC as contemplated in the preceding sentence, all other provisions (or portions thereof) of that Section 10.1 becoming null, void and of no further force or effect as of the execution and delivery hereof.

(b) Notwithstanding anything to the contrary set forth in this Station Two Termination and Release, promptly following the execution and delivery hereof (and to the extent not paid and discharged in full prior to the date hereof), WKEC shall remit and pay to the City of Henderson or the City Utility Commission (as applicable), without set-off or deduction, all payments that have accrued and become payable by WKEC prior to the date hereof under Section 9.1 of the Station Two Power Sales Agreement. In the event, at any time following the date hereof, Big Rivers shall receive from the City of Henderson or the City Utility Commission any payments made on account of amounts that have accrued and become payable to WKEC prior to the date hereof under Section 16.2 of the Station Two Operating Agreement, Big Rivers agrees to promptly remit and pay the amounts so received by it to WKEC without set-off or deduction. In the event, at any time following the date hereof, WKEC shall receive from the City of Henderson or the City Utility Commission any payments made on account of amounts that have accrued and become payable to Big Rivers following the date hereof under any Station Two Contract, WKEC agrees to promptly remit and pay the amounts so received by it to Big Rivers without set-off or deduction.

Section 4.2 Distribution of Funds: Payments for Prior Services.

(a) The Parties acknowledge that, notwithstanding anything contained in this Station Two Termination and Release or the Second Amendatory Agreement to the contrary, in the event, as of the execution and delivery of this Station Two Termination and Release, any amounts remain owing by the City Utility Commission to WKEC (as assignee of LEM) pursuant to the New Reserves Agreement, on account of any services rendered by WKEC to the City of Henderson or the City Utility Commission under the New Reserves Agreement through the date hereof, the obligation of the City Utility Commission to pay such amounts to WKEC shall

survive the execution and delivery hereof and shall continue to be a right held solely by WKEC, and the Parties shall use their reasonable best efforts to cause such amounts to be paid by the City Utility Commission to WKEC in immediately available funds promptly following the date hereof, without set-off or deduction.

(b) The Parties agree to use their reasonable best efforts to cause, promptly following the execution and delivery of this Station Two Termination and Release, the release and delivery to WKEC of all amounts required to be released from the Big Rivers Replacement O&M Fund and delivered to and for the account of WKEC upon the expiration of the Station Two Agreement (including without limitation, all accrued but unpaid interest), as contemplated in Subsection 10.3(f)(4) of the Station Two Agreement. Promptly following the release and delivery of funds to WKEC as contemplated above, Big Rivers agrees to deposit into the Big Rivers Replacement O&M Fund the amount required to fund the Big Rivers Replacement O&M Fund as contemplated in Section 10.3(f)(4) of the Station Two Agreement and Section 19.3 of the Station Two Power Sales Agreement.

ARTICLE 5

MISCELLANEOUS

Section 5.1 Successors and Assigns. This Station Two Termination and Release shall be binding upon, and shall inure to the benefit of and be enforceable by, the Parties named herein and their respective members, shareholders, directors, officers, employees, agents, representatives, successors, predecessors and permitted assigns, and all other persons or entities claiming by, through or under any of them. No Party may assign either this Station Two Termination and Release or any of its rights or interests hereunder, nor delegate any of its obligations hereunder, without the prior written consent of the other Parties (which consent shall not be unreasonably withheld, conditioned or delayed), and any attempt to make any such transfer, assignment or delegation without such consent shall be null and void.

Section 5.2 Notices. All notices, requests, demands, claims or other communications required or permitted to be given or made under this Station Two Termination and Release shall be in writing and shall be deemed duly given or made if it is

sent by registered or certified mail, return receipt requested, postage prepaid, and addressed to the intended recipient as set forth below:

If to any E.ON Station Two Party:

E.ON U. S. LLC
220 West Main Street
Louisville, KY 40202
Facsimile: 502-627-4622
Telephone: 502-627-3665
Attn: Executive Vice President,
General Counsel & Corporate Secretary

With a Copy to:

Patrick R. Northam, Esq.
Greenebaum Doll & McDonald PLLC
3500 National City Tower
101 South Fifth Street
Louisville, Kentucky 40202
Facsimile: 502-587-3695
Telephone: 502-587-3774

If to Big Rivers:

Big Rivers Electric Corporation
201 Third Street
P.O. Box 24
Henderson Kentucky 42419
Attention: President & Chief Executive Officer
Facsimile: 270-827-2558
Telephone: 270-827-2561

With a Copy to:

James M. Miller, Esq.
Sullivan, Mountjoy, Stainback & Miller, P.S.C.
100 St. Ann Building
Post Office Box 727
Owensboro, Kentucky 42302-0727
Facsimile: 270-683-6694
Telephone: 270-691-1640

Any Party may send any notice, request, demand, claim or other communication hereunder to the intended recipient at the address set forth above using any other means (including personal delivery, expedited courier, messenger service, telecopy, telex, ordinary mail, or electronic mail), but no such notice, request, demand, claim, or other communication shall be deemed to have been duly given unless and until it actually is received by the intended recipient. Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

Section 5.3 Governing Law. THIS STATION TWO TERMINATION AND RELEASE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF KENTUCKY.

Section 5.4 Amendments and Waivers. This Station Two Termination and Release shall not be modified or amended except pursuant to an instrument in writing executed and delivered on behalf of each of the Parties. No waiver of any of the provisions of this Station Two Termination and Release shall be deemed to or shall constitute a continuing waiver or a waiver of any other provision hereof (whether or not similar). No delay on the part of any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

Section 5.5 Severability. Any term or provision of this Station Two Termination and Release which is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such invalidity or unenforceability, without rendering invalid or unenforceable the remaining terms and provisions of this Station Two Termination and Release or affecting the validity or enforceability of any of the terms or provisions of this Station Two Termination and Release in any other jurisdiction.

Section 5.6 Construction. The Parties have participated jointly in the negotiation and drafting of this Station Two Termination and Release. In the event an ambiguity or question of intent or interpretation arises, this Station Two Termination and Release shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Station Two Termination and Release.

Section 5.7 Incorporation. The Exhibits and Schedules identified in this Station Two Termination and Release are incorporated herein by reference and made a part hereof.

Section 5.8 WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS STATION TWO TERMINATION AND RELEASE OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 5.9 Headings. The article and section headings contained in this Station Two Termination and Release are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Station Two Termination and Release.

Section 5.10 Counterparts. This Station Two Termination and Release may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

Section 5.11 Further Assurances. Each of the Parties shall, at all times, and from time to time, upon the request of the appropriate Party, do, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged and delivered, all such further acts as may be required to consummate the transactions contemplated in this Station Two Termination

and Release as they are herein contemplated. Each Party shall, and shall use its commercially reasonable efforts to assure that any necessary third party shall, execute and deliver such documents and do such other acts and things as any other Party may reasonably require for the purpose of giving to that other Party the full benefit of all the provisions of this Station Two Termination and Release, and as may be reasonably required to complete the transactions contemplated in this Station Two Termination and Release.

Section 5.12 Third Party Beneficiaries. This Station Two Termination and Release is entered into for the sole benefit of the Parties hereto and the other persons and entities expressly contemplated herein (but not for the benefit of the City of Henderson or the City Utility Commission), and except as specifically provided herein, shall not confer any rights or remedies upon any person or entity other than the Parties, such other identified persons and entities and their respective successors and permitted assigns.

Section 5.13 No Other Representations. Each Party represents to the others that it has not executed this Station Two Termination and Release upon the basis of any agreement, promise, representation or warranty not specifically contained herein or in the Transaction Termination Agreement or the Definitive Documents contemplated therein.

Section 5.14 Time of the Essence. Time shall be of the essence in the Parties' performance of their respective obligations under this Station Two Termination and Release.

Section 5.15 Survival. The provisions of this Station Two Termination and Release shall survive the execution and delivery hereof and the consummation of the transactions contemplated herein, and shall continue to be binding on and enforceable by the Parties hereto in accordance with its terms.

Section 5.16 Acknowledgment and Representation. Each Party has fully read the terms of this Station Two Termination and Release and has been represented by competent legal counsel in connection with the negotiation and execution hereof, and the effect and legal consequences of this Station Two Termination and Release have been fully explained to each Party by its legal counsel. Each Party hereby further represents and warrants to the other Parties that such Party has not at any time assigned or transferred to any other person or entity in any manner, including by way of subrogation, operation of law or otherwise, any

Claim or portion thereof that it may have had, has, may now have or may hereafter have, against any other Party hereto of the type(s) contemplated in this Station Two Termination and Release as to be released and discharged by this Station Two Termination and Release (other than such Claims as any E.ON Station Two Party may have against or in respect of any other E.ON Station Two Party but not against Big Rivers).

Section 5.17 Entire Agreement. This Station Two Termination and Release (together with all exhibits and schedules hereto), together with the Transaction Termination Agreement and Second Amendatory Agreement, constitute the entire agreement between or among the Parties with respect to the subject matter hereof, and supersede any prior understandings, agreements or representations between or among the Parties, whether written or oral, to the extent they relate in any way to the subject matter hereof.

IN WITNESS WHEREOF, the Parties have caused this Station Two Termination and Release to be duly executed by their respective authorized officers as of the day and year first above written.

[Signatures Appear on the Following Page]

BIG RIVERS ELECTRIC CORPORATION

By: _____
Name:
Title:

E.ON U.S. LLC

By: _____
Name:
Title:

LG&E ENERGY MARKETING INC.

By: _____
Name:
Title:

WESTERN KENTUCKY ENERGY CORP.

By: _____
Name:
Title:

EXHIBIT A

RULES OF INTERPRETATION AND DEFINITIONS

RULES OF INTERPRETATION. In this Station Two Termination and Release, unless otherwise expressly provided herein:

1. Any term defined in this Station Two Termination and Release (including this Exhibit A and any other Exhibit or Schedule hereto) by reference to another document, instrument or agreement shall continue to have the meaning ascribed thereto whether or not such other document, instrument or agreement remains in effect;

2. Words importing the singular include the plural and vice versa;

3. Words importing a gender include either gender;

4. A reference in this Station Two Termination and Release to a part, clause, recital, section, paragraph, article, party, annex, appendix, exhibit, schedule or other attachment is a reference to a part, clause, recital, section, paragraph, or article of, or a party, annex, appendix, exhibit, schedule or other attachment to, this Station Two Termination and Release unless, in any such case, otherwise expressly provided in herein;

5. A definition of or reference to any document, instrument or agreement set forth in this Station Two Termination and Release (including without limitation, in any Exhibit or Schedule hereto) includes all amendments and/or supplements to, and any restatements, replacements, modifications or novations of, any such document, instrument or agreement unless otherwise specified in such definition or in the context in which such reference is used;

6. A reference to any person or entity includes such person's or entity's successors and permitted assigns (in the designated capacity);

7. Any reference to "days" shall mean calendar days unless Business Days are expressly specified;

8. If the date as of which any right, option or election is exercisable, or the date upon which any amount is due and payable, is stated to be on a date or day that is not a Business Day, such right, option or election may be exercised, and such amount shall be deemed due and payable, on the next succeeding Business Day with the same effect as if the same was exercised or made on such date or day (without, in the case of any such payment, the payment or accrual of any interest or other late payment or charge, provided such payment is made on such next succeeding Business Day);

9. Words such as “hereunder”, “hereto”, “hereof” and “herein” and other words of similar import shall, unless the context clearly requires otherwise, refer to the whole of the applicable document and not to any particular article, section, subsection, paragraph or clause thereof; and

10. A reference to “including” means including without limiting the generality of any description preceding such term, and for purposes hereof the rule of *ejusdem generis* shall not be applicable to limit a general statement, followed by or referable to an enumeration of specific matters, to matters similar to those specifically mentioned.

DEFINITIONS

“***Applicable Laws***” means all federal, state and local laws, rules, regulations, ordinances, codes, orders and directives of any court or other governmental entity or regulatory body, or any office or agency thereof.

“***E.ON Guarantee***” means the Guarantee Agreement [Station Two Obligations] dated July 15, 1998, from E.ON (as successor to LG&E Energy Corp.) in favor of the City of Henderson and the City Utility Commission.

“***Governmental Entity***” means any national, state or local government, any political subdivision thereof or any other governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, body, agency, bureau or entity.

“Joint Facilities Agreement” means the Joint Facilities Agreement between the City of Henderson and Big Rivers dated August 1, 1970, as amended.

“Joint Use Facilities” means the auxiliary facilities which are the subject of the Joint Facilities Agreement.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind, or any other type of preferential arrangement that has substantially the same practical effect as a security interest, in respect of such asset.

“Station Two” means the two generating units and related facilities owned by the City of Henderson and located on a site near the Green River in Henderson County, Kentucky.

“Station Two Agreement” means the Agreement and Amendments to Agreement dated as of July 15, 1998, as amended, among the City of Henderson, the City Utility Commission, Big Rivers, LEM, WKEC, WKE and Station Two Subsidiary, including without limitation, as amended by the Amendatory Agreement, dated as of April 1, 2005, among the City of Henderson, the City Utility Commission, Big Rivers, Station Two Subsidiary, WKEC, LEM and WKE.

“Station Two Contracts” shall have the meaning set forth in Recital B to the Station Two Agreement, as the same have been amended through the date hereof.

“Station Two Site” means the real property on which Station Two and/or the Joint Use Facilities are situated.

EXHIBIT B-1

TERMINATION OF CITY EASEMENT

TERMINATION AND RELEASE OF DEED OF EASEMENT

On July 15, 1998, the CITY OF HENDERSON, KENTUCKY, a municipal corporation, and the CITY OF HENDERSON UTILITY COMMISSION, a body politic and corporate (hereinafter collectively referred to as "Henderson") granted to WKE STATION TWO, INC., formerly known as LG&E Station Two, Inc., a Kentucky corporation, LG&E ENERGY MARKETING, INC., an Oklahoma corporation, and WESTERN KENTUCKY ENERGY CORP., a Kentucky Corporation, (hereinafter collectively referred to as the "LG&E Parties") a non-exclusive easement for access to Henderson's property for the purpose of enabling the LG&E Parties to perform and fulfill their respective obligations under certain agreements relating to the operation and maintenance of Henderson's Station Two Power Plant, all in accordance with the rights, privileges, reservations, exceptions and limitations recited therein, and

WHEREAS, the LG&E Parties will, upon the effective date of this Termination and Release of Deed of Easement, cease to operate, maintain and control Henderson's Station Two Power Plant, and will thereupon cease to use the easement and right-of-way granted to them by Henderson by the terms of the Deed of Easement and Right-of-Way dated July 15, 1998, of record in Miscellaneous book 6, at page 373, in the Henderson County Clerk's Office, Henderson County, Kentucky (the "Deed of Easement"); and

WHEREAS, prior to the date hereof, WKE Station Two, Inc., formerly known as LG&E Station Two, Inc., a Kentucky corporation, was merged with and into Western Kentucky Energy Corp. in accordance with Kentucky law, with Western Kentucky Energy Corp. being the surviving entity in that merger succeeding to all of the assets, properties, rights, debts, obligations and liabilities of WKE Station Two, Inc., whereby the execution of this document by Western Kentucky Energy Corp. will transfer and convey all right, title and interest of WKE Station Two, Inc. in the Deed of Easement herein referred to.

NOW, THEREFORE, in consideration of the premises, the said LG&E Energy Marketing, Inc. and Western Kentucky Energy Corp. (for itself and as successor by merger of WKE Station Two Inc.) do hereby bargain, sell, and convey, and by these presents release, remise and quit-claim unto the said City of Henderson, Kentucky and City of Henderson Utility Commission, their respective successors and assigns, any and all right, title and interest in and to the property conveyed by said Deed of Easement, and all and any other interest the said LG&E Energy Marketing, Inc. and Western Kentucky Energy Corp., their respective successors and assigns, may have in and to the said property of City of Henderson, Kentucky and City of Henderson Utility Commission conveyed by said Deed of Easement.

IN TESTIMONY WHEREOF, the said parties to this Termination and Release of Deed of Easement have hereunto executed this document by their respective duly

authorized representatives to be effective the _____ day of _____, 2008.

LG&E ENERGY MARKETING, INC.

By: _____

Title: _____

WESTERN KENTUCKY ENERGY CORP.

By: _____

Title: _____

CITY OF HENDERSON, KENTUCKY

By: _____

Title: _____

CITY OF HENDERSON UTILITY
COMMISSION

By: _____

Title: _____

EXHIBIT B-2

TERMINATION OF BIG RIVERS EASEMENT

TERMINATION AND RELEASE OF DEED OF EASEMENT

On July 15, 1998, BIG RIVERS ELECTRIC CORPORATION, a Kentucky rural electric cooperative (hereinafter referred to as "Big Rivers") granted to WKE STATION TWO INC., formerly known as LG&E Station Two Inc., a Kentucky corporation, LG&E ENERGY MARKETING INC., an Oklahoma corporation, and WESTERN KENTUCKY ENERGY CORP., a Kentucky Corporation, (hereinafter collectively referred to as the "LG&E Parties") a non-exclusive easement for access to Big Rivers' property for the purpose of enabling the LG&E Parties to perform and fulfill their respective obligations under certain agreements relating to the operation and maintenance of Big Rivers Green Station and Reid Station Power Plants and Henderson's Station Two Power Plant, all in accordance with the rights, privileges, reservations, exceptions and limitations recited therein, and

WHEREAS, the LG&E Parties will, upon the effective date of this Termination and Release of Deed of Easement, cease to operate, maintain and control Big Rivers Green Station and Reid Station Power Plants and Henderson's Station Two Power Plant, and will thereupon cease to use the easement and right-of-way granted to them by Big Rivers by the terms of the Deed of Easement and Right-of-Way dated July 15, 1998, of record in Miscellaneous Book 6, at page 378, in the Henderson County Clerk's Office, Henderson County, Kentucky (the "Deed of Easement"); and

WHEREAS, prior to the date hereof, WKE Station Two Inc., formerly known as LG&E Station Two Inc., a Kentucky corporation, was merged with and into Western Kentucky Energy Corp. in accordance with Kentucky law, with Western Kentucky Energy Corp. being the surviving entity in that merger succeeding to all of the assets, properties, rights, debts, obligations and liabilities of WKE Station Two Inc., whereby the execution of this document by Western Kentucky Energy Corp. will transfer and convey all right, title and interest of WKE Station Two Inc. in the Deed of Easement herein referred to.

NOW, THEREFORE, in consideration of the premises, the said LG&E Energy Marketing Inc. and Western Kentucky Energy Corp. (for itself and as successor by merger of WKE Station Two Inc.) do hereby bargain, sell, and convey, and by these presents release, remise and quit-claim unto the said Big Rivers Electric Corporation, its successors and assigns, any and all right, title and interest in and to the property conveyed by said Deed of Easement, and all and any other interest the said LG&E Energy Marketing Inc. and Western Kentucky Energy Corp., their respective successors and assigns, may have in the said property of Big Rivers conveyed by said Deed of Easement.

IN TESTIMONY WHEREOF, the said parties to this Termination and Release of Deed of Easement have hereunto executed this document by their respective duly authorized

representatives to be effective on the _____ day of _____, 2008.

LG&E ENERGY MARKETING INC.

By: _____

Title: _____

WESTERN KENTUCKY ENERGY CORP.

By: _____

Title: _____

BIG RIVERS ELECTRIC CORPORATION

By: _____

Title: _____

This Instrument Was Prepared By:

EXHIBIT B-3

TERMINATION OF ASSIGNMENT OF EASEMENTS

TERMINATION AND RELEASE OF ASSIGNMENT OF EASEMENTS

By ASSIGNMENT OF EASEMENTS entered into on April 30, 2006 by and among WKE STATION TWO INC., a Kentucky corporation, LG&E ENERGY MARKETING INC., an Oklahoma corporation (hereinafter referred to as "Assignors") and WESTERN KENTUCKY ENERGY CORP., a Kentucky corporation (hereinafter referred to as "Assignee"), which Assignment of Easements is of record in Miscellaneous Book 8, beginning at page 902 in the Office of the Henderson County Court Clerk, Henderson County, Kentucky, Assignors assigned to Assignee (1) a Deed of Easement and Right-of-Way by and among the City of Henderson, Kentucky, and the City of Henderson Utility Commission, as Grantors, and WKE Station Two Inc., LG&E Energy Marketing Inc. and Western Kentucky Energy Corp., as Grantees, which Deed of Easement is of record in Miscellaneous Book 6, beginning at page 373 in the Office of the Henderson County Court Clerk, and (2) a Deed of Easement and Right-of-Way by and among Big Rivers Electric Corporation, as Grantor, and WKE Station Two Inc., LG&E Energy Marketing Inc. and Western Kentucky Energy Corp., as Grantees, which Deed of Easement is of record in Miscellaneous Book 6, beginning at page 378 in the Office of the Henderson County Court Clerk, Henderson County, Kentucky (collectively, the "Deeds of Easement"), and

WHEREAS, the purposes for which such Deeds of Easements were granted, and thereafter assigned to Assignee, have terminated as of the effective date of this Termination and Release of Assignment of Easements. It is the desire of the Assignors and Assignee to return said Deeds of Easement to the original Grantors, free and clear of all claims of the Assignors and the Assignee herein, and

WHEREAS, prior to the date hereof, WKE Station Two Inc., formerly known as LG&E Station Two Inc., a Kentucky corporation, was merged with and into Western Kentucky Energy Corp. in accordance with Kentucky law, with Western Kentucky Energy Corp. being the surviving entity in that merger succeeding to all of the assets, properties, rights, debts, obligations and liabilities of WKE Station Two Inc., whereby the execution of this document by Western Kentucky Energy Corp. will transfer and convey all right, title and interest of WKE Station Two Inc. in the Deeds of Easement herein referred to.

NOW, THEREFORE, the Assignors and the Assignee do hereby bargain, sell and convey, and do by these presents release, remise and quit-claim unto the said City of Henderson and City of Henderson Utility Commission, their respective successors and assigns, any and all right, title and interest in and to the easement and right-of-way referred to in that certain Deed of Easement and Right-of-Way dated July 15, 1998 and of record in Miscellaneous Book 6, beginning at page 373 in the Office of the Henderson County Court Clerk, and do by these presents release, remise and quit-claim unto the said Big Rivers Electric Corporation its successors and assigns, any and all right, title and interest in and to the easement and right-of-way referred to in that certain Deed of Easement and Right-of-

Way dated July 15, 1998 and of record in Miscellaneous Book 6, beginning at page 378 in the Office of the Henderson County Court Clerk, Henderson County, Kentucky.

IN WITNESS WHEREOF, the Assignors and the Assignee have caused this instrument to be executed by their respective duly authorized representatives to be effective as of the ____ day of _____, 2008.

LG&E ENERGY MARKETING INC.

By: _____

Title: _____

WESTERN KENTUCKY ENERGY CORP.

By: _____

Title: _____

EXHIBIT B-4

PARTIAL TERMINATION AND RELEASE

**PARTIAL TERMINATION AND RELEASE OF
DEED OF EASEMENT**

On August 12, 2003 the City of Henderson, Kentucky and the City of Henderson Utility Commission (collectively, "Grantors") granted unto WKE Station Two Inc., LG&E Energy Marketing Inc., Western Kentucky Energy Corp., WKE Corp. and Big Rivers Electric Corporation a non-exclusive, irrevocable easement for access to, and ingress and egress over, Grantors' property for the construction, operation, maintenance and removal of an 8 inch diameter high pressure natural gas line and related valves, fittings and ancillary facilities, all as more particularly described in the Deed of Easement which is of record in Deed Book 527, at page 421, in the office of the Henderson County Court Clerk (the "Deed of Easement").

By the terms of paragraph 7 of said Deed of Easement it is provided that the rights and privileges of WKE Station Two Inc., LG&E Energy Marketing Inc., Western Kentucky Energy Corp. and WKE Corp., their successors and assigns, will terminate at such time as they shall cease to operate and maintain Big Rivers Electric Corporation's Reid Station and Big Rivers Electric Corporation's combustion turbine generating unit, both located in Henderson County, Kentucky.

Prior to the date hereof, WKE Station Two Inc. and WKE Corp. were merged with and into Western Kentucky Energy Corp. in accordance with Kentucky law, with Western Kentucky Energy Corp. being the surviving entity in that merger succeeding to all of the assets, properties, rights, debts, obligations and liabilities of WKE Station Two Inc. and WKE Corp. At the same time LG&E Energy Marketing Inc. assigned all of its rights and interests in the Deed of Easement to Western Kentucky Energy Corp.

Prior to the execution of this Partial Termination and Release of Deed of Easement, Western Kentucky Energy Corp. ceased to operate and maintain Big Rivers Electric Corporation's Reid Station and Big Rivers Electric Corporation's combustion turbine generating unit, whereby all rights and interests granted to them pursuant to the terms and provisions of this Deed of Easement terminated in their entirety.

NOW THEREFORE pursuant to the requirements of paragraph 7 of said Deed of Easement, WKE Station Two Inc. and WKE Corp. acting by and through Western Kentucky Energy Corp., LG&E Energy Marketing Inc. and Western Kentucky Energy Corp. hereby permanently and irrevocably release and discharge all rights and interests created by the terms and provisions of the said Deed of Easement, upon which termination they shall have no further easement rights or rights of ingress or egress over or with respect to the Grantors' property under said Deed of Easement, and shall be deemed to be fully and forever remised, released and discharged by Grantors and Big Rivers Electric Corporation of and from any

and all obligations, liabilities, rights and privileges arising under or pursuant to such Deed of Easement.

IN WITNESS WHEREOF the said Western Kentucky Energy Corp., acting for itself and WKE Station Two Inc. and WKE Corp., and LG&E Energy Marketing Inc. hereby execute this Partial Termination and Release of Deed of Easement this ____ day of _____, 2008.

LG&E ENERGY MARKETING INC.

By: _____

Title: _____

WESTERN KENTUCKY ENERGY CORP.,
acting for itself and for
WKE Station Two Inc. and WKE Corp.

By: _____

Title: _____

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The foregoing Partial Termination and Release of Deed of Easement was acknowledged before me this ____ day of _____, 2008, by LG&E Energy Marketing Inc., an Oklahoma corporation, for and on behalf of said corporation.

Notary Public

My commission expires: _____

SEAL

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The foregoing Partial Termination and Release of Deed of Easement was acknowledged before me this ____ day of _____, 2008, by Western Kentucky Energy Corp., a Kentucky corporation, for and on behalf of said corporation, acting also for WKE Station Two Inc. and WKE Corp.

Notary Public

My commission expires: _____

SEAL

This instrument prepared by:

EXHIBIT B-5

PARTIAL RELEASE

**PARTIAL RELEASE OF GRANTORS' RIGHTS
TO RIGHTS AND EASEMENTS**

Effective on April 1, 2005, Big Rivers Electric Corporation and Western Kentucky Energy Corp. granted and conveyed to the City of Henderson, Kentucky and the City of Henderson Utility Commission certain rights of access, easements of location and use, and easements of ingress and egress across lands owned by Big Rivers Electric Corporation, and leased to Western Kentucky Energy Corp., located in Henderson County, Kentucky, for use in connection with the City's Station Two Power Plant and the construction and addition thereto of selective catalytic recovery systems, such Grant of Rights and Easements being of record in Deed Book 548, at page 169, in the office of the Henderson County Court Clerk. Big Rivers Electric Corporation and Western Kentucky Energy Corp. reserved unto themselves certain rights and privileges in connection with said Grant of Rights and Easements.

Western Kentucky Energy Corp. has, prior to the execution of this Partial Release of Grantors' Rights to Rights and Easements, terminated its lease of certain of Big Rivers Electric Corporation's property and improvements thereon, and by these presents terminates its rights and privileges reserved in its Grant of Rights and Easements to the City of Henderson, Kentucky and the City of Henderson Utility Commission under terms and provisions of the said Grant of Rights and Easements.

NOW THEREFORE, Western Kentucky Energy Corp., a Kentucky corporation, acting for itself and its successors and assigns, does hereby release and forever discharge all of its rights and interests reserved by it under the terms and provisions of the said Grant of Rights and Easements dated April 1, 2005, having terminated its lease of certain of Big Rivers Electric Corporation's property and improvements thereon upon which said rights and easements were granted to the City of Henderson, Kentucky and the City of Henderson Utility Commission.

WITNESS the signature of the undersigned duly authorized representative of Western Kentucky Energy Corp. this ____ day of _____, 2008.

WESTERN KENTUCKY ENERGY CORP.

By: _____

Title: _____

SCHEDULE 2.1

STATION TWO TERMINATED AGREEMENTS

1. Station Two Agreement;
2. Station Two G&A Allocation Agreement, dated July 15, 1998, among the City Utility Commission, Big Rivers and Station Two Subsidiary;
3. Agreement with Respect to Operating Reserves and Amendment No. 1 to Systems Reserve Agreement, dated July 15, 1998, among the City Utility Commission, Big Rivers and LEM;
4. Assignment and Assumption Agreement (Station Two), dated July 15, 1998, between Big Rivers and Station Two Subsidiary;
5. Deed of Easement and Right-of-Way, dated July 15, 1998, between Big Rivers, as grantor, and Station Two Subsidiary, LEM and WKEC, as grantees;
6. Deed of Easement and Right-of-Way, dated July 15, 1998, between the City of Henderson, the City Utility Commission, as grantors, and Station Two Subsidiary, LEM and WKEC, as grantees;
7. Acknowledgement and Consent, dated July 15, 1998, among the City of Henderson, the City Utility Commission and LEM;
8. Designated Representative/Alternate Designated Representative Appointment Agreement, dated August 27, 2002, among the City of Henderson, the City Utility Commission, Big Rivers, Station Two Subsidiary, Gregory Black and Ralph Bowling;
9. Letter Agreement, dated October 20, 2003, among WKEC, LEM and Big Rivers, relating to the sharing of costs for the Reid Station gas line;

10. E.ON Guarantee, and any written consents, acknowledgments or assurances that may have been given by LEC or E.ON at any time prior to the Closing with respect to the enforceability or effectiveness of the E.ON Guarantee and/or the applicability of the E.ON Guarantee to any debts, obligations or liabilities of any other E.ON Station Two Party, Station Two Subsidiary or WKE;
11. Agreement for Interim Funding Station Two SCR System, dated May 7, 2002, as amended, among the City of Henderson, the City Utility Commission, WKEC (including as successor by merger with Station Two Subsidiary and WKE) and LEM;
12. Supplementary Agreement on SO₂ Emission Allowances, dated January 18, 2002, between the City Utility Commission and WKEC (including as successor by merger with Station Two Subsidiary); and
13. Excess Power Agreement (letter agreement) dated July 23, 1999, between LEM and the City Utility Commission.

SCHEDULE 3.1

RELEASED STATION TWO CONTRACTS

1. Power Sales Contract, dated August 1, 1970, among the City of Henderson, the City Utility Commission, Big Rivers, Station Two Subsidiary (as assignee of Big Rivers) and LEM (as assignee of Station Two Subsidiary), as amended;
2. Amendment No. 1 dated March 2, 1971, to Power Sales Contract, dated August 1, 1970, among the City of Henderson, the City Utility Commission, Big Rivers, Station Two Subsidiary (as assignee of Big Rivers) and LEM (as assignee of Station Two Subsidiary);
3. Amendments, dated May 1, 1993, to Contracts among the City of Henderson, the City Utility Commission, Big Rivers, Station Two Subsidiary (as assignee of Big Rivers) and LEM (as assignee of Station Two Subsidiary);
4. Amendments to Contracts among the City of Henderson, the City Utility Commission and Big Rivers, dated July 15, 1998;
5. Power Plant Construction and Operation Agreement, dated August 1, 1970, among the City of Henderson, the City Utility Commission, Big Rivers and Station Two Subsidiary (as assignee of Big Rivers), as amended;
6. Joint Facilities Agreement, dated August 1, 1970, among the City of Henderson, the City Utility Commission, Big Rivers and Station Two Subsidiary (as assignee of Big Rivers), as amended;
7. 2005 Amendments to Contracts, dated as of April 1, 2005, among the City of Henderson, the City Utility Commission, Big Rivers, Station Two Subsidiary and LEM;
8. Grant of Rights and Easements, dated as of April 1, 2005, among the City of Henderson, the City Utility Commission, Big Rivers and WKEC;

9. Agreement (commonly referred to as the "Subordination Agreement") dated as of April 1, 2005, among the City of Henderson, the City Utility Commission, Big Rivers, Station Two Subsidiary, LEM, WKEC, WKE, The United States of America, Ambac Assurance Corporation, National Rural Utilities Cooperative Finance Corporation, Credit Suisse, U.S. Bank National Association, 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, Trisail Capital Corporation, AME Investments, LLC, CoBank, ACB, AME Asset Funding, LLC and Ambac Credit Products, LLC;
10. Settlement Agreement for Diverter Dampers and NEMS Systems, dated April 28, 2005, among WKEC (including as successor by merger with Station Two Subsidiary), the City Utility Commission, Alstom Power Inc., Zachry Construction Corporation, and the consortium comprised of Alstom Power Inc. and Zachry Construction Corporation pursuant to that certain Consortium Agreement dated effective April 2, 2002 (the "Consortium").
11. Agreement Regarding Costs in Connection with Correction or Repair of Diverter Dampers and NEMS Systems, dated May 5, 2005, among the City Utility Commission, WKEC (including as successor by merger with Station Two Subsidiary), Alstom Power Inc., Zachry Construction Corporation, the Consortium and Big Rivers, including the Amendment thereto executed on December 18, 2006, but dated effective December 13, 2006.
12. Agreement and Supplemental Settlement Agreement dated December 13, 2006, among the City Utility Commission, WKEC, Alstom Power Inc., Zachry Construction Corporation, the Consortium and Big Rivers.
13. Henderson (Station Two Unit) 2 Controls – Siemens Proposals RFCN03161-LS-6233 dated 10/10/03, RFCN03161-LS-6233A dated 10/16/03 and RFCN03161-LS-6233B dated 10/17/03; Project 051-H-0096.

14. Reid 1 Controls – Siemens Proposals RFCN03180-LS-6246 dated 10/21/03.
15. Letter Agreement dated March 28, 2006, among WKEC, the City Utility Commission and Siemens Power Generation, Inc. (“Siemens”).
16. Letter Agreement dated January 10, 2007, among WKEC, the City Utility Commission and Siemens.
17. Designated Representative Appointment Agreement, dated September 24, 2007, among the City of Henderson, the City Utility Commission, Big Rivers, WKEC, Gregory Black and Ralph Bowling; and
18. Deed of Easement, dated August 12, 2003, but with retroactive effect to June 1, 1999, among the City of Henderson, the City Utility Commission, Big Rivers, WKEC, LEM, Station Two Subsidiary and WKE, relating to the Reid Station gas line.

SCHEDULE 4.1

CLOSING YEAR RECONCILIATION

10.1 *Interim Period Reconciliations.*

(a) In any Year which includes . . . the date of termination or expiration of the Term, Big Rivers, on the one hand, and Station Two Subsidiary and LEM, on the other hand, hereby agree that, on or before 30 days after . . . the date of termination or expiration of the Term, . . . (or as soon thereafter as is reasonably possible, in the event the relevant data is not available within 30 days), there shall be a reconciliation between Big Rivers and the LG&E Companies of the following charges and costs actually paid or accrued while Station Two was being operated . . . by Station Two Subsidiary during the Term, as compared with the estimates of such charges and costs paid or accrued (based on the Annual Budget with Henderson) during the period of operation of Station Two by . . . Station Two Subsidiary . . . : (1) all charges and costs for operation and maintenance of Station Two under the Station Two Operating Agreement, as actually paid or accrued by . . . Station Two Subsidiary . . . during the period of . . . operations of Station Two, as compared with payments made or accrued by Henderson to . . . Station Two Subsidiary . . . under Section 13.6 of the Station Two Operating Agreement based upon estimates included in the Annual Budget; and (2) all amounts paid or accrued to Henderson or the Trustee (pursuant to Section 6.1 of the Station Two Power Sales Agreement) of estimated Capacity costs and charges (based on the Annual Budget with Henderson) by . . . Station Two Subsidiary or LEM during the period of . . . Station Two Subsidiary's . . . operations of Station Two, as compared with the actual aggregate Capacity costs and charges that should have been paid or accrued (based on actual charges and costs so paid or accrued in the operation of Station Two) . . . by LEM or Station Two Subsidiary during the period of . . . operation of Station Two.

...

(c) For purposes of reconciling operating and maintenance costs and Capacity charges between Big Rivers, on the one hand, and LEM and Station Two Subsidiary, on the other hand, incurred during the Partial Year prior to the date of expiration or termination of this Agreement, the provisions of this Section 10.1(c) shall govern. If during the Partial Year

ending on the termination or expiration date: (1) the sum of the operating and maintenance costs actually paid or accrued by Station Two Subsidiary in such Partial Year plus the estimated Capacity costs and charges . . . paid in or payable for such Partial Year directly to Henderson or the Trustee by Station Two Subsidiary (or its successors or permitted assigns) (reduced, however, by the amounts that Big Rivers reimburses or must reimburse Station Two Subsidiary for Capacity charges in such Partial Year associated with Big Rivers' share of Debt Service, Big Rivers' share of Henderson Incremental Environmental O&M or Big Rivers' share of all Station Two Improvements funded during that Partial Year) exceeds (2) the sum of the estimated operating and maintenance costs paid or accrued by Henderson as a reimbursement to Station Two Subsidiary during such Partial Year plus the Capacity costs and charges that (based on actual charges and costs paid or accrued in the operation of Station Two during such Partial Year, and not based on estimates) should have been . . . paid in or payable for the Partial Year directly to Henderson or the Trustee by Station Two Subsidiary (or its successors or permitted assigns) (reduced, however, by the amounts that Big Rivers reimburses or must reimburse Station Two Subsidiary for Capacity charges incurred during such Partial Year associated with Big Rivers' share of Debt Service, Big Rivers' share of Henderson Incremental Environmental O&M or Big Rivers' share of Station Two Improvements funded during that Partial Year); then Big Rivers shall pay to LEM and/or Station Two Subsidiary such excess amount within 45 days after the termination or expiration date (or, if the determination of those amounts cannot reasonably be made within the initial 30-day period as contemplated in Section 10.1(a), then within 15 days after that determination can be reasonably made). If, however, the sum described in (2), above, exceeds the sum described in (1), above, then Station Two Subsidiary (or its designated Affiliate) shall pay to Big Rivers the amount of such deficiency within 45 days after the termination or expiration date (or, if the determination of those amounts cannot reasonably be made within the initial 30-day period as contemplated in Section 10.1(a), then within 15 days after that determination can be reasonably made). As between Big Rivers, on the one hand, and Station Two Subsidiary and LEM, on the other hand, such Parties acknowledge and agree that neither Station Two Subsidiary nor LEM, nor any other LG&E Company, shall have any right or interest in the proceeds due from Henderson, or any duty or obligation to Big Rivers or Henderson for proceeds due to Henderson, in the annual reconciliation required

by Section 9.4 of the Station Two Power Sales Agreement and Section 16.6 of the Station Two Operating Agreement for the Year which includes the date of expiration or termination of the Term. Amounts which have accrued or become payable during the Partial Year prior to the expiration or termination of the Term, but (i) which have not been paid to the relevant Party as of the date of that expiration or termination and (ii) the payment of which as between WKEC and Big Rivers has not been expressly provided for in this Article 4 or in Section 3.5 of the Termination Agreement, shall continue to be payable to that Party thereafter by the Party having the obligation to make such payment prior to the date of expiration or termination of the Term.

(d) Notwithstanding anything herein to the contrary, the agreements set forth above are solely between Big Rivers, Station Two Subsidiary and LEM, and shall not impose upon Henderson any duty or obligation to Big Rivers, Station Two Subsidiary or LEM relating to such interim period reconciliations or the annual reconciliations required by the Station Two Operating Agreement and the Station Two Power Sales Agreement which are in addition to or different than the duties and obligations required of Henderson under such Station Two Contracts; provided, however, that Henderson hereby agrees to reasonably cooperate and assist Big Rivers, Station Two Subsidiary and LEM in determining the actual and estimated charges and costs paid, payable or accrued by the Parties for the respective Partial Years of operation of Station Two by Big Rivers and Station Two Subsidiary, respectively.

Exhibit PWT-8

TERMINATION AND RELEASE AGREEMENT
(Alcan Parties)

THIS TERMINATION AND RELEASE AGREEMENT (the “*Termination and Release*”), dated as of _____, 2008, by and among (a) E.ON U.S. LLC (“*E.ON*”), a Kentucky limited liability company f/k/a LG&E Energy LLC, and the successor to LG&E Energy Corp., a Kentucky corporation (“*LEC*”), LG&E ENERGY MARKETING INC., an Oklahoma corporation (“*LEM*”), and WESTERN KENTUCKY ENERGY CORP., a Kentucky corporation (“*WKEC*”) (*WKEC*, together with *E.ON* and *LEM*, the “*E.ON Parties*”), (b) KENERGY CORP., a Kentucky rural electric cooperative corporation (“*Kenergy*”) and the successor by merger of Henderson Union Rural Electric Cooperative Corp. (“*Henderson Union*”), and (c) ALCAN CORPORATION, a Texas Corporation and the successor by merger of Alcan Aluminum Corporation (“*Alcan*”), and ALCAN PRIMARY PRODUCTS CORPORATION, a Texas corporation (“*Alcan PPC*”) (*Alcan* and *Alcan PPC* being collectively referred to in this Termination and Release as the “*Alcan Parties*”) (collectively, the “*Parties*”).

RECITALS:

A. Big Rivers Electric Corporation (“*Big Rivers*”), *LEM*, *WKEC* and certain other Affiliates of *E.ON* entered into a New Participation Agreement, dated April 6, 1998 (as amended, the “*Participation Agreement*”), and certain of those parties subsequently entered into certain other “Operative Documents” (as defined in the Participation Agreement) on July 15, 1998.

B. Also on July 15, 1998, *E.ON*, *LEM*, certain other Affiliates of *E.ON*, *Kenergy* and/or one or more of the *Alcan Parties* (or their predecessors), among other parties, entered into certain agreements and instruments more particularly described below, in connection with the sale by *LEM* and the purchase by *Kenergy* (for resale to one or more of the *Alcan Parties*) of certain quantities of electric energy.

C. Big Rivers, *E.ON* and its relevant Affiliates have concluded that it is in their mutual best interests to terminate and release the contractual relationships created by the

Participation Agreement and the other Operative Documents among them, and have executed and delivered a Transaction Termination Agreement dated as of March 26, 2007, as amended (the "*Termination Agreement*"), setting forth the terms and conditions upon which Big Rivers, E.ON and its Affiliates are willing to terminate and release such contractual relationships. A condition precedent to the consummation of the transactions contemplated in the Termination Agreement is the execution and delivery of this Termination and Release by Kenergy, the Alcan Parties and the E.ON Parties.

D. Prior to the date hereof, WKE Station Two Inc., a Kentucky corporation and an original signatory to the Assumption and Consent Agreement identified in paragraph 4 of Schedule 2.1 hereto ("*Station Two Subsidiary*"), was merged with and into WKEC in accordance with Kentucky law, with WKEC being the surviving entity in that merger succeeding to all of the assets, properties, rights, debts, obligations and liabilities of Station Two Subsidiary.

E. Also prior to the date hereof, LEM assigned and transferred to WKEC, among other agreements and rights, all rights, title and interests of LEM under or pursuant to one or more of the "Terminated Agreements" (as hereinafter defined). However, LEM was not, by reason of such assignments and transfers, relieved from its debts, obligations or liabilities under or pursuant to those Terminated Agreements.

F. Each of Kenergy, the Alcan Parties and the E.ON Parties has concluded that it is in its best interests to terminate and release substantially all of the contractual obligations and relationships created by the Terminated Agreements, upon the terms and subject to the conditions set forth in this Termination and Release.

G. Kenergy and the Alcan Parties have agreed to execute and deliver this Termination and Release, and to perform their respective obligations provided for herein, as a material inducement for E.ON, LEM and WKEC to consummate the transactions contemplated in the Termination Agreement.

H. E.ON has agreed to execute and deliver this Termination and Release, and to perform its obligations provided for herein, as a material inducement for Kenergy and the Alcan Parties to consummate the transactions contemplated in this Termination and Release.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth below, and for other valuable consideration, the receipt of which is hereby acknowledged, the E.ON Parties, Kenergy and the Alcan Parties each agree as follows:

ARTICLE 1

DEFINITIONS

Section 1.1 Definitions. Capitalized terms used in this Termination and Release (including the Recitals) and not otherwise defined in any provision hereof shall have the meanings set forth in Exhibit A to this Termination and Release or, if not so defined in that Exhibit A, in Schedule 2.1 attached to this Termination and Release. The rules of interpretation set forth in Exhibit A to this Termination and Release shall apply to this Termination and Release and to the Parties' respective rights and obligations hereunder.

ARTICLE 2

TERMINATED AGREEMENTS AND INSTRUMENTS

Section 2.1 Terminated Agreements. Subject to Section 3.1 below and to the limitations set forth in this Section 2.1, effective immediately, and without notice or further action on the part of any Party, each of the Parties, for itself and its respective successors, predecessors and assigns, and for all other persons or entities claiming by, through or under it, hereby agree with each of the other Parties that each of the agreements, guaranties and other instruments and documents set forth or identified on Schedule 2.1 hereto (collectively, the "*Terminated Agreements*") is irrevocably terminated and discharged and is of no further force or effect whatsoever, except that any consents or approvals of any Party heretofore granted or evidenced by any of the Terminated Agreements, including the 2003 Assumption and Consent, shall not be terminated, discharged or otherwise affected by this Termination and Release.

Section 2.2 Filing of Releases and Termination Statements. Each Party agrees to promptly execute, deliver, record and/or file in the appropriate filing offices all such Uniform Commercial Code termination statements and other instruments of termination, discharge or release (in form reasonably satisfactory to the relevant Parties) as shall be reasonably requested by any Party to evidence the termination, release and discharge of the Lock Box Agreement or the security interests evidenced thereby, subject to Section 3.1 below.

Section 2.3 Releases by Kenergy. Effective immediately, and without notice or further action on the part of any Party, Kenergy, for itself and its successors, predecessors and assigns, and for all other persons or entities claiming by, through or under any of them, hereby fully, irrevocably and forever remises, releases, acquits and discharges each of the Alcan Parties, LEC, E.ON, LEM, WKEC and Station Two Subsidiary, and their respective members, shareholders, directors, officers, employees, agents, representatives, advisors, successors, predecessors and assigns, and each of them (collectively, the "***Kenergy Released Parties***"), of and from any and all manner of actions, causes of action, suits, sums of money, accounts, reckonings, covenants, controversies, agreements, promises, remedies, amounts paid in settlement, compromises, losses, levies, rights of contribution, rights of set-off or recoupment, other rights, damages, judgments, executions, debts, obligations, liabilities, claims and demands of any nature whatsoever, whether or not in contract, in equity, in tort or otherwise, whether pursuant to any statute, ordinance, regulation, rule of common law or otherwise, whether direct or indirect, whether punitive or compensatory, whether known or unknown, whether presently discoverable or undiscoverable, whether threatened, pending, suspected or claimed, and whether fixed, accrued, contingent or otherwise (collectively, "***Claims***"), which Kenergy ever had, now has, may now have or may hereafter have against any one or more of the Kenergy Released Parties, resulting from, arising out of or in any manner relating to: (i) any Terminated Agreement; or (ii) the Systems Disturbance Agreement, dated April, 2001, among Kenergy, Big Rivers, WKEC, Station Two Subsidiary and Willamette Industries, Inc. (the "***Systems Disturbance Agreement (2001)***"); or (iii) any performance or non-performance by a Kenergy Released Party under or pursuant to any Terminated Agreement or the Systems Disturbance Agreement (2001); or (iv) any breach or default by a Kenergy Released Party under or pursuant to any Terminated Agreement or the Systems Disturbance Agreement (2001),

howsoever caused and whenever occurring; or (v) in the case of LEC, E.ON, LEM, WKEC and Station Two Subsidiary (and their respective members, shareholders, directors, officers, employees, agents, representatives, advisors, successors, predecessors and assigns) only (A) their respective (including without limitation, their respective employees', officers', agents', representatives', advisors', contractors' and/or predecessors' respective) lease, operation, maintenance, repair, upkeep, occupation, generation, use, closure, abandonment, retirement, replacement or possession of, or the condition or state of repair of, any electric generating plant or other asset or property of Big Rivers (or any components thereof, including without limitation, any components installed or constructed following the date of the Agreement for Electric Service identified in paragraph 1 of Schedule 2.1), or any electric energy generated by or capacity associated with any such electric generating plant, or (B) the Participation Agreement or any other "Operative Document" contemplated in the Participation Agreement; provided, however, that nothing contained in this Section 2.3 shall be deemed to affect, limit, waive or eliminate any covenant or agreement on the part of any Kenergy Released Party set forth in this Termination and Release, it being understood that such covenants and agreements set forth in this Termination and Release shall survive the execution and delivery hereof and the transactions contemplated herein in accordance with the terms of this Termination and Release.

Section 2.4 Releases by the E.ON Parties. Effective immediately, and without notice or further action on the part of any Party, each E.ON Party, for itself and its successors, predecessors and assigns, and for all other persons or entities claiming by, through or under any of them, hereby fully, irrevocably and forever remises, releases, acquits, waives and discharges Kenergy and each of the Alcan Parties, and their respective members, shareholders, directors, officers, employees, agents, representatives, advisors, successors, predecessors and assigns, and each of them (collectively, the "***E.ON Released Parties***"), of and from any and all Claims which such E.ON Party ever had, now has, may now have or may hereafter have against any one or more of the E.ON Released Parties, resulting from, arising out of or in any manner relating to: (i) any Terminated Agreement; or (ii) the Systems Disturbance Agreement (2001); or (iii) any performance or non-performance by an E.ON Released Party under or pursuant to any Terminated Agreement or the Systems Disturbance Agreement (2001); or (iv) any breach or default by an E.ON Released Party

under or pursuant to any Terminated Agreement or the Systems Disturbance Agreement (2001); provided, however, that nothing contained in this Section 2.4 shall be deemed to affect, limit, waive or eliminate any covenant or agreement on the part of any E.ON Released Party set forth in this Termination and Release, it being understood that such covenants and agreements set forth in this Termination and Release shall survive the execution and delivery hereof and the transactions contemplated herein in accordance with the terms of this Termination and Release.

Section 2.5 Releases by Alcan Parties. Effective immediately, and without notice or further action on the part of any Party, each Alcan Party, for itself and its successors, predecessors and assigns, and for all other persons or entities claiming by, through or under any of them, hereby fully, irrevocably and forever remises, releases, acquits, waives and discharges Kenergy and each of the LEC, E.ON, LEM, WKEC and Station Two Subsidiary, and their respective members, shareholders, directors, officers, employees, agents, representatives, advisors, successors, predecessors and assigns, and each of them (collectively, the "*Alcan Released Parties*"), of and from any and all Claims which such Alcan Party ever had, now has, may now have or may hereafter have against any one or more of the Alcan Released Parties, resulting from, arising out of or in any manner relating to: (i) any Terminated Agreement; or (ii) any performance or non-performance by an Alcan Released Party under or pursuant to any Terminated Agreement; or (iii) any breach or default by an Alcan Released Party under or pursuant to any Terminated Agreement; provided, however, that nothing contained in this Section 2.5 shall be deemed to affect, limit, waive or eliminate any covenant or agreement on the part of any Alcan Released Party set forth in this Termination and Release, it being understood that such covenants and agreements set forth in this Termination and Release shall survive the execution and delivery hereof and the transactions contemplated herein in accordance with the terms of this Termination and Release.

Section 2.6 Release from Depository Bank. Each Party agrees, upon the written request delivered by any other Party at any time following the final disbursements from the Lock Box Account as contemplated in Section 3.1 below, to use its reasonable best efforts to cause the Depository Bank to (a) acknowledge in writing for the benefit of Kenergy, LEM,

WKEC, Alcan and Alcan PPC the termination of the Lock Box Agreement and (b) agree in writing with those Parties to release and discharge any further obligation or liability of any of those Parties to the Depository Bank under or pursuant to the Lock Box Agreement, in each case in form reasonably satisfactory to those Parties. Until the execution of such a release by the Depository Bank, the indemnity obligation of the E.ON Parties to the Alcan Parties under the last sentence of Section 6 of the Lock Box Agreement shall remain in effect and shall not be released by this Termination and Release.

ARTICLE 3

OTHER COVENANTS AND COMMITMENTS

Section 3.1 Final Pro-Rations, Payments and Distributions.

(a) Notwithstanding anything contained in this Termination and Release to the contrary, and subject to the provisions of Subsection 5(b) of the Lock Box Agreement, in the event, immediately prior to the execution and delivery of this Termination and Release, any amounts remained owing by Kenergy to WKEC (as assignee of LEM) pursuant to the “Henderson Union Power Agreement” (as defined in Schedule 2.1) or the Lock Box Agreement, in either case on account of any services rendered by WKEC to Kenergy under either such instrument through the execution and delivery of this Termination and Release, the obligation of Kenergy to pay such amounts to WKEC shall survive the execution and delivery hereof, and such amounts shall be paid by Kenergy to WKEC in immediately available funds at the time(s) contemplated in the following sentence (or promptly following the date hereof if not contemplated in the following sentence). The amounts contemplated in the preceding sentence as owing to WKEC shall include, without limitation, amounts owing to WKEC for services rendered through the date hereof (but only to the extent not recovered by WKEC through the Smelter Payments made by the Alcan Parties (or any of them) to the Depository Bank in accordance with the Lock Box Agreement and Subsection 3.1(b) below (“*Smelter Payment Recoveries*”)):

(i) pursuant to Section 7.02, 7.03, 10.01, 10.02, 11.01, 11.03 or Schedule A of the Henderson Union Power Agreement (with the final “Billing Month” of that agreement (including without limitation, for the purpose of calculating the “Minimum

Purchase Obligation” under Section e. of that Schedule A) being deemed to be the period from and including _____ 1, 2008 through and including the date of this Termination and Release), it being understood and agreed that (A) WKEC shall be entitled to issue its final bill for such services (and associated amounts owing) at any time following the date hereof, and Kenergy shall remit payment for the same (exclusive of Smelter Payment Recoveries) within five (5) days after the date of delivery of that bill, and (B) the provisions of Section 28.06 of the Henderson Union Power Agreement shall survive the execution and delivery of this Termination and Release to the extent they may apply or relate to any of the amounts owing to WKEC as contemplated in this Subclause (i) (exclusive of Smelter Payment Recoveries); and

(ii) pursuant to Section 1 or 4, or Subsection 5(a), of the Lock Box Agreement, it being understood and agreed by the Parties that (A) WKEC shall, from and after the date hereof, continue to have exclusive dominion and control over, and the right to withdraw or to direct the withdrawal of amounts from, the “Lock Box Account” provided for in the Lock Box Agreement (including upon a final closing of that account) to the extent required to secure from that account all amounts owing to WKEC as contemplated in this Subsection (a), and (B) Kenergy shall continue to be entitled, from and after the date hereof, to receive from that Lock Box Account the amounts contemplated in Subsection 4(a) of the Lock Box Agreement accruing for services provided by Kenergy to the relevant Alcan Party or Alcan Parties through the date hereof.

(b) Notwithstanding anything to the contrary contained in this Termination and Release or in any other agreement or instrument between or among Kenergy and any of the Alcan Parties, in the event, immediately prior to the execution and delivery of this Termination and Release, any amounts remained owing by any Alcan Party to Kenergy or WKEC (as assignee of LEM) pursuant to the Agreement for Electric Service, dated as of July 15, 1998, as amended, among Kenergy and one or more of the Alcan Parties, pursuant to the Lock Box Agreement, or pursuant to the Assurances Agreement dated as of July 15, 1998, as amended, among WKEC (as assignee of LEM), LEM and one or more of the Alcan Parties (the “*Assurances Agreement*”), in any such case on account of any services rendered by

Kenergy to any Alcan Party or Alcan Parties pursuant to such instruments (or any of them) through the execution and delivery of this Termination and Release, the obligation of such Alcan Party or Alcan Parties to pay such amounts to Kenergy or WKEC shall survive the execution and delivery hereof (and such other agreements or instruments), and such amounts shall be paid by such Alcan Party or Alcan Parties by payment into the Lock Box Account pursuant to the Lock Box Agreement at the time(s) contemplated in the relevant agreement described above (for distribution by WKEC in accordance with the Lock Box Agreement). If any such amounts remain outstanding after the Alcan Parties have made all required payments into the Lock Box Account, then the Alcan Parties will pay WKEC such amounts in immediately available funds within five (5) days following the date of delivery of WKEC's bill for the same to Kenergy and Alcan PPC. The amounts contemplated in the preceding sentence as owing to Kenergy or WKEC shall include, without limitation, amounts owing to Kenergy or WKEC for services rendered through the date hereof pursuant to Subclause (vi) of Subsection 2.a of the Assurances Agreement. The provisions of the Lock Box Agreement shall survive the execution and delivery of this Termination and Release for the purposes of the receipt, administration and distribution of the amounts required to be paid into the Lock Box Account as contemplated above.

(c) Subject to the rights and obligations of the Parties contemplated in Subsections (a) and (b) above, each of WKEC, LEM, Kenergy and the Alcan Parties hereby agree to terminate the Lock Box Agreement, as contemplated in Section 12 of the Lock Box Agreement. WKEC and LEM are each hereby authorized by the Parties to notify the Depository Bank of the termination of the Lock Box Agreement (and to deliver a copy of this Termination and Release to the Depository Bank), and are further authorized to effect a final closing of the Lock Box Account, in each case following the distribution of the remaining balance of that account as contemplated in Subsections 3.1(a)(ii) and 3.1(b) above.

(d) Contemporaneous with the execution and delivery of this Termination and Release, WKEC paid to Alcan PPC the amount of \$_____ in immediately available funds, representing the final installment of the payments owing by WKEC or LEM to Alcan PPC pursuant to Subsection 3.i(i) of the Assurances Agreement, the receipt of which is hereby acknowledged by Alcan PPC.

(e) The provisions of this Section 3.1 shall survive the Parties' execution and delivery of this Termination and Release until the amounts contemplated herein are paid and discharged in full by the relevant Party or Parties.

Section 3.2 Waiver of Third Party Beneficiary Rights.

(a) Effective immediately, each of the Alcan Parties, for itself and its respective predecessors, successors and assigns, and for all persons or entities claiming by, through or under any of them, hereby fully and irrevocably waives and releases for the benefit of the E.ON Parties any and all third-party beneficiary rights and other similar rights and interests that the Alcan Parties may now have under or pursuant to (i) the Henderson Union Power Agreement and/or (ii) the Henderson Guaranty.

(b) Effective immediately, Kenergy, for itself and its predecessors, successors and assigns, and for all persons or entities claiming by, through or under them, hereby fully and irrevocably waives and releases for the benefit of the E.ON Parties any and all third-party beneficiary rights and other similar rights and interests (if any) that Kenergy may now have under or pursuant to: (i) the Power Purchase Agreement, dated July 15, 1998, as amended, among Big Rivers, LEM and WKEC (as successor or assignee of LEM) (the "***Power Purchase Agreement***"); and/or (ii) the New Guarantee Agreement, dated April 6, 1998, by E.ON (as successor to LEC) to and in favor of Big Rivers, to the extent relating to the Power Purchase Agreement or the obligations of LEM and/or WKEC thereunder.

Section 3.3 Consents. To the extent its consent may be required, each of Kenergy and the Alcan Parties, for itself and its respective predecessors, successors and assigns, and for all other persons or entities claiming by, through or under any of them, hereby consents to the termination and discharge (as contemplated in Article 2 above) of each of the Terminated Agreements to which it is not a signatory or a party, and consents to the releases of the other relevant Parties of and from Claims as contemplated in that Article 2.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES

Section 4.1 Representations and Warranties of the E.ON Parties. Each of the E.ON Parties hereby severally represents and warrants to Kenergy and the Alcan Parties that:

(a) Organization and Existence. Each of the E.ON Parties is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and is duly qualified to do business as a foreign corporation in any jurisdiction where the nature of its business and its activities require it to be so qualified. Each of the E.ON Parties has the requisite power and authority to conduct its business as presently conducted and to enter into and perform its obligations under this Termination and Release in accordance with its terms.

(b) Authorization, Execution, Delivery and Binding Effect. This Termination and Release has been duly authorized, executed and delivered by each E.ON Party and, assuming the due authorization, execution and delivery hereof by Kenergy and each Alcan Party, constitutes a legal, valid and binding obligation of each E.ON Party, enforceable against each such E.ON Party in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium or other laws relating to or affecting the rights of creditors generally and by general principles of equity.

(c) No Violation. The execution and delivery of this Termination and Release by each E.ON Party, the consummation by each E.ON Party of the transactions contemplated hereby, and the compliance by each E.ON Party with the terms and provisions hereof, do not and will not contravene any Applicable Law or its organizational documents.

(d) No Required Consents. All consents, approvals, resolutions, authorizations, actions or orders, including those which must be obtained from any governmental entities or regulatory bodies, required for the authorization, execution and delivery of, and for the consummation of the transactions contemplated by, this Termination and Release by any E.ON Party have been obtained prior to the date hereof.

Section 4.2 Representations and Warranties of the Alcan Parties. Each of the Alcan Parties hereby severally represents and warrants to Kenergy and the E.ON Parties that:

(a) Organization and Existence. Each of the Alcan Parties is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and is duly qualified to do business as a foreign corporation in any jurisdiction where the nature of its business and its activities require it to be so qualified. Each of the Alcan Parties has the requisite power and authority to conduct its business as presently conducted and to enter into and perform its obligations under this Termination and Release in accordance with its terms.

(b) Authorization, Execution, Delivery and Binding Effect. This Termination and Release has been duly authorized, executed and delivered by each Alcan Party and, assuming the due authorization, execution and delivery hereof by Kenergy and each E.ON Party, constitutes a legal, valid and binding obligation of each Alcan Party, enforceable against each such Alcan Party in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium or other laws relating to or affecting the rights of creditors generally and by general principles of equity.

(c) No Violation. The execution and delivery of this Termination and Release by each Alcan Party, the consummation by each Alcan Party of the transactions contemplated hereby, and the compliance by each Alcan Party with the terms and provisions hereof, do not and will not contravene any Applicable Law or its organizational documents.

(d) No Required Consents. All consents, approvals, resolutions, authorizations, actions or orders, including those which must be obtained from any governmental entities or regulatory bodies, required for the authorization, execution and delivery of, and for the consummation of the transactions contemplated by, this Termination and Release by any Alcan Party have been obtained prior to the date hereof.

Section 4.3 Representations and Warranties of Kenergy. Kenergy hereby represents and warrants to each of the E.ON Parties and the Alcan Parties that:

(a) Organization and Existence. Kenergy is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and is duly qualified to do business as a foreign corporation in any jurisdiction where the nature of its business and its activities require it to be so qualified. Kenergy has the requisite power and authority to

conduct its business as presently conducted and to enter into and perform its obligations under this Termination and Release in accordance with its terms.

(b) Authorization, Execution, Delivery and Binding Effect. This Termination and Release has been duly authorized, executed and delivered by all necessary corporate action on the part of Kenergy and, assuming the due authorization, execution and delivery hereof by each E.ON Party and each Alcan Party, constitutes the legal, valid and binding obligation of Kenergy, enforceable against Kenergy in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium or other laws relating to or affecting the rights of creditors generally and by general principles of equity.

(c) No Violation. The execution, delivery and performance by Kenergy of this Termination and Release, the consummation by Kenergy of the transactions contemplated hereby, and the compliance by Kenergy with the terms and provisions hereof, do not and will not contravene any Applicable Law or its organizational documents.

(d) No Required Consents. All consents, approvals, resolutions, authorizations, actions or orders, including, those which must be obtained from any governmental entities or regulatory bodies, required for the authorization, execution and delivery of, and for the consummation of the transactions contemplated by, this Termination and Release by Kenergy have been obtained prior to the date hereof.

(e) Approval of Termination Agreement, Etc. Kenergy has, in its capacity as a member of Big Rivers, consented to and approved without reservation (i) Big Rivers' execution and delivery of the Termination Agreement and the other "Definitive Documents" (as defined in the Termination Agreement) and (ii) Big Rivers' consummation of the "Closing" (as defined in the Termination Agreement) and the other transactions contemplated in the Termination Agreement and such other Definitive Documents.

Section 4.4 Additional Representation and Warranty of the Parties. Each Party hereby severally represents and warrants to all other Parties that it has not assigned to any person or entity not a signatory to this Termination and Release, at any time prior to the date

hereof, any rights or interests arising under or pursuant to any Terminated Agreement or, in the case of the Parties other than the Alcan Parties, the Systems Disturbance Agreement (2001), and that none of its Affiliates (not a signatory to this Termination and Release) presently holds or controls, or has the right to exercise, any rights or interests arising under or pursuant to any Terminated Agreement or the Systems Disturbance Agreement (2001).

ARTICLE 5

MISCELLANEOUS

Section 5.1 Successors and Assigns. This Termination and Release shall be binding upon, and shall inure to the benefit of and be enforceable by, the Parties named herein and their respective members, shareholders, directors, officers, employees, agents, representatives, advisors, successors, predecessors and assigns, and all other persons or entities claiming by, through or under any of them.

Section 5.2 Notices. All notices, requests, demands, claims or other communications required or permitted to be given or made under this Termination and Release shall be in writing and shall be deemed duly given or made if it is sent by registered or certified mail, return receipt requested, postage prepaid, and addressed to the intended recipient as set forth below:

If to any E.ON Party:

E.ON U.S. LLC
220 West Main Street
Louisville, KY 40202
Facsimile: 502-627-4622
Telephone: 502-627-3665
Attn: Executive Vice President,
General Counsel & Corporate Secretary

With a Copy to:

Patrick R. Northam, Esq.
Greenebaum Doll & McDonald PLLC
3500 National City Tower
101 South Fifth Street
Louisville, Kentucky 40202
Facsimile: 502-587-3695
Telephone: 502-587-3774

If to Kenergy:

Kenergy Corp.

Attn: _____
Facsimile: _____
Telephone: _____

With a Copy to:

Facsimile: _____
Telephone: _____

If to any Alcan Party:

Alcan Corporation

Attn: _____
Facsimile: _____
Telephone: _____

Any Party may send any notice, request, demand, claim or other communication hereunder to the intended recipient at the address set forth above using any other means (including personal delivery, expedited courier, messenger service, telecopy, telex, ordinary mail, or electronic mail), but no such notice, request, demand, claim, or other communication shall be deemed to have been duly given unless and until it actually is received by the intended recipient. Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

Section 5.3 Governing Law. THIS TERMINATION AND RELEASE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF KENTUCKY, BUT WITHOUT REGARD TO THE CONFLICTS OF LAWS RULES OR PRINCIPLES OF THE COMMONWEALTH OF KENTUCKY.

Section 5.4 Amendments and Waivers. This Termination and Release shall not be modified or amended except pursuant to an instrument in writing executed and delivered on

behalf of each of the Parties. No waiver of any of the provisions of this Termination and Release shall be deemed to or shall constitute a continuing waiver or a waiver of any other provision hereof (whether or not similar). No delay on the part of any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

Section 5.5 Severability. Any term or provision of this Termination and Release which is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such invalidity or unenforceability, without rendering invalid or unenforceable the remaining terms and provisions of this Termination and Release or affecting the validity or enforceability of any of the terms or provisions of this Termination and Release in any other jurisdiction.

Section 5.6 Construction. The Parties have participated jointly in the negotiation and drafting of this Termination and Release. In the event an ambiguity or question of intent or interpretation arises, this Termination and Release shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Termination and Release.

Section 5.7 Incorporation. The Exhibits and Schedules identified in this Termination and Release are incorporated herein by reference and made a part hereof.

Section 5.8 WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS TERMINATION AND RELEASE OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 5.9 Headings. The article and section headings contained in this Termination and Release are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Termination and Release.

Section 5.10 Counterparts. This Termination and Release may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

Section 5.11 Further Assurances. Each of the Parties shall, at all times, and from time to time, upon the request of the appropriate Party, do, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged and delivered, all such further acts as may be reasonably required to consummate the transactions contemplated in this Termination and Release as they are herein contemplated. Each Party shall, and shall use its commercially reasonable efforts to assure that any necessary third party shall, execute and deliver such documents and do such other acts and things as any other Party may reasonably require for the purpose of giving to that other Party the full benefit of all the provisions of this Termination and Release, and as may be reasonably required to complete the transactions contemplated in this Termination and Release.

Section 5.12 Third Party Beneficiaries. This Termination and Release is entered into for the sole benefit of the Parties hereto and the other persons and entities expressly contemplated herein, and except as specifically provided herein, shall not confer any rights or remedies upon any person or entity other than the Parties, such other identified persons and entities and their respective successors, predecessors and permitted assigns.

Section 5.13 No Other Representations. Each Party represents to the others that it has not executed this Termination and Release upon the basis of any agreement, promise, representation or warranty not specifically contained in this Termination and Release.

Section 5.14 Time of the Essence. Time shall be of the essence in the Parties' performance of their respective obligations under this Termination and Release.

Section 5.15 Survival. The provisions of this Termination and Release shall survive the execution and delivery hereof and the consummation of the transactions contemplated herein, and shall continue to be binding on and enforceable by the Parties hereto in accordance with its terms.

Section 5.16 Acknowledgment and Representation. Each Party has fully read the terms of this Termination and Release and has been represented by competent legal counsel in connection with the negotiation and execution hereof, and the effect and legal consequences of this Termination and Release have been fully explained to each Party by its

legal counsel. Each Party hereby further represents and warrants to the other Parties that such Party has not at any time assigned or transferred to any other person or entity in any manner, including by way of subrogation, operation of law or otherwise, any Claim or portion thereof that it may have had, has, may now have or may hereafter have, against any other Party hereto of the type(s) contemplated in this Termination and Release as to be released and discharged by this Termination and Release.

IN WITNESS WHEREOF, the Parties have caused this Termination and Release to be duly executed by their respective authorized officers as of the day and year first above written.

KENERGY CORP.

By: _____
Name:
Title:

E.ON U.S. LLC

By: _____
Name:
Title:

LG&E ENERGY MARKETING INC.

By: _____
Name:
Title:

WESTERN KENTUCKY ENERGY CORP.

By: _____
Name:
Title:

ALCAN CORPORATION

By: _____

Name:

Title:

**ALCAN PRIMARY PRODUCTS
CORPORATION**

By: _____

Name:

Title:

EXHIBIT A

RULES OF INTERPRETATION AND DEFINITIONS

RULES OF INTERPRETATION. In this Termination and Release, unless otherwise expressly provided herein:

1. Any term defined in this Termination and Release (including this Exhibit A and Schedule 2.1 hereto) by reference to another document, instrument or agreement shall continue to have the meaning ascribed thereto whether or not such other document, instrument or agreement remains in effect;

2. Words importing the singular include the plural and vice versa;

3. Words importing a gender include either gender;

4. A reference in this Termination and Release to a part, clause, section, paragraph, article, party, annex, appendix, exhibit, schedule or other attachment is a reference to a part, clause, section, paragraph, or article of, or a party, annex, appendix, exhibit, schedule or other attachment to, this Termination and Release unless, in any such case, otherwise expressly provided herein;

5. A definition of or reference to any document, instrument or agreement set forth in this Termination and Release (including in this Exhibit A or Schedule 2.1 hereto) includes all amendments and/or supplements to, and any restatements, replacements, modifications or novations of, any such document, instrument or agreement unless otherwise specified in such definition or in the context in which such reference is used;

6. A reference to any person or entity includes such person's or entity's successors and permitted assigns (in the designated capacity);

7. Any reference to "days" shall mean calendar days unless Business Days are expressly specified;

8. If the date as of which any right, option or election is exercisable, or the date upon which any amount is due and payable, is stated to be on a date or day that is not a Business Day, such right, option or election may be exercised, and such amount shall be deemed due and payable, on the next succeeding Business Day with the same effect as if the same was exercised or made on such date or day (without, in the case of any such payment, the payment or accrual of any interest or other late payment or charge, provided such payment is made on such next succeeding Business Day);

9. Words such as "hereunder", "hereto", "hereof" and "herein" and other words of similar import shall, unless the context clearly requires otherwise, refer to the whole of the applicable document and not to any particular article, section, subsection, paragraph or clause thereof; and

10. A reference to “including” means including without limiting the generality of any description preceding such term, and for purposes hereof the rule of *ejusdem generis* shall not be applicable to limit a general statement, followed by or referable to an enumeration of specific matters, to matters similar to those specifically mentioned.

DEFINITIONS

“*Affiliate*” shall mean, with respect to any Party, any other person or entity controlled by, controlling or under common control with, such Party.

“*Applicable Laws*” shall mean all federal, state and local laws, rules, regulations, ordinances, codes, orders and directives of any court or other governmental entity or regulatory body, or any office or agency thereof.

“*Business Day*” shall mean any day other than Saturday or Sunday or another day on which commercial banking institutions are authorized or required by law, regulation or executive order to be closed in Louisville, Kentucky.

The terms “**Depository Bank,**” “**Lock Box Account,**” and “**Smelter Payments**” shall have the same meanings in this Termination and Release as in the Lock Box Agreement.

SCHEDULE 2.1

TERMINATED AGREEMENTS

1. Agreement for Electric Service, dated July 15, 1998, as amended, between LEM and Kenergy (as successor to Henderson Union) (the "***Henderson Union Power Agreement***");

2. Security and Lock Box Agreement, dated as of July 15, 1998, among PNC Bank, N.A., LEM, Kenergy (as successor to Henderson Union), Alcan Corporation (as successor to Alcan Aluminum Corporation) and Alcan Primary Products Corporation (as successor to Alcan Corporation) (the "***Lock Box Agreement***");

3. Assurances Agreement, dated as of July 15, 1998, among LEM, Alcan Corporation (as successor to Alcan Aluminum Corporation) and Alcan Primary Products Corporation (as successor to Alcan Corporation)

4. Assumption and Consent Agreement, dated as of August 1, 2003, among Alcan Primary Products Corporation, WKE Station Two Inc., LEM, Western Kentucky Energy Corp. and Kenergy (the "***2003 Assumption and Consent***");

5. Guaranty, dated August 1, 2003, from Alcan Corporation to and in favor of the E.ON Parties;

6. Undertaking of Alcan Corporation, dated August 1, 2003, from Alcan to and in favor of LEM (the "***Current Alcan Undertaking***") (the Undertaking of Alcan Aluminum Corporation, dated July 15, 1998, from Alcan Aluminum Corporation to and in favor of LEM being previously terminated, replaced and superceded by the Current Alcan Undertaking);

7. Systems Disturbance Agreement, dated as of July 15, 1998, among Big Rivers, Western Kentucky Energy Corp. (for itself and as successor to WKE Station Two Inc.), Kenergy (as successor to Henderson Union and GREC), Alcan Corporation (as successor to Alcan Aluminum Corporation), Alcan Primary Products Corporation (as successor to Alcan Corporation), Southwire Company, Century Aluminum Company (as successor to Southwire Company), Century Aluminum of Kentucky LLC (as successor to Century Aluminum Company), Hancock Aluminum LLC (as successor to Century Aluminum of Kentucky LLC), and Century Aluminum of Kentucky General Partnership (as successor to Hancock Aluminum LLC and NSA, Ltd.) (the "***1998 Systems Disturbance Agreement***");

8. Load Management Agreement for Electric Power Supply, dated as of July 15, 1998, among LEM, Alcan Corporation (as successor to Alcan Aluminum Corporation) and Alcan Primary Products Corporation (as successor to Alcan Corporation);

9. Guaranty, dated July 15, 1998, of E.ON (as successor to LG&E Energy Corp.) to and in favor of Kenergy (as successor to Henderson Union) (the "Henderson Guaranty");

10. Guaranty, dated July 15, 1998, by E.ON (as successor to LG&E Energy Corp.) to and in favor of Alcan Corporation (as successor to Alcan Aluminum Corporation) and Alcan Primary Products Corporation (as successor to Alcan Corporation) (which Guaranty is appended to the Assurances Agreement described in 3 above);

LOU: 3002768-4

TERMINATION AND RELEASE AGREEMENT
(Century Parties)

THIS TERMINATION AND RELEASE AGREEMENT (the "*Termination and Release*"), dated as of _____, 2008, by and among (a) E.ON U.S. LLC ("*E.ON*"), a Kentucky limited liability company f/k/a LG&E Energy LLC, and the successor to LG&E Energy Corp., a Kentucky corporation ("*LEC*"), LG&E ENERGY MARKETING INC., an Oklahoma corporation ("*LEM*"), and WESTERN KENTUCKY ENERGY CORP., a Kentucky corporation ("*WKEC*") (WKEC, together with E.ON and LEM, the "*E.ON Parties*"), (b) KENERGY CORP., a Kentucky rural electric cooperative corporation ("*Kenergy*") and the successor by merger of Green River Electric Corporation ("*GREC*"), (c) SOUTHWIRE COMPANY, a Delaware corporation ("*Southwire*"), and (d) CENTURY ALUMINUM COMPANY, a Delaware corporation ("*Century*"), and CENTURY ALUMINUM OF KENTUCKY GENERAL PARTNERSHIP, a Kentucky general partnership (formerly NSA, LTD., a Kentucky limited partnership) ("*Century Kentucky GP*") (Century and Century Kentucky GP being collectively referred to in this Termination and Release as the "*Century Parties*") (collectively, the "*Parties*").

RECITALS:

A. Big Rivers Electric Corporation ("*Big Rivers*"), LEM, WKEC and certain other Affiliates of E.ON entered into a New Participation Agreement, dated April 6, 1998 (as amended, the "*Participation Agreement*"), and certain of those parties subsequently entered into certain other "Operative Documents" (as defined in the Participation Agreement) on July 15, 1998.

B. Also on July 15, 1998, E.ON, LEM, certain other Affiliates of E.ON, Kenergy and/or one or more of the Century Parties (or their predecessors), among other parties, entered into certain agreements and instruments more particularly described below, in connection with the sale by LEM and the purchase by Kenergy (for resale to one or more of the Century Parties) of certain quantities of electric energy.

C. Big Rivers, E.ON and its relevant Affiliates have concluded that it is in their mutual best interests to terminate and release the contractual relationships created by the Participation Agreement and the other Operative Documents among them, and have executed

and delivered a Transaction Termination Agreement dated as of March 26, 2007, as amended (the "*Termination Agreement*"), setting forth the terms and conditions upon which Big Rivers, E.ON and its Affiliates are willing to terminate and release such contractual relationships. A condition precedent to the consummation of the transactions contemplated in the Termination Agreement is the execution and delivery of this Termination and Release by Kenergy, the Century Parties, Southwire and the E.ON Parties.

D. Prior to the date hereof, and pursuant to various transactions between or among certain of the Century Parties and their predecessors, Southwire, certain of the E.ON Parties and/or Kenergy, each of the Century Parties became signatories or parties to, beneficiaries of and/or obligors under or pursuant to one or more of the "Terminated Agreements" (as hereinafter defined). However, Southwire thereafter remained a party to, and an obligor under, certain of the Terminated Agreements.

E. Also prior to the date hereof, LEM assigned and transferred to WKEC, among other agreements and rights, all rights, title and interests of LEM under or pursuant to one or more of the Terminated Agreements. However, LEM was not, by reason of such assignments and transfers, relieved from its debts, obligations or liabilities under or pursuant to those Terminated Agreements.

F. Each of Kenergy, the Century Parties, Southwire and the E.ON Parties has concluded that it is in its best interests to terminate and release substantially all of the contractual obligations and relationships created by the Terminated Agreements, upon the terms and subject to the conditions set forth in this Termination and Release.

G. Kenergy, Southwire and the Century Parties have agreed to execute and deliver this Termination and Release, and to perform their respective obligations provided for herein, as a material inducement for E.ON, LEM and WKEC to consummate the transactions contemplated in the Termination Agreement.

H. E.ON has agreed to execute and deliver this Termination and Release, and to perform its obligations provided for herein, as a material inducement for Kenergy, Southwire and the Century Parties to consummate the transactions contemplated in this Termination and Release.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth below, and for other valuable consideration, the receipt of which is

hereby acknowledged, the E.ON Parties, Kenergy, Southwire and the Century Parties each agree as follows:

ARTICLE 1

DEFINITIONS

Section 1.1 Definitions. Capitalized terms used in this Termination and Release (including the Recitals) and not otherwise defined in any provision hereof shall have the meanings set forth in Exhibit A to this Termination and Release or, if not so defined in that Exhibit A, in Schedule 2.1 attached to this Termination and Release. The rules of interpretation set forth in Exhibit A to this Termination and Release shall apply to this Termination and Release and to the Parties' respective rights and obligations hereunder.

ARTICLE 2

TERMINATED AGREEMENTS AND INSTRUMENTS

Section 2.1 Acknowledgment; Terminated Agreements. The Parties, for themselves and their respective successors, predecessors and assigns, and for all other persons or entities claiming by, through or under them, hereby acknowledge and agree that the "Two Year Tier 3 Agreement" and the "Five Year Tier 3 Agreement" (each as defined in Schedule 2.1 attached to this Termination and Release) each expired in accordance with their respective terms prior to the date of this Termination and Release, and are null and void and of no further force or effect whatsoever. Subject to Section 3.1 below and to the limitations set forth in this Section 2.1, effective immediately, and without notice or further action on the part of any Party, each of the Parties, for itself and its respective successors, predecessors and assigns, and for all other persons or entities claiming by, through or under it, hereby agrees with each of the other Parties that each of the agreements, guaranties and other instruments and documents set forth or identified on Schedule 2.1 hereto (collectively, the "*Terminated Agreements*") is irrevocably terminated and discharged and is of no further force or effect whatsoever, except that any consents or approvals of any Party heretofore granted or evidenced by any of the Terminated Agreements shall not be terminated, discharged or otherwise affected by this Termination and Release.

Section 2.2 Filing of Releases and Termination Statements. Each Party agrees to promptly execute, deliver, record and/or file in the appropriate filing offices all such Uniform Commercial Code termination statements and other instruments of termination, discharge or release (in form reasonably satisfactory to the relevant Parties) as shall be reasonably requested by any Party to evidence the termination, release and discharge of the Lock Box Agreement or security interests evidenced thereby, subject to Section 3.1 below.

Section 2.3 Releases by Kenergy. Effective immediately, and without notice or further action on the part of any Party, Kenergy, for itself and its successors, predecessors and assigns, and for all other persons or entities claiming by, through or under any of them, hereby fully, irrevocably and forever remises, releases, acquits and discharges each of the Century Parties, Southwire, LEC, E.ON, LEM, WKEC and Station Two Subsidiary, and their respective members, shareholders, directors, officers, employees, agents, representatives, advisors, successors, predecessors and assigns, and each of them (collectively, the "***Kenergy Released Parties***"), of and from any and all manner of actions, causes of action, suits, sums of money, accounts, reckonings, covenants, controversies, agreements, promises, remedies, amounts paid in settlement, compromises, losses, levies, rights of contribution, rights of set-off or recoupment, other rights, damages, judgments, executions, debts, obligations, liabilities, claims and demands of any nature whatsoever, whether or not in contract, in equity, in tort or otherwise, whether pursuant to any statute, ordinance, regulation, rule of common law or otherwise, whether direct or indirect, whether punitive or compensatory, whether known or unknown, whether presently discoverable or undiscoverable, whether threatened, pending, suspected or claimed, and whether fixed, accrued, contingent or otherwise (collectively, "***Claims***"), which Kenergy ever had, now has, may now have or may hereafter have against any one or more of the Kenergy Released Parties, resulting from, arising out of or in any manner relating to: (i) any Terminated Agreement; or (ii) the Systems Disturbance Agreement, dated April, 2001, among Kenergy, Big Rivers, WKEC, Station Two Subsidiary and Willamette Industries, Inc. (the "***Systems Disturbance Agreement (2001)***"); or (iii) any performance or non-performance by a Kenergy Released Party under or pursuant to any Terminated Agreement or the Systems Disturbance Agreement (2001); or (iv) any breach or default by a Kenergy Released Party under or

pursuant to any Terminated Agreement or the Systems Disturbance Agreement (2001), howsoever caused and whenever occurring; or (v) in the case of LEC, E.ON, LEM, WKEC and Station Two Subsidiary (and their respective members, shareholders, directors, officers, employees, agents, representatives, advisors, successors, predecessors and assigns) only (A) their respective (including without limitation, their respective employees', officers', agents', representatives', advisors', contractors' and/or predecessors' respective) lease, operation, maintenance, repair, upkeep, occupation, generation, use, closure, abandonment, retirement, replacement or possession of, or the condition or state of repair of, any electric generating plant or other asset or property of Big Rivers (or any components thereof, including without limitation, any components installed or constructed following the date of the Agreement for Electric Service identified in paragraph 1 of Schedule 2.1), or any electric energy generated by or capacity associated with any such electric generating plant, or (B) the Participation Agreement or any other "Operative Document" contemplated in the Participation Agreement; provided, however, that nothing contained in this Section 2.3 shall be deemed to affect, limit, waive or eliminate any covenant or agreement on the part of any Kenergy Released Party set forth in this Termination and Release, it being understood that such covenants and agreements set forth in this Termination and Release shall survive the execution and delivery hereof and the transactions contemplated herein in accordance with the terms of this Termination and Release.

Section 2.4 Releases by the E.ON Parties. Effective immediately, and without notice or further action on the part of any Party, each E.ON Party, for itself and its successors, predecessors and assigns, and for all other persons or entities claiming by, through or under any of them, hereby fully, irrevocably and forever remises, releases, acquits, waives and discharges Kenergy, Southwire and each of the Century Parties, and their respective members, shareholders, directors, officers, employees, agents, representatives, advisors, successors, predecessors and assigns, and each of them (collectively, the "***E.ON Released Parties***"), of and from any and all Claims which such E.ON Party ever had, now has, may now have or may hereafter have against any one or more of the E.ON Released Parties, resulting from, arising out of or in any manner relating to: (i) any Terminated Agreement; or (ii) the Systems Disturbance Agreement (2001); or (iii) any performance or

non-performance by an E.ON Released Party under or pursuant to any Terminated Agreement or the Systems Disturbance Agreement (2001); or (iv) any breach or default by an E.ON Released Party under or pursuant to any Terminated Agreement or the Systems Disturbance Agreement (2001); provided, however, that nothing contained in this Section 2.4 shall be deemed to affect, limit, waive or eliminate any covenant or agreement on the part of any E.ON Released Party set forth in this Termination and Release, it being understood that such covenants and agreements set forth in this Termination and Release shall survive the execution and delivery hereof and the transactions contemplated herein in accordance with the terms of this Termination and Release.

Section 2.5 Releases by Century Parties. Effective immediately, and without notice or further action on the part of any Party, each Century Party, for itself and its successors, predecessors and assigns, and for all other persons or entities claiming by, through or under any of them, hereby fully, irrevocably and forever remises, releases, acquits, waives and discharges Kenergy and each of the LEC, E.ON, LEM, WKEC and Station Two Subsidiary, and their respective members, shareholders, directors, officers, employees, agents, representatives, advisors, successors, predecessors and assigns, and each of them (collectively, the "*Century Released Parties*"), of and from any and all Claims which such Century Party ever had, now has, may now have or may hereafter have against any one or more of the Century Released Parties, resulting from, arising out of or in any manner relating to: (i) any Terminated Agreement; or (ii) any performance or non-performance by a Century Released Party under or pursuant to any Terminated Agreement; or (iii) any breach or default by a Century Released Party under or pursuant to any Terminated Agreement; provided, however, that nothing contained in this Section 2.5 shall be deemed to affect, limit, waive or eliminate any covenant or agreement on the part of any Century Released Party set forth in this Termination and Release, it being understood that such covenants and agreements set forth in this Termination and Release shall survive the execution and delivery hereof and the transactions contemplated herein in accordance with the terms of this Termination and Release.

Section 2.6 Releases by Southwire. Effective immediately, and without notice or further action on the part of any Party, Southwire, for itself and its successors, predecessors

and assigns, and for all other persons or entities claiming by, through or under any of them, hereby fully, irrevocably and forever remises, releases, acquits, waives and discharges Kenergy and each of the LEC, E.ON, LEM, WKEC and Station Two Subsidiary, and their respective members, shareholders, directors, officers, employees, agents, representatives, advisors, successors, predecessors and assigns, and each of them (collectively, the *“Southwire Released Parties”*), of and from any and all Claims which Southwire ever had, now has, may now have or may hereafter have against any one or more of the Southwire Released Parties, resulting from, arising out of or in any manner relating to: (i) any Terminated Agreement; or (ii) any performance or non-performance by a Southwire Released Party under or pursuant to any Terminated Agreement; or (iii) any breach or default by a Southwire Released Party under or pursuant to any Terminated Agreement; provided, however, that nothing contained in this Section 2.6 shall be deemed to affect, limit, waive or eliminate any covenant or agreement on the part of any Southwire Released Party set forth in this Termination and Release, it being understood that such covenants and agreements set forth in this Termination and Release shall survive the execution and delivery hereof and the transactions contemplated herein in accordance with the terms of this Termination and Release.

Section 2.7 Release from Depository Bank. Each Party agrees, upon the written request delivered by any other Party at any time following the final disbursements from the Lock Box Account as contemplated in Section 3.1 below, to use its reasonable best efforts to cause the Depository Bank to (a) acknowledge in writing for the benefit of Kenergy, LEM, WKEC, Southwire, Century and Century Kentucky GP, the termination of the Lock Box Agreement and (b) agree in writing with those Parties to release and discharge any further obligation or liability of any of those Parties to the Depository Bank under or pursuant to the Lock Box Agreement, in each case in form reasonably satisfactory to those Parties. Until the execution of such a release by the Depository Bank, the indemnity obligations of the E.ON Parties to the Century Parties and Southwire under the last sentence of Section 6 of the Lock Box Agreement shall remain in effect and shall not be released by this Termination and Release.

ARTICLE 3

OTHER COVENANTS AND COMMITMENTS

Section 3.1 Final Pro-Rations, Payments and Distributions.

(a) Notwithstanding anything contained in this Termination and Release to the contrary, and subject to the provisions of Subsection 5(b) of the Lock Box Agreement, in the event, immediately prior to the execution and delivery of this Termination and Release, any amounts remained owing by Kenergy to WKEC (as assignee of LEM) pursuant to the "GREC Power Agreement" (as defined in Schedule 2.1) or the Lock Box Agreement, in either case on account of any services rendered by WKEC to Kenergy under either such instrument through the execution and delivery of this Termination and Release, the obligation of Kenergy to pay such amounts to WKEC shall survive the execution and delivery hereof, and such amounts shall be paid by Kenergy to WKEC in immediately available funds at the time(s) contemplated in the following sentence (or promptly following the date hereof if not contemplated in the following sentence). *The amounts contemplated in the preceding sentence as owing to WKEC shall include, without limitation, amounts owing to WKEC for services rendered through the date hereof (but only to the extent not recovered by WKEC through the Smelter Payments made by the Century Parties or Southwire (or any of them) to the Depository Bank in accordance with the Lock Box Agreement and Subsection 3.1(b) below ("Smelter Payment Recoveries")):*

(i) pursuant to Section 7.02, 7.03, 10.01, 10.02, 11.01, 11.03 or Schedule A of the GREC Power Agreement (with the final "Billing Month" of that agreement (including without limitation, for the purpose of calculating the "Minimum Purchase Obligation" under Section e. of that Schedule A) being deemed to be the period from and including _____ 1, 2008 through and including the date of this Termination and Release), it being understood and agreed that (A) WKEC shall be entitled to issue its final bill for such services (and associated amounts owing) at any time following the date hereof, and Kenergy shall remit payment for the same (exclusive of Smelter Payment Recoveries) within five (5) days after the date of delivery of that bill, and (B) the provisions of Section 28.06 of the GREC Power

Agreement shall survive the execution and delivery of this Termination and Release to the extent they may apply or relate to any of the amounts owing to WKEC as contemplated in this Subclause (i) (exclusive of Smelter Payment Recoveries); and

(ii) pursuant to Section 1 or 4, or Subsection 5(a), of the Lock Box Agreement, it being understood and agreed by the Parties that (A) WKEC shall, from and after the date hereof, continue to have exclusive dominion and control over, and the right to withdraw or to direct the withdrawal of amounts from, the Lock Box Account provided for in the Lock Box Agreement (including upon a final closing of that account) to the extent required to secure from that account all amounts owing to WKEC as contemplated in this Subsection (a), and (B) Kenergy shall continue to be entitled, from and after the date hereof, to receive from that Lock Box Account the amounts contemplated in Subsection 4(a) of the Lock Box Agreement accruing for services provided by Kenergy to the relevant Century Party or Century Parties or Southwire through the date hereof.

(b) Notwithstanding anything to the contrary contained in this Termination and Release or in any other agreement or instrument between or among Kenergy, Southwire and/or any of the Century Parties, in the event, immediately prior to the execution and delivery of this Termination and Release, any amounts remained owing by any Century Party or Southwire to Kenergy or WKEC (as assignee of LEM) pursuant to the Agreement for Electric Service, dated as of July 15, 1998, as amended, among Kenergy, Southwire and one or more of the Century Parties, pursuant to the Lock Box Agreement, pursuant to the Assurances Agreement dated as of July 15, 1998, as amended, among WKEC (as assignee of LEM), LEM, Southwire and one or more of the Century Parties (the "*Assurances Agreement*"), or pursuant to the Consent and Agreement dated December 23, 2005, among the Century Parties, LEM and WKEC (as assignee of LEM) (the "*2005 Consent and Agreement*"), in any such case on account of any services rendered by Kenergy to any Century Party or Century Parties or Southwire pursuant to such instruments (or any of them) through the execution and delivery of this Termination and Release, the obligation of such Century Party or Century Parties or Southwire to pay such amounts to Kenergy or WKEC shall survive the execution and delivery hereof (and such other agreements or

instruments), and such amounts shall be paid by such Century Party or Century Parties or Southwire by payment into the Lock Box Account pursuant to the Lock Box Agreement at the time(s) contemplated in the relevant agreement described above (for distribution by WKEC in accordance with the Lock Box Agreement). If any such amounts remain outstanding after the Century Parties and Southwire have made all required payments into the Lock Box Account, then the Century Parties or Southwire (as applicable) will pay WKEC such amounts in immediately available funds within five (5) days following the date of delivery of WKEC's bill for the same to Kenergy and Century Aluminum of Kentucky General Partnership. The amounts contemplated in the preceding sentence as owing to Kenergy or WKEC shall include, without limitation, amounts owing to Kenergy or WKEC for services rendered through the date hereof: (i) pursuant to Subclause (vi) of Subsection 2.a of the Assurances Agreement; and (ii) pursuant to Section 4 of the 2005 Consent and Agreement. The provisions of the Lock Box Agreement shall survive the execution and delivery of this Termination and Release for the purposes of the receipt, administration and distribution of the amounts required to be paid into the Lock Box Account as contemplated above.

(c) Subject to the rights and obligations of the Parties contemplated in Subsections (a) and (b) above, each of WKEC, LEM, Kenergy, Southwire and the Century Parties hereby agree to terminate the Lock Box Agreement as contemplated in Section 12 of the Lock Box Agreement. WKEC and LEM are each hereby authorized by the Parties to notify the Depository Bank of the termination of the Lock Box Agreement (and to deliver a copy of this Termination and Release to the Depository Bank), and are further authorized to effect a final closing of the Lock Box Account, in each case following the distribution of the remaining balance of that account as contemplated in Subsections 3.1(a)(ii) and 3.1(b) above.

(d) Contemporaneous with the execution and delivery of this Termination and Release, WKEC paid to Century Kentucky GP the amount of \$_____ in immediately available funds, representing the final installment of the payments owing by WKEC or LEM to any of the Century Parties or Southwire pursuant to Subsection 3.i(i) of the Assurances Agreement, the receipt of which is hereby acknowledged by Century Kentucky GP.

(e) The provisions of this Section 3.1 shall survive the Parties' execution and delivery of this Termination and Release until the amounts contemplated herein are paid and discharged in full by the relevant Party or Parties.

Section 3.2 Waiver of Third Party Beneficiary Rights.

(a) Effective immediately, each of the Century Parties and Southwire, for itself and its respective predecessors, successors and assigns, and for all persons or entities claiming by, through or under any of them, hereby fully and irrevocably waives and releases for the benefit of the E.ON Parties any and all third-party beneficiary rights and other similar rights and interests that the Century Parties or Southwire may now have under or pursuant to (i) the GREC Power Agreement and/or (ii) the GREC Guaranty.

(b) Effective immediately, Kenergy, for itself and its predecessors, successors and assigns, and for all persons or entities claiming by, through or under them, hereby fully and irrevocably waives and releases for the benefit of the E.ON Parties any and all third-party beneficiary rights and other similar rights and interests (if any) that Kenergy may now have under or pursuant to: (i) the Power Purchase Agreement, dated July 15, 1998, as amended, among Big Rivers, LEM and WKEC (as successor or assignee of LEM) (the "*Power Purchase Agreement*"); and/or (ii) the New Guarantee Agreement, dated April 6, 1998, by E.ON (as successor to LEC) to and in favor of Big Rivers, to the extent relating to the Power Purchase Agreement or the obligations of LEM and/or WKEC thereunder.

Section 3.3 Consents. To the extent their consent may be required, each of Kenergy, Southwire and the Century Parties, for itself and its respective predecessors, successors and assigns, and for all other persons or entities claiming by, through or under any of them, hereby consents to the termination and discharge (as contemplated in Article 2 above) of each of the Terminated Agreements to which it is not a signatory or a party, and consents to the releases of the other relevant Parties of and from Claims as contemplated in that Article 2.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES

Section 4.1 Representations and Warranties of the E.ON Parties. Each of the E.ON Parties hereby severally represents and warrants to Kenergy, Southwire and the Century Parties that:

(a) Organization and Existence. Each of the E.ON Parties is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and is duly qualified to do business as a foreign corporation in any jurisdiction where the nature of its business and its activities require it to be so qualified. Each of the E.ON Parties has the requisite power and authority to conduct its business as presently conducted and to enter into and perform its obligations under this Termination and Release in accordance with its terms.

(b) Authorization, Execution, Delivery and Binding Effect. This Termination and Release has been duly authorized, executed and delivered by each E.ON Party and, assuming the due authorization, execution and delivery hereof by Kenergy, Southwire and each Century Party, constitutes a legal, valid and binding obligation of each E.ON Party, enforceable against each such E.ON Party in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium or other laws relating to or affecting the rights of creditors generally and by general principles of equity.

(c) No Violation. The execution and delivery of this Termination and Release by each E.ON Party, the consummation by each E.ON Party of the transactions contemplated hereby, and the compliance by each E.ON Party with the terms and provisions hereof, do not and will not contravene any Applicable Law or its organizational documents.

(d) No Required Consents. All consents, approvals, resolutions, authorizations, actions or orders, including those which must be obtained from any governmental entities or regulatory bodies, required for the authorization, execution and

delivery of, and for the consummation of the transactions contemplated by, this Termination and Release by any E.ON Party have been obtained prior to the date hereof.

Section 4.2 Representations and Warranties of the Century Parties. Each of the Century Parties hereby severally represents and warrants to Kenergy, Southwire and the E.ON Parties that:

(a) Organization and Existence. Each of the Century Parties is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and is duly qualified to do business as a foreign corporation in any jurisdiction where the nature of its business and its activities require it to be so qualified. Each of the Century Parties has the requisite power and authority to conduct its business as presently conducted and to enter into and perform its obligations under this Termination and Release in accordance with its terms.

(b) Authorization, Execution, Delivery and Binding Effect. This Termination and Release has been duly authorized, executed and delivered by each Century Party and, assuming the due authorization, execution and delivery hereof by Kenergy, Southwire and each E.ON Party, constitutes a legal, valid and binding obligation of each Century Party, enforceable against each such Century Party in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium or other laws relating to or affecting the rights of creditors generally and by general principles of equity.

(c) No Violation. The execution and delivery of this Termination and Release by each Century Party, the consummation by each Century Party of the transactions contemplated hereby, and the compliance by each Century Party with the terms and provisions hereof, do not and will not contravene any Applicable Law or its organizational documents.

(d) No Required Consents. All consents, approvals, resolutions, authorizations, actions or orders, including those which must be obtained from any governmental entities or regulatory bodies, required for the authorization, execution and

delivery of, and for the consummation of the transactions contemplated by, this Termination and Release by any Century Party have been obtained prior to the date hereof.

Section 4.3 Representations and Warranties of Southwire. Southwire hereby represents and warrants to Kenergy, the Century Parties and the E.ON Parties that:

(a) Organization and Existence. Southwire is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and is duly qualified to do business as a foreign corporation in any jurisdiction where the nature of its business and its activities require it to be so qualified. Southwire has the requisite power and authority to conduct its business as presently conducted and to enter into and perform its obligations under this Termination and Release in accordance with its terms.

(b) Authorization, Execution, Delivery and Binding Effect. This Termination and Release has been duly authorized, executed and delivered by Southwire and, assuming the due authorization, execution and delivery hereof by Kenergy, the Century Companies and each E.ON Party, constitutes a legal, valid and binding obligation of Southwire, enforceable against Southwire in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium or other laws relating to or affecting the rights of creditors generally and by general principles of equity.

(c) No Violation. The execution and delivery of this Termination and Release by Southwire, the consummation by Southwire of the transactions contemplated hereby, and the compliance by Southwire with the terms and provisions hereof, do not and will not contravene any Applicable Law or its organizational documents.

(d) No Required Consents. All consents, approvals, resolutions, authorizations, actions or orders, including those which must be obtained from any governmental entities or regulatory bodies, required for the authorization, execution and delivery of, and for the consummation of the transactions contemplated by, this Termination and Release by Southwire have been obtained prior to the date hereof.

Section 4.4 Representations and Warranties of Kenergy. Kenergy hereby represents and warrants to each of the E.ON Parties, Southwire and the Century Parties that:

(a) Organization and Existence. Kenergy is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and is duly qualified to do business as a foreign corporation in any jurisdiction where the nature of its business and its activities require it to be so qualified. Kenergy has the requisite power and authority to conduct its business as presently conducted and to enter into and perform its obligations under this Termination and Release in accordance with its terms.

(b) Authorization, Execution, Delivery and Binding Effect. This Termination and Release has been duly authorized, executed and delivered by all necessary corporate action on the part of Kenergy and, assuming the due authorization, execution and delivery hereof by each E.ON Party, Southwire and each Century Party, constitutes the legal, valid and binding obligation of Kenergy, enforceable against Kenergy in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium or other laws relating to or affecting the rights of creditors generally and by general principles of equity.

(c) No Violation. The execution, delivery and performance by Kenergy of this Termination and Release, the consummation by Kenergy of the transactions contemplated hereby, and the compliance by Kenergy with the terms and provisions hereof, do not and will not contravene any Applicable Law or its organizational documents.

(d) No Required Consents. All consents, approvals, resolutions, authorizations, actions or orders, including, those which must be obtained from any governmental entities or regulatory bodies, required for the authorization, execution and delivery of, and for the consummation of the transactions contemplated by, this Termination and Release by Kenergy have been obtained prior to the date hereof.

(e) Approval of Termination Agreement, Etc. Kenergy has, in its capacity as a member of Big Rivers, consented to and approved without reservation (i) Big Rivers' execution and delivery of the Termination Agreement and the other "Definitive Documents"

(as defined in the Termination Agreement) and (ii) Big Rivers' consummation of the "Closing" (as defined in the Termination Agreement) and the other transactions contemplated in the Termination Agreement and such other Definitive Documents.

Section 4.5 Additional Representations and Warranties of the Parties. Each Party hereby severally represents and warrants to all other Parties that it has not assigned to any person or entity not a signatory to this Termination and Release, at any time prior to the date hereof, any rights or interests arising under or pursuant to any Terminated Agreement or, in the case of the Parties other than Southwire and the Century Parties, the Systems Disturbance Agreement (2001), and that none of its Affiliates (not a signatory to this Termination and Release) presently holds or controls, or has the right to exercise, any rights or interests arising under or pursuant to any Terminated Agreement or the Systems Disturbance Agreement (2001). The Century Parties jointly and severally represent and warrant to Kenergy and the E.ON Parties that (a) notwithstanding the descriptions of the signatories or parties to the Terminated Agreements set forth or described on Schedule 2.1, prior to the date hereof Century Kentucky GP succeeded to all of the rights, interests and obligations (if any) of each of NSA, Ltd., Hancock Aluminum LLC, Century Aluminum of Kentucky LLC, Metalsco, Ltd., Skyliner, Inc. and Century Kentucky, Inc. (collectively, the "*Predecessors*"), under or pursuant to the Terminated Agreements, including without limitation, any Claims that any of the Predecessors may have had or may now have against Kenergy or any of the E.ON Parties under or pursuant to any Terminated Agreement, (b) none of the Predecessors previously conveyed, assigned or transferred to any person or entity (other than Century Kentucky GP) any such Claims, and (c) Century Kentucky GP has the sole and absolute right, authority and capacity to release and discharge all such Claims pursuant to this Termination and Release without the consent or approval of any Predecessor or other person or entity.

ARTICLE 5

MISCELLANEOUS

Section 5.1 Successors and Assigns. This Termination and Release shall be binding upon, and shall inure to the benefit of and be enforceable by, the Parties named

herein and their respective members, shareholders, directors, officers, employees, agents, representatives, advisors, successors, predecessors and assigns, and all other persons or entities claiming by, through or under any of them.

Section 5.2 Notices. All notices, requests, demands, claims or other communications required or permitted to be given or made under this Termination and Release shall be in writing and shall be deemed duly given or made if it is sent by registered or certified mail, return receipt requested, postage prepaid, and addressed to the intended recipient as set forth below:

If to any E.ON Party:

E.ON U.S. LLC
220 West Main Street
Louisville, KY 40202
Facsimile: 502-627-4622
Telephone: 502-627-3665
Attn: Executive Vice President,
General Counsel & Corporate Secretary

With a Copy to:

Patrick R. Northam, Esq.
Greenebaum Doll & McDonald PLLC
3500 National City Tower
101 South Fifth Street
Louisville, Kentucky 40202
Facsimile: 502-587-3695
Telephone: 502-587-3774

If to Kenergy:

Kenergy Corp.

Attn: _____

Facsimile: _____

Telephone: _____

With a Copy to:

Facsimile: _____

Telephone: _____

If to any Century Party:

Century Aluminum Company

Attn: _____
Facsimile: _____
Telephone: _____

If to Southwire:

Southwire Company

Attn: _____
Facsimile: _____
Telephone: _____

Any Party may send any notice, request, demand, claim or other communication hereunder to the intended recipient at the address set forth above using any other means (including personal delivery, expedited courier, messenger service, telecopy, telex, ordinary mail, or electronic mail), but no such notice, request, demand, claim, or other communication shall be deemed to have been duly given unless and until it actually is received by the intended recipient. Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

Section 5.3 Governing Law. THIS TERMINATION AND RELEASE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF KENTUCKY, BUT WITHOUT REGARD TO THE CONFLICTS OF LAWS RULES OR PRINCIPLES OF THE COMMONWEALTH OF KENTUCKY.

Section 5.4 Amendments and Waivers. This Termination and Release shall not be modified or amended except pursuant to an instrument in writing executed and delivered on behalf of each of the Parties. No waiver of any of the provisions of this Termination and Release shall be deemed to or shall constitute a continuing waiver or a waiver of any other provision hereof (whether or not similar). No delay on the part of any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

Section 5.5 Severability. Any term or provision of this Termination and Release which is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such invalidity or unenforceability, without rendering invalid or unenforceable the remaining terms and provisions of this Termination and Release or affecting the validity or enforceability of any of the terms or provisions of this Termination and Release in any other jurisdiction.

Section 5.6 Construction. The Parties have participated jointly in the negotiation and drafting of this Termination and Release. In the event an ambiguity or question of intent or interpretation arises, this Termination and Release shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Termination and Release.

Section 5.7 Incorporation. The Exhibits and Schedules identified in this Termination and Release are incorporated herein by reference and made a part hereof.

Section 5.8 WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS TERMINATION AND RELEASE OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 5.9 Headings. The article and section headings contained in this Termination and Release are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Termination and Release.

Section 5.10 Counterparts. This Termination and Release may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

Section 5.11 Further Assurances. Each of the Parties shall, at all times, and from time to time, upon the request of the appropriate Party, do, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged and delivered, all such further acts as may be reasonably required to consummate the transactions contemplated in this Termination and

Release as they are herein contemplated. Each Party shall, and shall use its commercially reasonable efforts to assure that any necessary third party shall, execute and deliver such documents and do such other acts and things as any other Party may reasonably require for the purpose of giving to that other Party the full benefit of all the provisions of this Termination and Release, and as may be reasonably required to complete the transactions contemplated in this Termination and Release.

Section 5.12 Third Party Beneficiaries. This Termination and Release is entered into for the sole benefit of the Parties hereto and the other persons and entities expressly contemplated herein, and except as specifically provided herein, shall not confer any rights or remedies upon any person or entity other than the Parties, such other identified persons and entities and their respective successors, predecessors and permitted assigns.

Section 5.13 No Other Representations. Each Party represents to the others that it has not executed this Termination and Release upon the basis of any agreement, promise, representation or warranty not specifically contained in this Termination and Release.

Section 5.14 Time of the Essence. Time shall be of the essence in the Parties' performance of their respective obligations under this Termination and Release.

Section 5.15 Survival. The provisions of this Termination and Release shall survive the execution and delivery hereof and the consummation of the transactions contemplated herein, and shall continue to be binding on and enforceable by the Parties hereto in accordance with its terms.

Section 5.16 Acknowledgment and Representation. Each Party has fully read the terms of this Termination and Release and has been represented by competent legal counsel in connection with the negotiation and execution hereof, and the effect and legal consequences of this Termination and Release have been fully explained to each Party by its legal counsel. Each Party hereby further represents and warrants to the other Parties that such Party has not at any time assigned or transferred to any other person or entity in any manner, including by way of subrogation, operation of law or otherwise, any Claim or portion thereof that it may have had, has, may now have or may hereafter have, against any

other Party hereto of the type(s) contemplated in this Termination and Release as to be released and discharged by this Termination and Release.

IN WITNESS WHEREOF, the Parties have caused this Termination and Release to be duly executed by their respective authorized officers as of the day and year first above written.

KENERGY CORP.

By: _____
Name:
Title:

E.ON U.S. LLC

By: _____
Name:
Title:

LG&E ENERGY MARKETING INC.

By: _____
Name:
Title:

WESTERN KENTUCKY ENERGY CORP.

By: _____
Name:
Title:

SOUTHWIRE COMPANY

By: _____
Name:
Title:

CENTURY ALUMINUM COMPANY

By: _____
Name:
Title:

**CENTURY ALUMINUM OF KENTUCKY
GENERAL PARTNERSHIP**

By: METALSCO, LLC, General Partner

By: _____
Name:
Title:

EXHIBIT A

RULES OF INTERPRETATION AND DEFINITIONS

RULES OF INTERPRETATION. In this Termination and Release, unless otherwise expressly provided herein:

1. Any term defined in this Termination and Release (including this Exhibit A and Schedule 2.1 hereto) by reference to another document, instrument or agreement shall continue to have the meaning ascribed thereto whether or not such other document, instrument or agreement remains in effect;

2. Words importing the singular include the plural and vice versa;

3. Words importing a gender include either gender;

4. A reference in this Termination and Release to a part, clause, section, paragraph, article, party, annex, appendix, exhibit, schedule or other attachment is a reference to a part, clause, section, paragraph, or article of, or a party, annex, appendix, exhibit, schedule or other attachment to, this Termination and Release unless, in any such case, otherwise expressly provided herein;

5. A definition of or reference to any document, instrument or agreement set forth in this Termination and Release (including in this Exhibit A or Schedule 2.1 hereto) includes all amendments and/or supplements to, and any restatements, replacements, modifications or novations of, any such document, instrument or agreement unless otherwise specified in such definition or in the context in which such reference is used;

6. A reference to any person or entity includes such person's or entity's successors and permitted assigns (in the designated capacity);

7. Any reference to "days" shall mean calendar days unless Business Days are expressly specified;

8. If the date as of which any right, option or election is exercisable, or the date upon which any amount is due and payable, is stated to be on a date or day that is not a Business Day, such right, option or election may be exercised, and such amount shall be deemed due and payable, on the next succeeding Business Day with the same effect as if the same was exercised or made on such date or day (without, in the case of any such payment, the payment or accrual of any interest or other late payment or charge, provided such payment is made on such next succeeding Business Day);

9. Words such as "hereunder", "hereto", "hereof" and "herein" and other words of similar import shall, unless the context clearly requires otherwise, refer to the

whole of the applicable document and not to any particular article, section, subsection, paragraph or clause thereof; and

10. A reference to “including” means including without limiting the generality of any description preceding such term, and for purposes hereof the rule of *ejusdem generis* shall not be applicable to limit a general statement, followed by or referable to an enumeration of specific matters, to matters similar to those specifically mentioned.

DEFINITIONS

“*Affiliate*” shall mean, with respect to any Party, any other person or entity controlled by, controlling or under common control with, such Party.

“*Applicable Laws*” shall mean all federal, state and local laws, rules, regulations, ordinances, codes, orders and directives of any court or other governmental entity or regulatory body, or any office or agency thereof.

“*Business Day*” shall mean any day other than Saturday or Sunday or another day on which commercial banking institutions are authorized or required by law, regulation or executive order to be closed in Louisville, Kentucky.

The terms “*Depositary Bank*,” “*Lock Box Account*” and “*Smelter Payments*” have the same meanings in this Termination and Release as in the Lock Box Agreement.

SCHEDULE 2.1

TERMINATED AGREEMENTS

1. Agreement for Electric Service, dated July 15, 1998, as amended, between LEM and Kenergy (as successor to GREC) (the “*GREC Power Agreement*”);
2. Agreement for Tier 3 Electric Service (2001-2002), dated July 15, 1998, between LEM and Kenergy (as successor to GREC) (the “*Two Year Tier 3 Agreement*”);
3. Agreement for Tier 3 Electric Service (2001-2005), dated July 15, 1998, between LEM and Kenergy (as successor to GREC) (the “*Five Year Tier 3 Agreement*”);
4. Security and Lockbox Agreement, dated as of July 15, 1998, among PNC Bank, N.A., LEM, Kenergy (as successor to GREC), Southwire Company, Century Aluminum Company (as successor to Southwire Company), Century Aluminum of Kentucky LLC (as successor of Southwire Company and Century Aluminum Company), Hancock Aluminum LLC (as successor to Century Aluminum of Kentucky LLC), and Century Aluminum of Kentucky General Partnership (as successor to Hancock Aluminum LLC and NSA, Ltd.) (the “*Lock Box Agreement*”);
5. Assurances Agreement, dated July 15, 1998, among LEM, Southwire Company, Century Aluminum Company (as successor to Southwire Company), Century Aluminum of Kentucky LLC (as successor to Century Aluminum Company), Hancock Aluminum LLC (as successor to Century Aluminum of Kentucky LLC), and Century Aluminum of Kentucky General Partnership (as successor to Hancock Aluminum LLC and NSA, Ltd.);
6. Special Assignment Agreement, dated as of March 26, 2001, among LEM, Southwire Company, Century Aluminum of Kentucky LLC and Century Aluminum Company;
7. Consent and Agreement, dated December 23, 2005, among Century Aluminum of Kentucky LLC, Century Aluminum Company, Hancock Aluminum LLC, NSA, Ltd., Century Aluminum of Kentucky General Partnership, Metalsco, Ltd., Skyliner, Inc., Century Kentucky, Inc. and LEM (the “*2005 Consent and Agreement*”);
8. Systems Disturbance Agreement, dated as of July 15, 1998, among Big Rivers, Western Kentucky Energy Corp. (for itself and as successor to WKE Station Two Inc.), Kenergy (as successor to Henderson Union and GREC), Alcan Corporation (as successor to Alcan Aluminum

Corporation), Alcan Primary Products Corporation (as successor to Alcan Corporation), Southwire Company, Century Aluminum Company (as successor to Southwire Company), Century Aluminum of Kentucky LLC (as successor to Century Aluminum Company), Hancock Aluminum LLC (as successor to Century Aluminum of Kentucky LLC), and Century Aluminum of Kentucky General Partnership (as successor to Hancock Aluminum LLC and NSA, Ltd.) (the "**1998 Systems Disturbance Agreement**");

9. Load Management Agreement for Electric Power Supply, dated as of July 15, 1998, among LEM, Southwire Company, Century Aluminum Company (as successor to Southwire Company), Century Aluminum of Kentucky LLC (as successor to Century Aluminum Company), Hancock Aluminum LLC (as successor to Century Aluminum of Kentucky LLC), and Century Aluminum of Kentucky General Partnership (as successor to Hancock Aluminum LLC and NSA, Ltd.);
10. Guaranty, dated July 15, 1998, by E.ON (as successor to LG&E Energy Corp.) to and in favor of Kenergy (as successor to GREC) (the "GREC Guaranty");
11. Guaranty, dated as of July 15, 1998, of E.ON (as successor to LG&E Energy Corp.) to and in favor of Southwire Company, Century Aluminum Company (as successor to Southwire Company), Century Aluminum of Kentucky LLC (as successor of Southwire Company or Century Aluminum Company), Hancock Aluminum LLC (as successor to Century Aluminum of Kentucky LLC), and Century Aluminum of Kentucky General Partnership (as successor to Hancock Aluminum LLC and NSA, Ltd.) (which Guaranty is appended to the Assurances Agreement described in 5 above);

LOU: 3036980-2

Exhibit PWT-9

EXHIBIT PWT-9

Term Sheet Proposal of E.ON U.S. to Resolve Outstanding Issues between Henderson Municipal Power and Light and E.On U.S.

October 7, 2008

Resolution of Existing Contract Disputes

1. **Excess energy value and method** – E.On U.S. would continue to calculate and pay additional amounts, if any, that may occur through the unwind transaction closing date according to the methodology that is currently in effect (including continuing the use of Big Rivers' records to measure Station Two generation) and would not pursue any actions post closing for the reimbursement of any amounts (or interest on those amounts) that WKE and/or LEM have already paid to HMPL under protest with respect to this matter.
2. **Back-up energy cost and method** – E.On U.S. would continue to calculate and pay additional amounts, if any, that may occur through the unwind transaction closing date according to the methodology that is currently in effect and would not pursue any actions post closing for the reimbursement of any amounts (or interest on those amounts) that WKE and/or LEM have already paid to HMPL under protest with respect to this matter.
3. **2004 H1 Thermal Event** - E.On U.S. would waive HMPL's share of the insurance deductible (\$60,897.44) associated with the 2004 H1 thermal event.
4. **2006 Coal Inventory Adjustment** - E.On U.S. would pay HMPL \$400,000 to resolve all claims related to the 2006 coal inventory adjustment.

Resolution of Plant Condition Claims and HMPL's Consent to the Unwind Transaction

1. E.On U.S. would agree that HMPL can preserve all of its rights and remedies relating to plant operations and condition as currently set forth in the 1998 Agreements that survive the termination of those Agreements according to their existing terms. This would be accomplished by amending the termination date in those Agreements from December 31, 2023 to the unwind transaction closing date.
2. E.On U.S. would pay HMPL \$1 million at closing for its consent to the unwind transaction.
3. E.On U.S. would pay \$3 million at closing into an escrow account for the benefit of HMPL to be used solely for the purpose of reimbursing HMPL for its share of Station Two capital expenditures incurred by HMPL from and after the unwind transaction closing date. These funds would go into an interest bearing escrow account and be disbursed from the account upon presentation to the escrow agent of BREC invoices for HMPL's share of said capital expenditures.
4. E.On U.S. would reimburse HMPL for its out-of-pocket third party costs associated with the unwind transaction at closing, not to exceed \$1,400,000.

Contingent Upon BREC and HMPL also resolving their contract matters in connection with the unwind transaction

EXHIBIT 92

AFFIDAVIT OF C. WILLIAM BLACKBURN

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COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

THE APPLICATIONS OF BIG RIVERS)
ELECTRIC CORPORATION FOR:)
(I) APPROVAL OF WHOLESALE TARIFF)
ADDITIONS FOR BIG RIVERS ELECTRIC)
CORPORATION, (II) APPROVAL OF)
TRANSACTIONS, (III) APPROVAL TO ISSUE)
EVIDENCES OF INDEBTEDNESS, AND)
(IV) APPROVAL OF AMENDMENTS TO)
CONTRACTS; AND)
)
OF E.ON U.S., LLC, WESTERN KENTUCKY)
ENERGY CORP. AND LG&E ENERGY MARKETING)
INC. FOR APPROVAL OF TRANSACTIONS)

CASE NO. 2007-00455

AFFIDAVIT OF
C. WILLIAM BLACKBURN

Commonwealth of Kentucky)
County of Henderson)

Comes the Affiant, C. William Blackburn, and after first being duly
sworn, affirms that the answers given to the following questions are true and
correct to best of his knowledge and belief.

I. OVERVIEW

Q. Please state your name and position.

1 **A.** My name is C. William Blackburn. I am employed by Big Rivers
2 Electric Corporation (“Big Rivers”) as its Vice President Financial
3 Services, Chief Financial Officer (“CFO”) and Interim Vice President
4 Power Supply.

5
6 **Q.** Are you the same C. William Blackburn who earlier provided
7 testimony in these proceedings?

8
9 **A.** I am.

10
11 **Q.** Why is Big Rivers now presenting this Affidavit?

12
13 **A.** Big Rivers is presenting this Affidavit in order to keep the Commission
14 fully apprised with the terms of a negotiated financial resolution of
15 complications arising under its 2000 leveraged lease transactions of
16 undivided interests in Plants Green and Wilson with Bluegrass
17 Leasing Corporation, a subsidiary of Philip Morris Capital Corporation
18 (“PMCC”) (the “PMCC Lease Transaction”). These complications were
19 precipitated by a downgrade in the claims-paying ability of Ambac
20 Assurance Corporation (“Ambac”) by Moody’s Investors Services
21 (“Moody’s”) on June 19, 2008, which downgrade exposed Big Rivers to

1 adverse consequences under the contractual terms of the leveraged
2 lease transactions with PMCC.

3
4 After several months of focused efforts, sharpened by the recent unrest
5 in financial markets, Big Rivers has resolved the issues relating to
6 Ambac's financial downgrade by agreeing to an immediate termination
7 of its leveraged lease transactions with PMCC under a negotiated
8 buyout structure featuring financial contributions from Big Rivers and
9 PMCC (the "PMCC Buyout").

10
11 **Q. How is this Affidavit structured?**

12
13 **A.** I begin with an overview of the existing PMCC Leveraged Leases in
14 order to explain why the Ambac credit downgrade precipitated the
15 need for Big Rivers to act to buy them out.

16
17 I then explain various measures Big Rivers considered prior to
18 determining to enter into the PMCC Buyout on the terms explained in
19 this Affidavit. As this section demonstrates, Big Rivers' decision to
20 enter into the PMCC Buyout on the expedited timeframe explained
21 herein was the most prudent option available to Big Rivers and came
22 only after consideration of a number of alternatives.

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I conclude with a discussion of the terms of the PMCC Buyout and the roles played by the various parties financially in the buyout. I also briefly explain the relationship between the PMCC Buyout and Big Rivers' proposed Unwind Transaction, approval for which has been sought in the above captioned case. Big Rivers is in the process of supplementing its application in this proceeding and will be making that filing shortly.

Q. Is Big Rivers filing this Affidavit and the documents implementing the PMCC Buyout in order to obtain Commission approval of those documents?

A. No. As explained in the attached September 25, 2008 letter from counsel for Big Rivers to the Commission, the PMCC Buyout is non-jurisdictional. In this respect the PMCC Buyout is the same as the buyout of the leveraged lease transactions with a subsidiary of Bank of America Leasing Corporation (successor by merger to Fleet Bank, herein "BoA")("BoA Buyout"), which did not require Commission approval. Big Rivers is providing this Affidavit and these documents to the Commission for informational purposes.

1 **Q. Are the facts in the September 25, 2008 letter from Big Rivers’**
2 **counsel to the Commission true and correct to the best of your**
3 **knowledge and belief?**

4
5 **A. Yes. I have provided the factual basis for the statements in that letter**
6 **and have reviewed that letter to make sure that it is accurate.**

7
8 **II. THE PMCC LEVERAGED LEASES AND AMBAC’S CREDIT**
9 **DOWNGRADE**

10
11 **Q. Would you please provide an overview of Big Rivers’ 2000**
12 **Leveraged Leases?**

13
14 **A. Certainly. As the Commission is aware, in 2000 Big Rivers entered**
15 **into five leveraged lease transactions, two of which concerned an**
16 **undivided 57.2% interest in D.B. Wilson Unit No. 1 involving BoA (the**
17 **“BoA Lease Transaction”) and three others of which concerned 100%**
18 **undivided interests in Plants Robert D. Green Units 1 and 2 and a**
19 **42.8% interest in D. B. Wilson Unit No. 1 involving Bluegrass Leasing,**
20 **a subsidiary of PMCC. Generally speaking, these leases provided the**
21 **investors/lessors (BoA and PMCC) with certain advantages of**
22 **ownership in return for an upfront payment to Big Rivers, and Big**

1 Rivers then was required to lease back the units over a specified term
2 designed to compensate the investors for their initial capital outlay.
3 The Lease Agreements obligated Big Rivers to provide credit
4 enhancements for the benefit of the investors/lessors for Big Rivers'
5 obligations under the Lease. In the event the Lease Transactions were
6 to end prematurely, the negotiated terms of the agreements provided
7 for certain termination value payments to be made by Big Rivers as
8 liquidated damages to reflect the expected financial benefits yet to be
9 achieved by BoA and PMCC as investors.

10
11 **Q. How does Ambac figure into these arrangements?**

12
13 A. Ambac's role in the PMCC Leveraged Leases was to serve as an
14 insurer of Big Rivers' obligations to PMCC. As I noted above, Big
15 Rivers was required to maintain throughout the term of the PMCC
16 Leveraged Leases certain minimum collateral requirements to secure
17 its financial obligations to the lessor (largely relating to certain lease
18 termination payments established as liquidated damages sufficient to
19 discharge the debt in the lease transaction, to pay the unrecovered
20 portion of the investor's cash investment in the leased assets, and to
21 make the investor whole for any tax detriment to the investor resulting
22 from an early termination). These minimum collateral requirements,

1 which are set forth in Section 7.5 of the Participation Agreement
2 between Big Rivers and PMCC, were to be provided in the form of a
3 Qualifying Swap, a Qualifying Facility Lease Surety Bond, or a
4 Qualifying Letter of Credit (all terms as defined under the terms of the
5 Participation Agreement). In 2000, Big Rivers determined to meet
6 this requirement by entering into a Qualifying Swap with a subsidiary
7 of Ambac, Ambac Credit Products, LLC (“ACP”). Big Rivers paid
8 Ambac a financial premium to provide this guaranty.

9
10 **Q. Does the agreement with Ambac still qualify as a Qualifying**
11 **Swap under the terms of the agreements negotiated with**
12 **PMCC?**

13
14 **A.** No, it does not. On June 19, 2008, Moody’s rating service downgraded
15 the claims-paying ability of Ambac (and thus ACP) to “Aa3” thereby
16 rendering Big Rivers’ existing credit default swap provided by Ambac
17 as non-qualifying under the terms of the Participation Agreement
18 (which required a minimum Aa2 rating). Big Rivers was served notice
19 under the PMCC lease that as a consequence of the Ambac downgrade,
20 Big Rivers no longer was able to rely on the Ambac arrangement as a
21 Qualifying Swap to meet this contractual collateral requirement.

22

1 **Q. What do the PMCC Lease Transaction documents require in**
2 **the event of a loss of the Ambac Qualifying Swap?**

3
4 **A.** Section 7.5 of the Participation Agreement requires Big Rivers to
5 replace a Qualifying Swap which has become non-qualifying within 60
6 days of Big Rivers' actual notice of such event or the date of receiving
7 notice from the Owner Participant. Section 16(h) of the Facility Lease
8 provides that it shall be an Event of Default thereunder if Big Rivers
9 fails to observe or perform an obligation in Section 7.5 of the
10 Participation Agreement. No additional notice or cure period is
11 required for such nonperformance to ripen into an Event of Default
12 after the 60 day replacement period specified in Section 7.5 of the
13 Participation Agreement.

14
15 **Q. What remedies does the Participation Agreement provide to**
16 **PMCC in the event of an uncured event of default?**

17
18 **A.** Under the provisions of the Leasehold Mortgage and Security
19 Agreement of the PMCC Lease Transaction, PMCC, as the Owner
20 Trust, has generally assigned most of its rights under the Facility
21 Lease to AME Investments, LLC, as Agent on behalf of the Lenders,
22 but has retained the right to declare the Facilities Lease in default and

1 make the demand for payment of the Equity Portion of Termination
2 Value pursuant to Section 17.1(g) of the Facility Lease. Thus, a failure
3 by Big Rivers to perform its covenant to maintain “Qualifying” credit
4 enhancement pursuant to Section 7.5 of the Participation Agreement
5 or a failure to satisfy Basic Rent obligations can lead to either AME
6 Investments, as Agent for the Lenders, or PMCC, as the Owner Trust,
7 exercising remedies under the Facility Lease.

8
9 If an Event of Default under the Facility Lease occurs on grounds of
10 failure to perform the obligation required by Section 7.5 of the
11 Participation Agreement or a failure to make the necessary payments,
12 PMCC would have the option to (i) settle the Qualifying Swap with
13 ACP; (ii) exercise remedies under the Facility Lease; or (iii) exercise
14 the Special Equity Remedy provided in Section 11A of the
15 Participation Agreement. Settlement of the Qualifying Swap by the
16 Owner Participant could result in the election by ACP to settle the Big
17 Rivers Swap with Big Rivers. Were PMCC comfortable with ACP’s
18 current ability to fulfill its obligations under the Qualifying Swap,
19 presumably PMCC would pursue this remedy.

20
21 **Q. What would be the practical effect on Big Rivers of PMCC**
22 **exercising one of these remedies?**

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A. Depending upon the remedy exercised, Big Rivers would either owe a Termination Value payment or the Equity Portion of Termination Value payment (either to PMCC directly or to ACP were PMCC to elect to settle the swap with it). At present, the current aggregate Equity Portion of Termination Value under the three Facility Leases is approximately \$222 million, meaning that Big Rivers would owe PMCC this amount in the event of a default under the PMCC Lease Transaction.

Q. Does the structure of the 2000 PMCC Lease Transaction provide for any offsets against a Termination Value Payment that would be owed?

A. Yes. The PMCC Lease Transactions provide for Big Rivers to have the proceeds of the Payment Agreement, the Funding Agreement and the securities subject to the Government Securities Pledge Agreement to apply against such Termination Value Payment obligation. As structured, the proceeds of the Payment Agreement should be sufficient to discharge Big Rivers' obligation to pay a portion of Termination Value in an amount equal to the outstanding principal balance of the Series A Loan. Under existing market conditions, the

1 proceeds of the securities subject to the Government Securities Pledge
2 Agreement should be more than sufficient to discharge Big Rivers'
3 obligations to pay a portion of Termination Value in an amount equal
4 to the outstanding balance of the Series B Loan. And in a default, the
5 Funding Agreement would be redeemed by AIG Matched Funding
6 Corp., a subsidiary of American International Group, Inc. ("AIG"), in
7 an amount equal to the Market Termination Amount. The three AIG
8 Funding Agreements serve to economically defease the equity portion
9 of the rent under the PMCC Leases and the purchase option price
10 under the fixed price purchase option provided in the PMCC Leases.

11
12 **Q. Are the amounts of these three offsetting AIG Funding**
13 **Agreements fixed?**

14
15 **A.** No. The amount received would be subject to exact quantification only
16 at the time of redemption. The redemption value under the AIG
17 Funding Agreements is tied to general market conditions such as the
18 London Inter Bank Overnight Rate ("LIBOR"). Changes to LIBOR
19 have a resulting effect on the redemption value. The amount Big
20 Rivers could expect to receive from a redemption has varied
21 significantly over the last three months depending upon the condition
22 of the financial markets. Although at certain points these proceeds

1 from the offsetting agreements was estimated to be in the
2 neighborhood of \$68 million, more recent market conditions have
3 indicated a value in the neighborhood of \$85 million to \$92 million.

4
5 **Q. How would you estimate Big Rivers' exposure to PMCC were it**
6 **to declare an event of default based on the Ambac credit**
7 **downgrade in the absence of some negotiated resolution?**

8
9 **A.** Absent a negotiated resolution, PMCC, commencing 60 days after
10 June 19, 2008 (the date of the Ambac credit downgrade), can determine
11 to declare an event of default that ultimately would result in Big
12 Rivers generally being required to pay PMCC the difference between
13 \$222 million (the Equity Portion of Termination Value payment) and
14 the estimated net proceeds of the three AIG Funding Agreements, also
15 called the AIG guaranteed investment contract ("GIC"). The difference
16 would be an obligation of Big Rivers not covered by the proceeds of any
17 economic defeasance instruments.

18
19 **Q. Would Big Rivers' exposure increase were Ambac to enter**
20 **bankruptcy such that it could not satisfy its obligations?**

1 A. Yes, significantly. The termination value payment described above
2 assumes a situation with a still viable Ambac, albeit one with a
3 downgrade in its financial rating such that it can no longer adequately
4 collateralize Big Rivers' obligations to PMCC. This scenario assumes
5 that Ambac would still be able to satisfy obligations regarding the
6 "loop debt" involved in the PMCC Lease Transactions. Were Ambac to
7 enter bankruptcy or otherwise be unable to satisfy its obligations
8 regarding this "loop debt", Big Rivers would be exposed to significant
9 "loop debt" obligations which could exceed an additional \$583 million
10 above the amount owed under the described termination value
11 payments. I explain the specifics of this risk at greater length in my
12 testimony below.

13
14 **Q. Why did the loss of the Ambac arrangement as a Qualifying**
15 **Swap cause Big Rivers to delay its ongoing effort in this case to**
16 **obtain approval to unwind its long-term lease transaction with**
17 **E.ON U.S., LLC ("E.ON") (the "Unwind Transaction")?**

18
19 A. The Ambac ratings downgrade came at a time immediately before the
20 scheduled hearing date in this proceeding. At the time, Big Rivers and
21 E.ON were hopeful that they would be able to obtain Commission
22 approval for the Unwind Transaction based on the record they had

1 presented to the Commission. But Big Rivers' support for obtaining
2 that approval rested in part on the modeling of Big Rivers' financial
3 situation after closing of the Unwind Transaction.

4
5 Given the above-described PMCC contractual requirements, and the
6 potential for an event of default absent a satisfactory resolution, Big
7 Rivers knew immediately after learning of the Ambac downgrade on
8 June 19, 2008 that a financial resolution of the Ambac issues would be
9 required before the Unwind Transaction could be closed. Big Rivers
10 was aware that resolution of the loss of the Ambac Qualifying Swap
11 almost certainly would increase Big Rivers' costs in one respect or
12 another and that any replacement arrangement likely would have a
13 measurable financial effect on Big Rivers. Accordingly, on June 26,
14 2008, Big Rivers and E.ON in a conference call notified the
15 Commission and other parties that the pending Application and
16 hearing in this proceeding would be affected by the Ambac credit
17 downgrade and that Big Rivers and E.ON had no choice but to request
18 a postponement of the July 1, 2008 hearing date in Case No. 2007-
19 00455 to permit Big Rivers to negotiate a resolution of this issue.

20
21 **III. BIG RIVERS' APPROACH TO RESOLVING THE AMBAC**
22 **CREDIT DOWNGRADE ISSUES**

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Q. How did Big Rivers ultimately determine to resolve the issues created by the loss of the Ambac Qualifying Swap?

A. Although Big Rivers considered a number of financial resolutions to resolve the issues created by the loss of the Ambac Qualifying Swap, Big Rivers ultimately determined that the cleanest, least-risk and least-cost solution would be to terminate the PMCC Lease Transaction through a negotiated buyout with PMCC to take place no later than September 30, 2008. As I mentioned, Big Rivers already had terminated two similar leases of undivided interests in Plant Wilson with trusts owned by a subsidiary of BoA on June 30, 2008, and this structure offered a tried and true alternative while offering Big Rivers a means to capitalize on currently high redemption values of the AIG Funding Agreements. Moreover, this PMCC Buyout approach maintained satisfactory Big Rivers economics even were the Unwind Transaction not to close, and Big Rivers required a resolution in either event.

Accordingly, Big Rivers, upon consultation with its board, the Rural Utilities Service (“RUS”), and E.ON determined that a similar buyout of the PMCC Leveraged Leases offered the best means of resolving the

1 potential defaults under the Leverage Leases presented by the loss of
2 the Ambac Qualifying Swap while at the same time minimizing Big
3 Rivers' continued exposure to an increasingly unstable financial
4 market. Below, I discuss the specifics by which the existing PMCC
5 Leveraged Lease structure will be terminated. But first I discuss the
6 course of negotiations and events that led Big Rivers to select a buyout
7 as the preferred solution.

8

9 **Q. You state that under the terms of the PMCC Leveraged Lease**
10 **Participation Agreement Big Rivers had 60 days to develop a**
11 **credit enhancement proposal or a replacement credit proposal.**
12 **Did Big Rivers implement a final credit enhancement proposal**
13 **within the 60 days permitted by the Participation Agreement?**

14

15 **A.** No, it did not. Sixty days after June 19, 2008 was August 18, 2008,
16 and Big Rivers was not able to finalize and implement a new credit
17 enhancement or credit replacement arrangement by that date.
18 However, Big Rivers worked with PMCC, E.ON, the RUS and other
19 parties to develop a mutually acceptable financial resolution to the
20 dilemma presented by the Ambac rating downgrade and an
21 increasingly apparent AIG instability. Although not completed by
22 August 18, the parties made sufficient progress such that PMCC

1 elected temporarily to forebear exercising any remedies available to it.
2 The parties thus continued to negotiate the plan Big Rivers is now
3 describing to the Commission.
4

5 **Q. Would PMCC indefinitely have continued to waive this**
6 **noncompliance had Big Rivers been unable to negotiate this**
7 **resolution?**

8
9 **A.** No. Big Rivers' noncompliance was only temporarily waived by the
10 equity parties and the lenders in the PMCC Lease Transaction.
11 Although Big Rivers' decision to terminate the PMCC Lease
12 Transaction by September 30, 2008 was made in part to capitalize on
13 current market conditions which have produced higher values for the
14 AIG Funding Agreements while eliminating continued exposure to
15 Ambac and AIG credit risk, an additional significant consideration was
16 Big Rivers' wish to satisfy PMCC's need for a resolution of this issue
17 prior to the end of the third financial quarter. Absent a PMCC Buyout
18 by the end of the third quarter, Big Rivers had no assurance that these
19 waivers would be extended indefinitely, thus potentially subjecting Big
20 Rivers to the risk of a declaration of an event of default by PMCC or its
21 agent.
22

1 **Q. What other options did Big Rivers consider to resolve the**
2 **financial difficulties posed by the Ambac ratings downgrade?**

3
4 **A.** Initially, Big Rivers and its financial advisors saw three potential
5 avenues for Big Rivers to deal with the difficulty posed by the loss of
6 the Ambac Qualifying Swap: (1) provide an alternative credit
7 enhancement meeting the requirements of the operative documents of
8 the PMCC Lease Transaction; (2) develop new collateralization of the
9 equity amounts potentially owed in the event of a default under the
10 PMCC Lease Transaction; and (3) terminate the PMCC Lease
11 Transaction in a buyout transaction.

12
13 **Q. What did Big Rivers conclude regarding the potential for**
14 **providing an alternative credit enhancement?**

15
16 **A.** Sections 7.5, 7.6 and 7.7 of the Participation Agreement set forth the
17 requirements for a qualifying credit enhancement. In order to qualify,
18 the credit enhancement must constitute: (i) a credit default swap in a
19 form similar to the swaps insured by Ambac, and be made or insured
20 by an entity the long-term senior unsecured debt obligations or
21 financial strength rating of which is at least "AA" by Standard & Poor's
22 and "Aa2" by Moody's; (ii) a surety bond issued by an insurer, the long-

1 term senior unsecured debt obligations or financial strength ratings of
2 which is at least "AA" by S&P and "Aa2" by Moody's; or (iii) a letter of
3 credit issued by a bank, the long-term senior unsecured debt
4 obligations of which are rated at least "AA" by S&P and "Aa2" by
5 Moody's. Thus, although the types of enhancement can come from a
6 variety of financial institutions, the ratings are roughly similar and
7 exclusive. Given Big Rivers' existing restrictions on obtaining new
8 financings unencumbered or subordinated to the numerous existing
9 obligations, Big Rivers determined that it would be extremely difficult,
10 if not impossible, to find a credit enhancer that would accept Big
11 Rivers without an investment grade credit rating. This conclusion
12 remained the same even if the new credit enhancer essentially could be
13 placed in the same security package as Ambac, including being secured
14 under Big Rivers' first lien instrument.

15
16 **Q. Were there any other obstacles to the use of alternative credit**
17 **enhancers?**

18
19 **A.** Yes. Providing alternative credit enhancement in the Lease
20 Transaction is complicated by the fact that the existing credit
21 enhancement, the Qualifying Swaps insured by Ambac, also provide
22 the means to avoid the imposition of the provisions of Section 502(b)(6)

1 of the United States Bankruptcy Code on the claims of the equity
2 investor and lenders in the Lease Transactions. The Qualifying Swaps
3 provide for settlement in the amount of the total Termination Value
4 under the leases. The Big Rivers Swaps under which Ambac could
5 seek payment from Big Rivers for an identical amount following
6 settlement of the Qualifying Swaps are secured by a security interest
7 in the AIG guaranteed Funding Agreement, the FHLMC securities
8 used in the economic defeasance of the Series B debt and the Ambac-
9 issued Payment Agreement. Another credit enhancer stepping into the
10 shoes of Ambac under the Qualifying Swaps likely would be reluctant
11 to accept this security package, the single largest component of which
12 is the Ambac-insured Payment Agreement.

13
14 Replacement of Ambac as credit enhancer under the Qualifying Swaps
15 might necessitate replacement of the Series A “loop debt”
16 arrangements as well, which would be a further complication. This
17 replacement also likely would prove expensive, as few entities, if any,
18 are able to provide such a vehicle with “zero weighting” – that is, not
19 having to reserve against its exposure under the loan in the “loop debt”
20 structure since it is secured by the obligation of its affiliate. If zero
21 weighting for the remaining portion of the Series A “loop debt” were
22 not achieved, the Payment Agreement would reflect an implicit yield

1 lower than the coupon on the non-lessee-provided portion of the Series
2 A “loop debt”, which would make this replacement at best expensive
3 and, at worst, unavailable.
4

5 **Q. Did Big Rivers nevertheless explore third-party credit**
6 **enhancement suppliers and their willingness to provide**
7 **alternative credit enhancement?**

8
9 **A.** Yes. Despite the weakness of this approach, Big Rivers in late June
10 and early July explored the possibility of providing alternative credit
11 enhancement with a number of insurers and banks. Even then, the
12 tightness in the credit markets made credit enhancement of this sort
13 extremely expensive, even for those unlike Big Rivers with good credit.
14 This problem now is further exacerbated. For this reason, Big Rivers
15 ultimately rejected the possibility of introducing additional credit
16 enhancement into the PMCC Lease Transactions.
17

18 **Q. What did Big Rivers conclude regarding its second option –**
19 **developing an alternate collateralization under the PMCC**
20 **Leveraged Leases?**
21

1 **A.** Initially, Big Rivers regarded an alternate cash collateralization
2 method as offering an acceptable solution to resolving the loss of the
3 Ambac Qualifying Swap. Under an alternate cash collateralization
4 method, Big Rivers considered reserving a portion of the proceeds from
5 the Unwind Transaction in an amount necessary to cover the so-called
6 “equity strip” in the PMCC Lease Transaction. The “equity strip” that
7 would be collateralized under this approach would be an amount equal
8 to (i) the Equity Portion of the Termination Value set forth in the
9 Participation Agreement (calculated as the gross Termination Value
10 minus the outstanding principal balance of Series A and Series B debt)
11 minus (ii) the accreted value of the AIG Funding Agreements. The
12 amount Big Rivers would need to collateralize would decline over time
13 during the remaining term of the Lease Transactions as the accreted
14 value of the AIG Funding Agreements increases.

15
16 In order to fund this cash collateralization approach, Big Rivers would
17 have needed to reduce its initial prepayment of RUS debt upon closing
18 of the Unwind Transaction significantly by approximately \$150 million
19 at the time this option was under consideration (the AIG GIC
20 redemption price in July and early August was estimated at
21 approximately \$68 million). However, this approach would allow Big
22 Rivers to have the use of certain funds acting as the collateral because

1 the accreted value of the AIG Funding Agreements would increase and
2 because the Equity Portion of the Termination Value would be reduced
3 each year to reflect another year of operation under the Agreement
4 (and thereby reducing the amount in the “equity strip” required to be
5 collateralized). These amounts could then have been used to prepay
6 additional amounts of RUS debt. Big Rivers saw this ever-declining
7 nature of the obligation to be collateralized as the principal
8 recommendation for this approach. In the meantime, amounts held in
9 reserve for collateral would have been held in an account maintained
10 with U.S. Bank, National Association, as securities intermediary and
11 collateral agent.

12
13 **Q. Did Big Rivers pursue the cash collateralization alternative**
14 **with PMCC, RUS, and other parties?**

15
16 **A.** Yes. Big Rivers initially pursued this cash collateralization alternative
17 as its preferred option. Big Rivers first met with representatives of the
18 RUS in Washington, D.C. on July 9, 2008 to present the details of the
19 alternate option as capable of meeting the PMCC Leveraged Lease’s
20 collateralization requirements. The RUS requested Big Rivers to
21 present a summary of the Ambac issues arising under the PMCC
22 Leveraged Lease documents. The RUS also requested that Big Rivers

1 describe and summarize the alternate cash collateralization proposal
2 Big Rivers was recommending to the RUS. Big Rivers provided RUS
3 with an executive summary of the cash collateralization approach on
4 July 14, 2008. RUS subsequently considered these materials and
5 followed up with a series of written questions, answers to which Big
6 Rivers provided on August 8, 2008.

7
8 **Q. How did the RUS respond to the alternate cash collateral**
9 **approach?**

10
11 **A.** Despite Big Rivers' efforts to promote the cash collateralization
12 alternative, in late August RUS informed Big Rivers that it was not
13 interested in pursuing the cash collateralization alternative.

14
15 **Q. Why was the RUS reluctant to agree to the cash**
16 **collateralization alternative?**

17
18 **A.** The RUS expressed two concerns. First, the RUS did not support a
19 reduction of the necessary magnitude in the amount of RUS debt to be
20 prepaid at closing. The RUS was uncomfortable agreeing to a proposal
21 that would result in an approximate \$150 million decrease in the debt
22 that would be prepaid to it. The RUS opined that the only way it could

1 even consider a reduction of the debt to be paid at closing of this
2 magnitude would be if Big Rivers were to agree to eliminate the new
3 Indenture and to begin paying interest on the ARVP Note. Big Rivers
4 could not agree to either of these conditions. Second, the RUS was
5 concerned that the alternate cash collateral approach failed to
6 eliminate the risk of further downgrades in Ambac's financial
7 condition, particularly given the potential exposure on the "loop debt"
8 were Ambac to enter bankruptcy or otherwise be unable to satisfy its
9 obligations relating to that debt. By retaining PMCC and its
10 collateralization requirements, the RUS was uncertain that its
11 agreement to reduce the debt prepayment would buy it any additional
12 protection, even though it would resolve the concerns regarding
13 replacement of the Ambac collateralization.

14
15 **Q. Are there any other considerations disfavoring the**
16 **collateralization approach?**

17
18 **A.** Yes. Subsequent to the RUS' expression of disinterest in the
19 collateralization approach, additional information regarding the
20 precarious financial condition of AIG was disclosed. Because the
21 collateralization approach continued to include a major role for AIG
22 and its redemption of the AIG Funding Agreements, the decision by

1 RUS and subsequently Big Rivers no longer to pursue the
2 collateralization approach was a good one in hindsight.

3
4 **Q. How then did Big Rivers come to adopt the PMCC Buyout
5 approach as its preferred resolution?**

6
7 **A.** Faced with the RUS' rejection of the cash collateral option, Big Rivers,
8 E.ON, and other parties re-examined the viability of a lease
9 termination approach. On its own, Big Rivers had already determined
10 that a termination of the PMCC Leveraged Leases offered a number of
11 significant benefits. Termination of the PMCC Leveraged Leases
12 would permit Big Rivers to close the Unwind Transaction, would
13 remove Big Rivers from further exposure to the credit volatility of
14 Ambac and AIG, would eliminate continued exposure to indemnities to
15 participants in the Lease Transaction, would eliminate the need for
16 consents or waivers in the future from participants in the Lease
17 Transactions, and would serve to greatly simplify the documentation of
18 the Unwind Transaction. Big Rivers already had entered into a buyout
19 of the BoA Lease Transaction, and Big Rivers recognized the
20 tremendous advantages of removing PMCC from its future financial
21 planning.

1 Despite these advantages, however, Big Rivers initially had
2 determined that a termination of the PMCC Leveraged Lease would
3 require a substantial cash payment to PMCC of an amount roughly
4 equivalent to \$145 million, the Equity Portion of the Termination
5 Value (assuming an AIG Funding Agreement redemption (*i.e.*, GIC) of
6 approximately \$68 million). Because this amount, like the alternative
7 cash collateralization option, would require a reduction in the RUS
8 debt prepayment, Big Rivers thought the cash collateralization option's
9 freeing up of collateral as time passed to be a preferable alternative.

10
11 **Q. What circumstances caused Big Rivers to favor the PMCC**
12 **Buyout solution?**

13
14 **A.** One incentive to favor the PMCC Buyout was E.ON's agreement to
15 fund one-half of the residual lease termination payment to PMCC as
16 an incentive to permit the Unwind Transaction to close. Faced with a
17 much smaller ultimate contribution of its own funds in the event of an
18 Unwind, Big Rivers determined that it could enter into a lease
19 termination and still agree to prepay \$125 million to the RUS upon
20 closing of the Unwind Transaction. Second, irrespective of E.ON's
21 participation in the buyout, changes to LIBOR caused by the
22 instability in credit markets caused the value of the AIG Funding

1 Agreements to increase, thereby lowering the Equity Portion of the
2 Termination Value Payment to PMCC, further increasing the
3 attractiveness of this alternative. Third, a PMCC Buyout would
4 simplify Big Rivers' finances and eliminate the uncertainty concerning
5 the possible failure of AIG or Ambac. The instability in the world
6 credit markets provides a very strong incentive to complete a PMCC
7 Buyout at this time.

8
9 **Q. How did the RUS view a buyout of the PMCC Lease**
10 **Transaction?**

11
12 **A. On August 29, 2008, Big Rivers approached the RUS regarding its**
13 **interest in a lease termination structured in this fashion, and the RUS**
14 **agreed to review this approach, subject to receipt of further**
15 **documentation. Big Rivers provided this documentation to the RUS on**
16 **September 3, 2008. RUS then agreed in principle to this approach on**
17 **September 12, 2008, thereby permitting Big Rivers to prepare and**
18 **submit this alternative to the Commission for its approval, pending**
19 **final RUS approval and execution of buyout documentation.**

20
21 **Q. Did Big Rivers initially intend to terminate the PMCC Lease**
22 **Transaction as early as September 30, 2008?**

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A. No. Initially, Big Rivers' discussions with E.ON and PMCC were based on a PMCC Buyout that would take place upon closing of the Unwind Transaction. However, the increased value in the AIG Funding Agreements due to market instability and the disclosed financial instability of AIG led Big Rivers to conclude that an earlier termination by September 30, 2008 offered the greatest opportunity to maximize the value of the AIG Funding Agreements while eliminating continued exposure to the credit of AIG and Ambac. Accordingly, Big Rivers and PMCC have agreed to the terms of the PMCC Buyout now being presented to the Commission on an expedited basis in order to lock in all of these advantages now.

Q. You state that a principal reason Big Rivers is arranging a buyout of PMCC at this time is to eliminate the uncertainty of the failure of AIG or Ambac. Please explain.

A. The future of AIG is unknown and unknowable given the recent turmoil in world credit markets, AIG's financial fragility and the United States government's attempt to bolster AIG's economic condition. The risk of failure is real and the consequences are enormous. In the unlikely event that AIG becomes bankrupt, Big

1 Rivers would lose the AIG Funding Agreements, which were valued at
2 approximately \$88.3 million as of September 25, 2008. Big Rivers
3 would still face a \$222 million obligation to PMCC, but would not have
4 the \$88.3 million AIG Funding Agreements to offset that obligation.

5
6 **Q. What are the implications of a potential bankruptcy of Ambac?**

7
8 **A.** An Ambac bankruptcy would be potentially catastrophic for Big Rivers
9 because of Big Rivers' resulting exposure to the "loop debt" in the
10 Leveraged Leases.

11
12 **Q. Please explain.**

13
14 **A.** Big Rivers' Series A debt obligation under the Leveraged Leases is held
15 in a company in which Ambac is a minority subsidiary. This Series A
16 debt – or "loop debt" – is offset by a guaranty by Ambac itself to pay
17 the Series A debt obligation. The amount of the Series A debt is \$583
18 million as of July 2008.

19
20 If Ambac were to go bankrupt, the amount of its guaranty of the Series
21 A debt would be reset by a bankruptcy court. If, for example, the
22 Ambac guaranty was ultimately worth ten cents on the dollar, Big

1 Rivers' exposure to the "loop debt" would be over half a billion dollars
2 (\$583 million - \$58.3 million = \$524.7 million).

3
4 **Q. Would this potential \$500,000,000.00-plus obligation be an**
5 **additional obligation of Big Rivers on top of its other debt?**

6
7 **A.** Yes. Big Rivers' \$500 million "loop debt" obligation would be in
8 addition to Big Rivers' other obligations, including (as of July 2008)
9 \$778.7 million to the Rural Utilities Service, \$101.5 million for the
10 RUS ARVP Note, \$222 million to PMCC, \$15.9 million to LG&E, and
11 \$142.1 million for Big Rivers' Pollution Control Bonds. Clearly,
12 eliminating the risks associated with a failure of either AIG or Ambac
13 by buying out PMCC now is highly desirable for Big Rivers.

14
15 **IV. THE PMCC BUYOUT SOLUTION**

16
17 **Q. When does Big Rivers propose to close the PMCC Lease**
18 **Transaction termination?**

19
20 **A.** Although Big Rivers, E.ON and PMCC originally contemplated a
21 buyout on the closing date of the Unwind Transaction, Big Rivers now
22 intends to close the PMCC Lease Transaction termination on or before

1 the close of business on September 30, 2008 in order to lock in the
2 favorable AIG Funding Agreement market value, to limit continued
3 exposure to the credit of AIG and Ambac, and to end reliance on
4 PMCC's waiver of exercise of its remedies due to default. Big Rivers
5 intends to close the PMCC Buyout regardless of whether the Unwind
6 Transaction occurs.

7
8 **Q. Is there anything in the PMCC Leveraged Leases which**
9 **prohibits a termination of the leases as contemplated by Big**
10 **Rivers?**

11
12 **A.** No, not to my knowledge. As I stated earlier, the template for the
13 PMCC Buyout is the same as for the BoA Buyout that Big Rivers
14 successfully closed in June 2008.

15
16 **Q. How much has Big Rivers agreed to pay PMCC in connection**
17 **with the PMCC Buyout?**

18
19 **A.** Big Rivers agreed to pay PMCC a negotiated termination payment of
20 \$214 million less the actual value produced by the sale and redemption
21 of the AIG Funding Agreements and government securities. The
22 termination payment amount is based on the liquidated damages

1 provision contractually included in the PMCC Leveraged Lease
2 documentation. While the PMCC Leveraged Leases specified a
3 starting Termination Value of \$222 million at present for the three
4 leases concerned, Big Rivers and PMCC negotiated an \$8 million
5 reduction in the stated termination value. This amount represents
6 PMCC's principal contribution to the economic resolution. However, as
7 discussed below, PMCC also has agreed to contribute to Big Rivers a
8 short-term unsecured loan in a maximum amount of \$20 million
9 (varying depending on the value of the AIG GIC), to be paid back in
10 full by Big Rivers on the earlier to occur of December 31, 2009 or the
11 date of closing of the Unwind Transaction between Big Rivers and
12 E.ON. This loan is an additional incentive for Big Rivers to agree to an
13 immediate buyout

14
15 **Q. Does Big Rivers know currently the exact amount that will be**
16 **owed to PMCC after the AIG Funding Agreements and**
17 **securities are redeemed or sold?**

18
19 **A.** No. The exact amount of the proceeds from the AIG Funding
20 Agreements to be redeemed and the federal agency securities to be sold
21 to reduce the \$214 million otherwise payable to PMCC will be known
22 only when Big Rivers locks in the redemption price with AIG. This

1 AIG price will vary on a daily basis with LIBOR, and AIG has stated
2 that it will permit Big Rivers to lock in a price that will be good for 48
3 hours. Although the tentative redemption price for the Funding
4 Agreements was estimated on September 25, 2008 to be approximately
5 \$88.3 million, the price will be subject to daily fluctuation until Big
6 Rivers actually locks in a price with AIG.

7
8 **Q. How much of the resulting PMCC termination payment will**
9 **Big Rivers be responsible for paying after redemption of the**
10 **AIG Funding Agreement and sale of the securities if the**
11 **Unwind Transaction closes?**

12
13 **A. Under the terms of their negotiated Cost Sharing Agreement, Big**
14 Rivers and E.ON agreed to share equally in the net amount required to
15 be paid to PMCC in connection with the termination after the
16 redemption of the AIG Funding Agreements and securities. As part of
17 the agreement between Big Rivers and PMCC based on the underlying
18 PMCC Leveraged Lease documents, the actual proceeds of the
19 redemption of the AIG Funding Agreements and any remaining
20 proceeds realized from the sale of the federal agency securities first
21 will be utilized by Big Rivers to reduce the \$214 million owed to
22 PMCC. Big Rivers will be responsible for paying this amount to

1 PMCC on or before September 30, 2008. In the event of an Unwind
2 Transaction closing, this remaining net amount paid by Big Rivers to
3 PMCC, less any amount from Co-Bank or other parties involved, will
4 be shared equally between Big Rivers and E.ON.

5
6 **Q. When does the Cost Share Agreement provide for E.ON to make**
7 **this payment to Big Rivers?**

8
9 **A.** The Cost Share Agreement provides for E.ON to pay its one-half share
10 of the net PMCC Buyout cost at closing of the Unwind Transaction. In
11 addition, although the Cost Share Agreement has not been finalized, it
12 currently provides that the 50/50 sharing of the net PMCC Buyout cost
13 between E.ON and Big Rivers will be capped at \$55 million for E.ON if
14 the Unwind Transaction closes after December 31, 2008.

15
16 **Q. Given the fluctuation in the value of the AIG Funding**
17 **Agreements, how can Big Rivers know that it is able to afford**
18 **the PMCC Buyout without a closing of the Unwind Transaction**
19 **and the receipt from E.ON of its one-half share?**

20
21 **A.** Before agreeing to a PMCC Buyout on or before September 30, 2008,
22 Big Rivers determined that it would not be willing to enter into a

1 PMCC Buyout prior to closing of the Unwind Transaction unless its
2 total out of pocket exposure could be limited to \$109 million. Big
3 Rivers arrived at this figure as the maximum amount it was willing to
4 pay given its available cash on hand of approximately \$129 million.
5 Big Rivers determined that it needed to maintain no less than \$20
6 million of cash on hand after engaging in the PMCC Buyout, pending
7 either (i) a closing of the Unwind Transaction when Big Rivers would
8 receive E.ON's one-half share of the net PMCC termination payment
9 or (ii) a rate surcharge of approximately ten percent above status quo
10 rates which Big Rivers will immediately seek to ensure stable and
11 secure operations going forward.

12
13 **Q. What mechanism did Big Rivers and PMCC agree upon to**
14 **maintain a maximum Big Rivers cash outlay of \$109 million**
15 **and a minimum cash on hand of \$20 million after closing of the**
16 **PMCC Buyout?**

17
18 **A.** Big Rivers and PMCC negotiated a variable amount, short-term
19 unsecured bridge loan from PMCC to provide Big Rivers with
20 additional financing up to the earlier to occur of December 31, 2009 or
21 the date of closing of the Unwind Transaction. PMCC indicated that
22 while it was willing to explore a short-term unsecured bridge loan at

1 an 8.5% interest rate to get Big Rivers to the closing of the Unwind
2 Transaction or to a point at which Big Rivers could seek an adjustment
3 to its rates, PMCC stated that under no circumstances would it be
4 willing to lend Big Rivers more than \$20 million on an unsecured
5 basis. Given this maximum loan amount and Big Rivers' view that it
6 could not spend more than \$109 million in cash, Big Rivers and PMCC
7 determined that PMCC would offer a sliding scale short-term loan
8 based off this maximum \$109 million payment.

9
10 **Q. How is the actual amount of the PMCC loan to be determined?**

11
12 **A.** Big Rivers and PMCC agreed that the loan amount would pivot on the
13 amount required to make Big Rivers' immediate out of pocket expense
14 \$109 million on the PMCC lease termination subject to the \$20 million
15 maximum loan. As an example, assuming the \$88.3 million AIG GIC
16 value on September 25, 2008, Big Rivers' net termination payment to
17 PMCC would be \$125.7 million (\$214 million less \$88.3 million).
18 Subtracting \$109 million from that figure yields a loan amount of
19 \$16.7 million. Given the maximum loan amount of \$20 million, the
20 maximum net PMCC lease termination payment Big Rivers could
21 afford while adhering to the \$109 million maximum outlay would be

1 \$129 million. Thus, the PMCC Buyout requires an AIG GIC value of
2 at least \$85 million, as \$214 million less \$85 million is \$129 million.

3
4 **Q. What happens if the redemption value of the AIG Funding**
5 **Agreements is less than \$85 million?**

6
7 **A. Big Rivers will not enter into the PMCC Buyout unless the AIG**
8 **Funding Agreements yield at least \$85 million.**

9
10 **Q. What will Big Rivers' source of funding be for the PMCC**
11 **termination payment to be made on or before September 30,**
12 **2008?**

13
14 **A. On or before September 30, 2008, Big Rivers will use its own funds to**
15 **pay for the PMCC Buyout. The actual amount paid to PMCC will be**
16 **\$109 million, which will be the difference between \$214 million and the**
17 **actual redemption value of the AIG Funding Agreements, less the**
18 **amount of the loan from PMCC determined as set forth above.**
19 **Big Rivers later potentially will receive a contribution from E.ON at**
20 **the closing of the Unwind Transaction, depending upon the terms**
21 **settled upon with E.ON and upon a successful closing.**

1 **Q. What if the Unwind Transaction does not close after Big Rivers**
2 **has entered into the PMCC Buyout?**

3

4 **A.** If the Unwind Transaction does not close, Big Rivers will not receive
5 an E.ON contribution towards the PMCC Buyout. Big Rivers still will
6 be required to pay back the amount of the loan from PMCC by
7 December 31, 2009, and it still will have paid the \$109 million to
8 accomplish the PMCC Buyout.

9

10 **Q. Will Big Rivers be financially viable if it is required to absorb**
11 **the PMCC Buyout costs without the E.ON contribution?**

12

13 **A.** Yes, Big Rivers will remain financially viable – on the modeled
14 assumptions that Big Rivers is permitted to seek a rate surcharge of
15 approximately ten percent. Big Rivers will request the Commission to
16 approve a surcharge if the Unwind Transaction cannot be closed.

17

18 **Q. Has Big Rivers modeled the financial effects on its status quo**
19 **rates if the PMCC Buyout occurs but the Unwind Transaction**
20 **does not?**

21

1 A. Yes. Attachment 1 to this Affidavit includes the output of Big Rivers
2 Unwind Financial Model that assumes no Unwind Transaction, a
3 PMCC Buyout closing effective September 30, 2008, and an assumed
4 AIG GIC value of \$88.3 million. This model indicates that Big Rivers
5 would need an approximate ten percent rate surcharge on top of
6 existing rates if the Unwind Transaction is not closed.

7

8 **Q. In the event the Unwind Transaction does close as**
9 **contemplated, would there be a financial effect on Big Rivers'**
10 **post-closing operations due to the PMCC Buyout?**

11

12 A. Yes. Big Rivers would need to reduce the amount of debt to be paid to
13 the RUS at closing to account for the payments made in connection
14 with the PMCC Buyout. Any such effect would be presented by Big
15 Rivers as part of a revision to its Application presenting the revised
16 terms of its transaction.

17

18 **Q. Has Big Rivers performed any modeling of its financial status**
19 **in the event both the PMCC Buyout and the Unwind**
20 **Transaction occur?**

21

1 A. Yes. Attachment 2 to this Affidavit presents a version of Big Rivers’
2 Unwind Financial Model previously used in this case that assumes a
3 successful Unwind Transaction effective December 31, 2008. This
4 model assumes an AIG GIC value of approximately \$68 million. As
5 this model demonstrates, Big Rivers would remain financially viable.

6

7 **Q. If the Unwind Transaction closes on December 31, 2008, what**
8 **effect will the PMCC Buyout have on Big Rivers’ average rates**
9 **through 2023?**

10

11 A. Attachment 3 to this Affidavit shows that the effect of the PMCC
12 Buyout after an Unwind closing on Big Rivers’ Non-Smelter Member
13 rates will be an increase of approximately \$0.55 per MWh. The
14 average increase to Big Rivers’ Smelter rates will be approximately
15 \$0.45 per MWh. (Both calculations assume a December 31, 2008
16 PMCC Buyout closing with a \$68 million GIC. A September 30, 2008
17 closing with a \$88.3 million GIC will result in smaller increases.)

18

19 **Q. Will the RUS approve the PMCC Buyout before it closes?**

20

21 A. Yes. The RUS is well aware of the effect of the Ambac and AIG credit
22 risks and enthusiastically supports the PMCC Buyout.

1

2 **Q. Did Ambac provide any financial contribution to the PMCC**
3 **Buyout?**

4

5 **A.** Ambac has agreed to waive its fees and legal services payments in
6 connection with actions necessary to implement the PMCC Buyout.

7

8 **Q. How will the termination of the PMCC Lease Transaction be**
9 **documented?**

10

11 **A.** As between PMCC on the one hand and Big Rivers on the other, the
12 documents for the PMCC Buyout will follow the same financial
13 structure utilized for the June 30, 2008 BoA Buyout. The major
14 operative document is an Omnibus Termination Agreement among the
15 various parties, including the providers of the economic defeasance
16 instruments, in accordance with which: (1) Big Rivers will pay the
17 termination payment to PMCC; (2) the Series A and Series B Loans
18 will be discharged through proceeds of the funding agreements
19 discussed above; (3) the Funding Agreement will be redeemed and the
20 proceeds applied to the termination payment to be paid to PMCC; (4)
21 the Owner Trusts' interests in Plant Green and Plant Wilson will be
22 conveyed to Big Rivers and the Head Leases will immediately

1 terminate; and (5) all operative documents for the lease transaction
2 will terminate and all parties will agree to provide any necessary
3 releases to effect the release of any liens or security interests of the
4 lease parties in Big Rivers' property. Accordingly, once the PMCC
5 Buyout is closed, PMCC will have no further financial interest in Big
6 Rivers or any of its facilities, apart from the unsecured bridge loan.

7
8 As between Big Rivers and E.ON, the documentation of an E.ON
9 commitment relating to the PMCC Buyout will be filed with the
10 Commission at such time as Big Rivers files an amendment to its
11 Application in the Unwind Transaction and is expected to be reflected
12 in a separate Cost Sharing Agreement.

13
14 **Q. You state that the PMCC Buyout is structured similar to the**
15 **BoA Buyout. If that is the case, why was it necessary for Big**
16 **Rivers to make a financial contribution to the PMCC Buyout**
17 **but not to the BoA Buyout?**

18
19 **A.** While the two lease terminations are structured similarly, they differ
20 greatly in terms of the sizes of the remaining equity values involved, in
21 the timing of the termination request relative to the Ambac downgrade
22 and the general financial market turmoil, and in the perspectives of

1 the parties concerned. PMCC and BoA clearly had many
2 considerations which they valued differently, and the amounts
3 required to terminate their lease transactions reflect that. BoA, as an
4 initial matter, was receptive to a termination of its lease transaction,
5 and negotiations with it did not commence in the context of a potential
6 event of default under the BoA Lease Transaction. Instead, these
7 negotiations began well before the Ambac credit downgrade and the
8 widespread market turmoil. By contrast, the PMCC Buyout largely
9 was negotiated after the Ambac credit downgrade, and the amount
10 paid by Big Rivers to terminate the PMCC Lease Transaction closely
11 tracks the Termination Value payment set forth in the PMCC Lease
12 Transaction. PMCC was simply unwilling to accept a lesser amount to
13 terminate the lease and had the leverage of potentially declaring an
14 event of default if it did not receive an amount sufficient to meet its
15 expectations.

16
17 **Q. Taken as a whole, do you believe that the proposed PMCC**
18 **Buyout is a prudent resolution of the issues presented by the**
19 **Ambac credit downgrade?**

20
21 **A.** Absolutely. Big Rivers is currently out of compliance with the
22 requirements of the operative documents of the PMCC Leveraged

1 Leases obligating it to provide equity credit enhancement of a specified
2 credit quality. But for PMCC's waiver of its right to declare an event
3 of default based on this noncompliance, Big Rivers would face an
4 obligation to pay a sum which is well in excess of the proceeds of the
5 economic defeasance instruments securing its obligations under the
6 PMCC Lease Transaction.

7
8 Big Rivers must resolve these PMCC Lease Transaction issues
9 whether or not the Unwind Transaction closes, and this buyout
10 alternative both continues to permit the Unwind Transaction to move
11 forward and reduces the costs to which Big Rivers otherwise would be
12 exposed. Were Big Rivers to wait to terminate these leases it would
13 risk continued exposure to the credit risk of Ambac and AIG, and the
14 AIG GIC redemption value would continue to float, adversely affecting
15 Big Rivers were the value to decline. Entering into the PMCC Buyout
16 now eliminates these risks.

17
18 **Q. Does Big Rivers have any better option if it does not complete**
19 **the PMCC Buyout at this time?**

20
21 **A.** No, it does not. PMCC has stated that its bridge loan is only available
22 if the PMCC Buyout closes in the third quarter of this year. Moreover,

1 addressing the Ambac downgrade is not a question of if, but a question
2 of when. If Big Rivers ignores the Ambac downgrade and Ambac slips
3 into bankruptcy, Big Rivers itself faces almost certain bankruptcy.
4 Options other than a PMCC Buyout are either impractical, more
5 expensive, or unacceptable to the RUS, as I discussed earlier.
6 Delaying a PMCC Buyout would almost certainly cost more, expose Big
7 Rivers to greater risk of an AIG or Ambac failure, and cause Big Rivers
8 to miss the favorable financing terms and conditions currently
9 available to Big Rivers. The time to close the PMCC Buyout is now.

10


11 **Q. Mr. Blackburn does this conclude your Affidavit?**

12

13 **A. Yes.**

Verification

I, C. William Blackburn, Vice President Financial Services, Chief Financial Officer and Interim Vice President Power Supply for Big Rivers Electric Corporation, hereby state that I have read the foregoing Affidavit and the attached cover letter and that the statements contained therein are true and correct to the best of my knowledge and belief, and I verify, state, and affirm that this Affidavit and the attached cover letter are true and correct to the best of my knowledge and belief, on this the 25th day of September, 2008.



C. William Blackburn
Vice President Financial Services, Chief
Financial Officer and Interim Vice President
Power Supply
Big Rivers Electric Corporation

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

The foregoing verification statement was SUBSCRIBED AND SWORN to before me by C. William Blackburn, as Vice President and Chief Financial Officer of Big Rivers Electric Corporation, on this the 25th day of September, 2008.



Notary Public, Ky., State at Large
My commission expires: 1-12-09

ATTACHMENT 1

ATTACHMENT 2

Pro Forma

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Calendar Year	2006	2007	2008	Transac- (ion)	Lease Termina- tion	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	0.000	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	1.000	
Pre-Transaction Allocation	1.000	1.000	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	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:		12/31/2008
1 I. Sales (TWH)																					
2																					
3 <u>Rural</u>	2.23	2.41	2.40			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 <u>Large Industrial</u>	0.96	0.92	0.95			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 <u>Century</u>	-	-	-			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 <u>Alcan</u>	-	-	-			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 <u>Market</u>	2.06	2.84	1.54			1.55	1.83	1.38	1.36	1.41	1.32	1.29	1.24	1.05	1.12	0.87	0.89	0.87	0.85	0.78	
12																					
13 <u>Total Sales</u>	5.25	6.16	4.89			12.35	12.71	12.35	12.44	12.56	12.56	12.62	12.68	12.56	12.72	12.57	12.70	12.77	12.83	12.87	
14																					

Calendar Year	2006	2007	2008	Lease Transaction Termination	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	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	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 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: 12/31/2008																			
69 Non-Smelter Member Blend																			
72 Base	35.26	35.15	35.09		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)	(1.11)	(1.10)		-	-	(0.10)	(0.10)	(0.10)	0.42	0.41	0.40	0.41	0.40	0.39	1.52	1.48	1.45	1.59
74 Regulatory Account Charge																			
75 GRA	-	-	-		-	-	-	-	-	-	-	-	3.55	3.55	3.54	3.54	3.54	3.54	3.56
76																			
77 FAC	-	-	-		11.23	12.76	13.94	16.33	18.27	12.10	9.82	9.91	9.96	10.31	10.56	10.95	10.96	11.52	11.46
78 Environmental Surcharge					2.19	2.42	3.15	3.24	3.27	3.48	5.36	5.37	5.36	5.58	5.52	5.80	5.95	6.03	6.21
79 Surcredit					(3.28)	(3.20)	(3.12)	(3.64)	(3.55)	(3.47)	(3.39)	(3.32)	(4.49)	(4.40)	(4.30)	(4.22)	(4.12)	(4.04)	(3.96)
80 Non-Smelter Member Economic Rest					(10.14)	(11.96)	(12.35)	(13.35)	-	-	-	-	-	-	-	-	-	-	-
81 Net					-	0.02	1.61	2.59	17.99	12.12	11.79	11.96	10.83	11.50	11.79	12.53	12.80	13.52	13.71
82																			
83 Pre TIER Rebate Total	34.11	34.04	33.99		35.45	35.44	36.90	37.85	53.23	47.85	47.49	47.63	50.02	50.66	50.92	52.77	52.98	53.65	53.99
84 TIER Related Rebate	-	-	-		(0.02)	(1.66)	-	-	-	-	-	-	-	-	-	-	-	-	-
85 Effective Rate	34.11	34.04	33.99		35.43	33.78	36.90	37.85	53.23	47.85	47.49	47.63	50.02	50.66	50.92	52.77	52.98	53.65	53.99
86																			
87 Smelters																			
88 Base Rate					28.15	28.15	28.15	28.11	28.15	28.15	28.15	28.11	30.96	30.96	30.96	30.92	30.96	30.96	30.98
89 TIER Adjustment					-	-	1.94	2.45	1.76	2.03	2.94	2.76	3.55	0.54	3.55	2.93	4.20	3.43	4.75
90 Smelter Rate Subject to Price Cap					28.15	28.15	30.09	30.56	29.91	30.18	31.09	30.87	34.51	31.50	34.51	33.85	35.16	34.40	35.73
91 FAC					11.23	12.76	13.94	16.33	18.27	12.10	9.82	9.91	9.96	10.31	10.56	10.95	10.96	11.52	11.46
92 PPA					0.08	(0.39)	0.48	0.27	0.57	0.26	0.44	0.58	2.09	0.88	1.78	1.15	2.07	1.74	2.54
93 Environmental Surcharge					2.19	2.42	3.15	3.24	3.27	3.48	5.36	5.37	5.36	5.58	5.52	5.80	5.95	6.03	6.21
94 Surcharge 1					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
95 Surcharge 2					0.87	0.87	0.87	0.87	0.87	0.87	0.87	0.87	1.20	1.20	1.20	1.20	1.20	1.20	1.20
96 Smelter FAC Reserve					-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97 TIER Related Rebate					(0.02)	(1.66)	-	-	-	-	-	-	-	-	-	-	-	-	-
98 Effective Rate					43.19	42.86	49.23	52.28	53.90	47.90	48.58	48.61	54.52	50.86	54.98	54.33	56.74	56.28	58.54
99																			
100 Market	40.45	52.68	57.33		60.94	59.20	63.59	66.81	70.55	62.13	63.43	63.52	64.53	66.02	68.95	67.21	67.69	69.01	69.79
101 Overall Blend	36.60	42.62	41.34		43.22	42.66	47.17	49.51	55.56	49.38	49.75	49.75	53.85	52.12	54.52	54.67	56.13	56.16	57.53
102																			
103																			

Calendar Year	2006	2007	2008	Transac: tion	Lease Termina tion	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	0.000	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	1.000
Pre-Transaction Allocation	1.000	1.000	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	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: 12/31/2008

104 (II). Cash Flows (M\$)

105																				
106	<u>Operating Receipts</u>																			
107	79.4	84.8	84.6	-	0.0	90.8	92.5	94.1	102.8	145.9	134.2	136.1	139.3	149.7	154.5	158.5	167.4	171.4	176.9	181.3
108	29.3	28.5	29.2	-	0.0	33.4	34.4	35.6	39.5	59.2	54.3	55.3	57.0	61.3	63.8	65.8	70.0	72.1	74.8	77.1
109	-	-	-	-	-	315.3	324.7	347.2	382.5	393.3	349.5	354.5	355.7	397.9	371.2	401.2	397.5	414.0	410.7	427.2
110	83.4	149.4	88.2	-	-	94.3	108.5	87.7	90.9	99.4	82.2	82.1	78.8	67.6	73.6	59.7	59.5	59.1	58.4	54.7
111	47.9	50.8	47.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
112	6.0	6.3	5.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
113	1.7	1.7	1.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
114	-	-	-	-	-	3.8	3.0	(0.6)	(0.4)	(0.2)	(1.9)	(16.3)	(15.1)	(14.5)	(15.6)	(14.2)	(15.5)	(15.6)	(16.0)	(16.5)
115	0.6	0.6	0.6	-	-	-	-	-	0.7	1.6	1.5	-	-	-	-	-	-	-	-	-
116	-	-	-	-	(71.3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
117	3.7	6.8	5.0	-	0.0	6.5	5.2	5.3	5.9	3.7	2.8	3.6	3.3	3.2	3.0	3.0	3.4	3.4	3.4	3.4
118	252.0	328.9	262.3	-	(71.3)	544.1	568.3	569.2	622.0	702.8	622.6	615.4	619.0	665.1	650.4	674.0	682.3	704.4	708.1	727.1
119	<u>Operating Disbursements</u>																			
120																				
121	98.0	96.3	95.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
122	-	-	-	-	0.0	270.6	304.9	307.9	344.6	370.3	259.1	259.3	262.0	261.0	267.6	268.7	275.7	277.5	286.7	285.8
123	11.4	68.0	11.6	-	0.0	23.1	17.9	28.1	25.7	29.7	25.8	28.2	30.1	48.9	34.0	45.0	37.4	49.3	45.3	55.8
124	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125	-	-	-	-	(0.0)	30.8	33.7	38.3	39.9	40.9	41.8	51.4	53.0	52.9	55.3	55.3	58.1	60.4	61.4	63.3
126	0.4	0.5	0.6	-	0.0	101.3	93.3	105.0	104.9	106.0	102.3	111.8	108.5	129.6	113.5	129.3	123.8	133.5	128.7	137.0
127	-	-	-	-	0.0	8.0	8.3	8.5	8.8	9.0	9.3	9.6	9.9	10.2	10.5	10.8	11.1	11.4	11.8	12.1
128	6.6	7.1	7.4	-	0.0	6.3	6.5	5.8	5.7	5.9	6.0	6.2	6.4	6.6	6.8	7.0	7.2	7.4	7.6	7.8
129	4.7	8.8	5.9	-	0.0	29.5	27.8	29.2	29.5	30.3	31.7	32.1	33.0	34.3	35.1	36.0	37.5	38.2	39.5	40.9
130	13.8	15.6	17.2	-	0.0	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
131	2.4	2.3	2.2	-	0.0	(21.8)	(2.1)	(1.6)	(2.2)	1.7	4.7	0.1	(0.4)	(1.2)	0.6	(1.8)	(0.6)	(1.7)	(0.6)	(1.5)
132	6.8	4.6	(8.4)	-	(0.0)	7.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
133	-	-	-	-	-	(0.0)	(0.7)	-	-	-	-	-	-	-	-	-	-	-	-	-
134	2.3	1.9	2.0	-	(0.0)	(0.7)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135	146.3	205.1	134.0	-	0.0	461.3	497.3	529.0	565.5	602.6	489.8	508.0	512.0	552.1	533.7	560.8	560.9	587.1	591.9	613.1
136	<u>Total Disbursements</u>																			
137	105.7	123.8	128.2	-	(71.3)	82.8	71.0	40.2	56.4	100.3	132.8	107.4	107.0	113.1	116.8	113.3	121.4	117.3	116.3	114.0
138	<u>Operating Receipts less Disbursements</u>																			

Pro Forma

September 2008

Calendar Year	Lease																				
	2006	2007	2008	Transac- tion	Termina- tion	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	0.000	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	1.000	
Pre-Transaction Allocation	1.000	1.000	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	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:																				12/31/2008	
139	Operating Receipts less Disbursements	105.7	123.8	128.2	-	(71.3)	82.8	71.0	40.2	56.4	100.3	132.8	107.4	107.0	113.1	116.8	113.3	121.4	117.3	116.3	114.0
141	Capital Expenditures																				
142	Generation	6.4	6.6	6.7		(0.0)	36.2	20.6	31.5	23.4	38.5	32.8	33.8	34.8	35.9	36.9	38.1	39.2	40.4	41.6	42.8
143	Transmission	5.9	9.6	14.4		-	10.3	5.3	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
144	Transmission Upgrades	-	4.1	0.3		-	5.3	5.6	-	-	-	-	-	-	-	-	-	-	-	-	-
145	A&G	0.9	1.3	1.3		0.0	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
146	Extraordinary Generation	-	-	-		-	28.7	17.4	25.4	10.7	8.8	5.2	4.4	2.3	2.8	2.4	7.0	3.4	3.1	2.7	3.3
147	Other (HQ Building, IP)	-	-	-		0.0	11.4	1.0	0.9	0.8	0.8	1.0	0.8	0.8	1.0	0.9	0.9	1.1	0.9	0.9	1.2
148	Total Capital Expenditures	13.2	21.6	22.7		0.0	93.2	51.3	63.7	42.2	50.1	40.9	41.2	41.1	44.1	45.3	51.2	49.1	49.9	50.9	53.3
149	Income Taxes from Operations	0.4	0.2	0.4		0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5
150	Net Pre-Finance Cash Flow	92.1	102.0	105.1		(71.3)	(10.3)	19.7	(23.5)	14.2	50.1	91.6	65.9	65.5	68.5	71.0	61.6	71.8	66.9	64.9	60.3
151	Financing																				
152	Principal (Net)	26.4	13.3	41.8		-	13.3	15.1	(55.5)	92.1	30.7	32.6	(171.8)	233.5	38.4	40.6	21.7	45.3	40.1	42.4	16.1
153	Interest	36.9	36.9	51.5		0.0	44.0	43.2	42.3	45.3	41.1	39.2	37.3	35.3	33.4	31.2	28.8	27.5	24.9	22.6	19.8
154	Financing Fees	-	-	-		-	-	-	1.2	-	-	-	6.8	-	-	-	-	-	-	-	-
155	Line of Credit	-	-	-		0.0	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
156	Aggregate Debt Service (Incl. Line)	63.4	50.2	93.3		0.0	57.7	58.8	(11.4)	137.9	72.3	72.3	(127.3)	269.3	72.3	72.3	51.0	73.3	65.5	65.5	36.4
157	Post-Finance Cash Flow	28.7	51.9	11.8		(71.3)	(68.1)	(39.1)	(12.1)	(123.7)	(22.2)	19.3	193.2	(203.8)	(3.7)	(1.3)	10.6	(1.5)	1.4	(0.6)	23.8
158	Unwind Transaction																				
159	Cash Proceeds	-	-	-																	
160	Debt Reduction	-	-	-																	
161	Misc. Transaction	-	-	-																	
162	Net Before Member Reserves	-	-	-																	
163	Non-Smelter Member Economic Res	-	-	-																	
164	Smelter Fuel Payment	-	-	-																	
165	Net Before Transition Reserve	-	-	-																	
166	Ending Cash Balances (Incl. Transition Reserve)	96.5	148.3	160.2		162.3	129.7	133.5	166.8	93.3	71.1	90.4	283.6	79.8	76.1	74.8	85.4	83.9	85.4	84.8	108.6

Calendar Year	2006	2007	2008	Transac tion	Lease Termi nation	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	0.000	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	1.000
Pre-Transaction Allocation	1.000	1.000	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	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: 12/31/2008

176 IV. Income Statement (M\$)

177																					
178	<u>Revenues</u>																				
179	Rural	79.4	84.76	84.6	-	0.0	90.7	88.3	98.3	102.8	145.9	134.2	136.1	139.3	149.7	154.5	158.5	167.4	171.4	176.9	181.3
180	Large Industrial	29.3	28.53	29.2	-	-	33.3	32.8	37.2	39.5	59.2	54.3	55.3	57.0	61.3	63.8	65.8	70.0	72.1	74.8	77.1
181	Smelters	-	-	-	-	-	315.2	312.8	359.3	382.5	393.3	349.5	354.5	355.7	397.9	371.2	401.2	397.5	414.0	410.7	427.2
182	Off-System	83.4	149.38	88.2	-	-	94.3	108.5	87.7	90.9	99.4	82.2	82.1	78.8	67.6	73.6	59.7	59.5	59.1	58.4	54.7
183	Transmission	6.0	6.29	5.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
184	Smeller - Tier 3 Transmission	1.8	1.80	1.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
185	Gain on Sale of Allowances	-	-	-	-	-	3.8	3.0	(0.6)	(0.4)	(0.2)	(1.9)	(16.3)	(15.1)	(14.5)	(15.6)	(14.2)	(15.5)	(15.6)	(16.0)	(16.5)
186	WKEC Lease (Net)	52.3	52.33	52.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
187	Lease Buyout	-	-	-	-	(31.0)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
188	Interest Earnings	3.7	6.83	5.0	-	0.0	6.5	5.2	5.3	5.9	3.7	2.8	3.6	3.3	3.2	3.0	3.0	3.4	3.4	3.4	3.4
189	Total Revenues	255.9	329.92	266.3	-	(31.0)	543.9	550.6	587.2	621.3	701.3	621.1	615.4	619.0	665.1	650.4	674.0	682.3	704.4	708.1	727.1
190																					
191	<u>Expenses</u>																				
192	PPA	98.0	96.29	95.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
193	Fuel Costs	-	-	-	-	0.0	270.9	298.5	304.5	336.4	364.0	286.6	259.2	261.6	259.8	267.5	267.5	275.1	276.8	285.4	285.4
194	SEPA & Other Purchases	11.4	68.01	11.61	-	0.0	22.8	19.3	25.9	24.3	27.1	26.5	28.1	29.4	41.7	31.9	38.8	39.1	46.6	44.0	51.3
195	Carbon Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
196	Carbon Allowance Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
197	Non-Fuel Variable Production O&M	0.4	0.48	0.6	-	(0.0)	30.8	33.7	38.3	39.9	40.9	41.8	51.4	53.0	52.9	55.3	55.3	58.1	60.4	61.4	63.3
198	Fixed Production O&M	-	-	-	-	0.0	101.3	93.3	105.0	104.9	106.0	102.3	111.8	108.5	129.6	113.5	129.3	123.8	133.5	128.7	137.0
199	Transmission O&M	6.6	7.07	7.4	-	0.0	8.0	8.3	8.5	8.8	9.0	9.3	9.6	9.9	10.2	10.5	10.8	11.1	11.4	11.8	12.1
200	APM, L/C, Cogen, CW & TVA Trans	4.7	8.78	5.9	-	0.0	6.3	6.5	5.8	5.7	5.9	6.0	6.2	6.4	6.6	6.8	7.0	7.2	7.4	7.6	7.8
201	A&G	13.8	15.62	17.2	-	0.0	29.5	27.8	29.2	29.5	30.3	31.7	32.1	33.0	34.3	35.1	36.0	37.5	38.2	39.5	40.9
202	Property Taxes & Insurance	2.4	2.32	2.2	-	0.0	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
203	Depreciation & Amortization	32.0	32.15	32.5	-	0.0	34.3	35.5	44.6	46.0	46.0	46.3	47.9	49.4	63.5	64.8	66.2	67.7	69.1	70.5	72.0
204	Income Tax	-	-	-	-	-	-	-	-	-	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.8	0.8	0.8	0.8
205	Interest Expense (Incl. Financing Fee)	60.7	60.90	63.5	-	0.0	53.9	49.7	49.2	52.6	48.8	47.4	45.9	44.6	43.2	41.6	39.8	39.2	37.4	35.6	33.6
206	RUS Note & PCB Restructuring Char	-	-	-	-	0.0	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
207	Net Sale-Leaseback	(2.6)	(2.56)	(3.4)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
208	Other - Net	(6.0)	(6.32)	(6.6)	-	(0.0)	(0.3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
209	Total Expenses	221.4	282.74	226.5	-	(0.0)	564.9	579.9	619.2	657.1	687.8	608.0	602.5	606.3	652.8	638.4	662.3	670.6	693.1	697.2	716.5
210																					
211	Unwind Transaction	-	-	-	690.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
212																					
213	Non-Smelter Member Economic Reserv	-	-	-	(157.0)	-	35.5	42.9	45.4	50.2	-	-	-	-	-	-	-	-	-	-	-
214																					
215	Smelter FAC Payment	-	-	-	(7.0)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
216																					
217	Net Margin	34.5	47.18	39.9	526.8	(31.0)	14.4	13.5	13.4	14.3	13.5	13.2	12.9	12.6	12.4	12.1	11.7	11.7	11.3	11.0	10.6

ATTACHMENT 3

Non-Smelter Member Rates [9/23/08]:

Rate Impact Analysis (\$/ MWh)

1. Non-Smelter Members

1	<i>December Close/ \$72.5m Buyout</i>	47.59
2	MRDA Continued	(0.89)
3	GRA	0.33
4	Regulatory Account	-
5		-
6	FAC	-
7	Environmental Surcharge	-
8	Surcharge Credit	-
9	Rebate Realized	0.01
10	Economic Reserve/ MRSM	0.00
11	<i>Net</i>	0.01
12		-
13	<i>Overall Change</i>	(0.55)
14	<i>December Close/ No PMCC Buyout</i>	47.03

Smelter Rates [9/23/08]:

Rate Impact Analysis (\$/ MWh)

2. Smelters

1	<i>December Close/ \$72.5m Buyout</i>	51.52
2	MRDA Continued	(0.71)
3	GRA	0.26
4	TIER Adjustment	(0.00)
5	FAC	-
6	Smelter Economic Reserve	-
7	Environmental Surcharge	-
8	Power Purchases	-
9	Surcharge	-
10	TIER Related Rebate	0.01
11	<i>Overall Change</i>	(0.45)
12	<i>December Close/ No PMCC Buyout</i>	51.07

EXHIBIT 93

**LIST OF FINANCING DOCUMENTS NO
LONGER REQUIRED**

List of Financing Documents No Longer Required

1. Facility Lessor (D) Secured Note (PBR-1), filed as Exhibit 50 to Big Rivers' April 10, 2008, Second Amendment and Supplement to Application
2. Facility Lessor (D) Secured Note (PBR-2), see Exhibit 50 to Big Rivers' April 10, 2008, Second Amendment and Supplement to Application
3. Facility Lessor (D) Secured Note (PBR-3), see Exhibit 50 to Big Rivers' April 10, 2008, Second Amendment and Supplement to Application
4. Facility Lessor (E) Secured Note (PBR-1), filed as Exhibit 51 to Big Rivers' April 10, 2008, Second Amendment and Supplement to Application
5. Facility Lessor (E) Secured Note (PBR-2), see Exhibit 51 to Big Rivers' April 10, 2008, Second Amendment and Supplement to Application
6. Facility Lessor (E) Secured Note (PBR-3), see Exhibit 51 to Big Rivers' April 10, 2008, Second Amendment and Supplement to Application
7. Ambac Credit Products Secured Note (PBR-1), filed as Exhibit 52 to Big Rivers' April 10, 2008, Second Amendment and Supplement to Application
8. Ambac Credit Products Secured Note (PBR-2), see Exhibit 52 to Big Rivers' April 10, 2008, Second Amendment and Supplement to Application
9. Ambac Credit Products Secured Note (PBR-2), see Exhibit 52 to Big Rivers' April 10, 2008, Second Amendment and Supplement to Application
10. Amended and Restated Stock Pledge Agreement, filed as Exhibit 58 to Big Rivers' April 10, 2008, Second Amendment and Supplement to Application
11. *Amended and Restated Funding Agreement Pledge Agreement* (PBR-1), filed as Exhibit 59 to Big Rivers' April 10, 2008, Second Amendment and Supplement to Application
12. *Amended and Restated Funding Agreement Pledge Agreement* (PBR-2), see Exhibit 59 to Big Rivers' April 10, 2008, Second Amendment and Supplement to Application
13. *Amended and Restated Funding Agreement Pledge Agreement* (PBR-3), see Exhibit 59 to Big Rivers' April 10, 2008, Second Amendment and Supplement to Application
14. Amended and Restated Payment Agreement Pledge Agreement (PBR-1), filed as Exhibit 60 to Big Rivers' April 10, 2008, Second Amendment and Supplement to Application
15. Amended and Restated Payment Agreement Pledge Agreement (PBR-2), see Exhibit 60 to Big Rivers' April 10, 2008, Second Amendment and Supplement to Application

16. Amended and Restated Payment Agreement Pledge Agreement (PBR-3), see Exhibit 60 to Big Rivers' April 10, 2008, Second Amendment and Supplement to Application
17. Amended and Restated Government Securities Pledge Agreement (PBR-1), filed as Exhibit 61 to Big Rivers' April 10, 2008, Second Amendment and Supplement to Application
18. Amended and Restated Government Securities Pledge Agreement (PBR-2), see Exhibit 61 to Big Rivers' April 10, 2008, Second Amendment and Supplement to Application
19. Amended and Restated Government Securities Pledge Agreement (PBR-3), see Exhibit 61 to Big Rivers' April 10, 2008, Second Amendment and Supplement to Application
20. Partial Termination of Funding Agreement Pledge Agreement (PBR-1), filed as Exhibit 62 to Big Rivers' April 10, 2008, Second Amendment and Supplement to Application
21. Partial Termination of Funding Agreement Pledge Agreement (PBR-2), see Exhibit 62 to Big Rivers' April 10, 2008, Second Amendment and Supplement to Application
22. Partial Termination of Funding Agreement Pledge Agreement (PBR-3), see Exhibit 62 to Big Rivers' April 10, 2008, Second Amendment and Supplement to Application
23. Partial Termination of Payment Agreement Pledge Agreement (PBR-1), filed as Exhibit 63 to Big Rivers' April 10, 2008, Second Amendment and Supplement to Application
24. Partial Termination of Payment Agreement Pledge Agreement (PBR-2), see Exhibit 63 to Big Rivers' April 10, 2008, Second Amendment and Supplement to Application
25. Partial Termination of Payment Agreement Pledge Agreement (PBR-3), see Exhibit 63 to Big Rivers' April 10, 2008, Second Amendment and Supplement to Application
26. Partial Termination of Government Securities Pledge Agreement (PBR-1), filed as Exhibit 64 to Big Rivers' April 10, 2008, Second Amendment and Supplement to Application
27. Partial Termination of Government Securities Pledge Agreement (PBR-2), see Exhibit 64 to Big Rivers' April 10, 2008, Second Amendment and Supplement to Application
28. Partial Termination of Government Securities Pledge Agreement (PBR-3), see Exhibit 64 to Big Rivers' April 10, 2008, Second Amendment and Supplement to Application
29. Intercreditor Agreement, filed as Exhibit 65 to Big Rivers' April 23, 2008, Third Amendment and Supplement to Application

30. Ambac Letter Agreement, filed as Exhibit 66 to Big Rivers' April 23, 2008, Third Amendment and Supplement to Application
31. Bank of America Letter Agreement, filed as Exhibit 67 to Big Rivers' April 23, 2008, Third Amendment and Supplement to Application
32. First Amendment to ISDA Master Agreement (PBR-1) (Big Rivers Swap), filed as Exhibit 69 to Big Rivers' April 23, 2008, Third Amendment and Supplement to Application
33. First Amendment to ISDA Master Agreement (PBR-2) (Big Rivers Swap), see Exhibit 69 to Big Rivers' April 23, 2008, Third Amendment and Supplement to Application
34. First Amendment to ISDA Master Agreement (PBR-3) (Big Rivers Swap), see Exhibit 69 to Big Rivers' April 23, 2008, Third Amendment and Supplement to Application
35. Escrow Agreement (PBR-1), filed as Exhibit 70 to Big Rivers' April 23, 2008, Third Amendment and Supplement to Application
36. Escrow Agreement (PBR-2), see Exhibit 70 to Big Rivers' April 23, 2008, Third Amendment and Supplement to Application
37. Escrow Agreement (PBR-3), see Exhibit 70 to Big Rivers' April 23, 2008, Third Amendment and Supplement to Application
38. First Amendment to ISDA Master Agreement (PBR-1), filed as Exhibit 71 to Big Rivers' April 23, 2008, Third Amendment and Supplement to Application
39. First Amendment to ISDA Master Agreement (PBR-2), see Exhibit 71 to Big Rivers' April 23, 2008, Third Amendment and Supplement to Application
40. First Amendment to ISDA Master Agreement (PBR-3), see Exhibit 71 to Big Rivers' April 23, 2008, Third Amendment and Supplement to Application

EXHIBIT 94

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
RUS MAXIMUM ALLOWED PRINCIPAL BALANCE SCHEDULE FROM RUS

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	UNWIND	EXISTING	
DATE	MAXIMUM ALLOWED PRINCIPAL BALANCE	MAXIMUM ALLOWED PRINCIPAL BALANCE	DIFFERENCE
21-Nov-08	643,390,666.00	768,605,000.00	(125,214,334.00)
31-Dec-08	643,390,666.00	768,605,000.00	(125,214,334.00)
02-Jan-09	641,043,116.28	760,106,000.00	(119,062,883.72)
01-Apr-09	637,280,892.02	751,607,000.00	(114,326,107.98)
01-Jul-09	633,666,706.46	743,109,000.00	(109,442,293.54)
01-Oct-09	630,100,533.53	729,610,000.00	(99,509,466.47)
04-Jan-10	626,780,462.74	720,611,000.00	(93,830,537.26)
01-Apr-10	622,620,789.50	711,613,000.00	(88,992,210.50)
01-Jul-10	618,796,442.32	702,614,000.00	(83,817,557.68)
01-Oct-10	615,014,752.40	688,615,000.00	(73,600,247.60)
03-Jan-11	611,372,025.65	678,117,000.00	(66,744,974.35)
01-Apr-11	607,097,484.41	667,618,000.00	(60,520,515.59)
01-Jul-11	603,050,601.09	657,120,000.00	(54,069,398.91)
03-Oct-11	599,230,706.56	641,622,000.00	(42,391,293.44)
02-Jan-12	595,070,532.28	626,624,000.00	(31,553,467.72)
02-Apr-12	590,827,927.25	611,626,000.00	(20,798,072.75)
02-Jul-12	586,524,668.04	596,628,000.00	(10,103,331.96)
01-Oct-12	507,159,887.51	576,631,000.00	(69,471,112.49)
02-Jan-13	501,820,262.61	576,631,000.00	(74,810,737.39)
01-Apr-13	496,106,057.66	576,631,000.00	(80,524,942.34)
01-Jul-13	490,468,043.81	576,631,000.00	(86,162,956.19)
01-Oct-13	484,826,471.07	571,631,000.00	(86,804,528.93)
02-Jan-14	479,179,510.95	556,133,000.00	(76,953,489.05)
01-Apr-14	473,147,870.25	540,635,000.00	(67,487,129.75)
01-Jul-14	467,180,736.63	525,138,000.00	(57,957,263.37)
01-Oct-14	461,201,657.45	504,640,000.00	(43,438,342.55)
02-Jan-15	455,208,577.62	491,642,000.00	(36,433,422.38)
01-Apr-15	448,840,851.30	478,644,000.00	(29,803,148.70)
01-Jul-15	442,525,261.59	465,646,000.00	(23,120,738.41)
01-Oct-15	436,188,846.88	439,348,000.00	(3,159,153.12)
04-Jan-16	229,965,990.63	421,350,000.00	(191,384,009.37)
01-Apr-16	220,895,301.86	403,353,000.00	(182,457,698.14)
01-Jul-16	211,803,320.08	385,356,000.00	(173,552,679.92)
03-Oct-16	202,681,180.59	367,359,000.00	(164,677,819.41)
02-Jan-17	193,328,976.04	348,861,000.00	(155,532,023.96)
03-Apr-17	183,850,466.08	330,364,000.00	(146,513,533.92)
03-Jul-17	174,236,075.84	311,867,000.00	(137,630,924.16)
02-Oct-17	164,483,857.39	293,370,000.00	(128,886,142.61)
02-Jan-18	154,617,746.73	273,873,000.00	(119,255,253.27)
02-Apr-18	144,559,929.85	254,376,000.00	(109,816,070.15)
02-Jul-18	134,382,285.55	234,879,000.00	(100,496,714.45)
01-Oct-18	124,058,738.44	215,381,000.00	(91,322,261.56)
02-Jan-19	113,626,283.94	195,384,000.00	(81,757,716.06)
01-Apr-19	102,969,386.70	175,388,000.00	(72,418,613.30)
01-Jul-19	92,195,516.33	155,391,000.00	(63,195,483.67)
01-Oct-19	81,281,719.85	135,394,000.00	(54,112,280.15)
02-Jan-20	70,222,482.75	115,397,000.00	(45,174,517.25)
01-Apr-20	58,965,382.61	95,400,000.00	(36,434,617.39)
01-Jul-20	47,558,378.14	75,403,000.00	(27,844,621.86)
01-Oct-20	35,995,765.61	55,406,000.00	(19,410,234.39)
04-Jan-21	24,283,059.46	35,409,000.00	(11,125,940.54)
01-Apr-21	12,365,870.43	15,412,000.00	(3,046,129.57)
01-Jul-21	0.00	0.00	0.00

Date Prepared: 9/02/08

EXHIBIT 95

**AGREEMENTS REGARDING “FUNDING OF
CERTAIN AMOUNTS TO BE PAID TO THE
BANK OF AMERICA” AND “PAYMENT
REGARDING THE BUY-OUT OF THE BANK
OF AMERICA”**

SULLIVAN, MOUNTJOY, STAINBACK & MILLER, PSC
ATTORNEYS AT LAW

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July 7, 2008

Via Federal Express

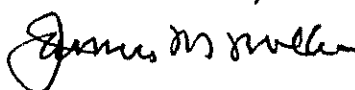
Ms. Stephanie Stumbo
Executive Director
Public Service Commission
211 Sower Boulevard, P.O. Box 615
Frankfort, Kentucky 40602-0615

Re: The Applications of Big Rivers Electric Corporation for: (I) Approval of Wholesale Tariff Additions for Big Rivers Electric Corporation, (II) Approval of Transactions, (III) Approval to Issue Evidences of Indebtedness, and (IV) Approval of Amendments to Contracts; and of E.ON U.S., LLC, Western Kentucky Energy Corp., and LG&E Energy Marketing, Inc., for Approval of Transactions, PSC Case No. 2007-00455

Dear Ms. Stumbo:

Enclosed on behalf of Big Rivers Electric Corporation are an original and ten copies of the "Funding of Certain Amounts to be Paid to The Bank of America," and "Payment Regarding the Buy-Out of The Bank of America," as requested by Commission Staff. I certify that a copy of this letter and the attachments have been served upon the persons identified on the attached service list.

Sincerely yours,



James M. Miller

JMM/ej
Enclosures

cc: Michael H. Core
David Spainhoward
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PSC CASE NO. 2007-00455

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