



Your Touchstone Energy® Cooperative 

**COMMONWEALTH OF KENTUCKY**

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY**

**In the Matter of:**

<b>THE APPLICATION OF BIG RIVERS ELECTRIC CORPORATION</b>	)	<b>Case No.</b>
<b>FOR APPROVAL TO ISSUE EVIDENCES OF INDEBTEDNESS</b>	)	<b>2012-00____</b>

**FILED: November 13, 2012**

SULLIVAN, MOUNTJOY, STAINBACK & MILLER PSC  
ATTORNEYS AT LAW

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\*Also Licensed in Indiana

November 13, 2012

Via Federal Express

Mr. Jeff DeRouen  
Executive Director  
Public Service Commission  
211 Sower Boulevard, P.O. Box 615  
Frankfort, Kentucky 40602-0615

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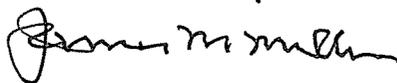
PUBLIC SERVICE  
COMMISSION

Re: *In the Matter of: The Application of Big Rivers Electric Corporation for Approval to Issue Evidences of Indebtedness*

Dear Mr. DeRouen:

Enclosed are an original and ten copies of the application of Big Rivers Electric Corporation ("*Big Rivers*") for approval to issue evidences of indebtedness. Please note that in paragraph 22 of the application, Big Rivers requests expedited review by the Public Service Commission to allow Big Rivers to take advantage of favorable current market conditions. Please feel free to contact me with any questions.

Sincerely yours,



James M. Miller

JMM/ej  
Enclosures

cc: Albert Yockey  
Billie J. Richert

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COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

THE APPLICATION OF BIG RIVERS )  
ELECTRIC CORPORATION FOR APPROVAL ) CASE NO. 2012-00\_\_\_\_  
TO ISSUE EVIDENCES OF INDEBTEDNESS )

APPLICATION

Big Rivers Electric Corporation (“*Big Rivers*”) submits this application (the “*Application*”) to the Public Service Commission (“*Commission*”) seeking approval to supplement or terminate certain existing evidences of indebtedness and to issue certain new evidences of indebtedness, all in connection with the refunding by purchase of \$58,800,000 in aggregate principal amount of the County of Ohio, Kentucky (the “*County*”), Pollution Control Floating Rate Demand Bonds, Series 1983 (Big Rivers Electric Corporation Project) (the “1983 *Bonds*”)<sup>1</sup> and the issuance by the County of a like principal amount of the County’s Pollution Control Refunding Revenue Bonds, Series 2013A (Big Rivers Electric Corporation Project) (the “2013A *Bonds*”). In support of its Application, Big Rivers states as follows:

1. Big Rivers Electric Corporation is a rural electric generating and transmission cooperative corporation organized under KRS Chapter 279. Its mailing address is P.O. Box 24, 201 Third Street, Henderson, Kentucky, 42419.

<sup>1</sup> Issuance by Big Rivers of evidences of indebtedness in connection with the 1983 Bonds was authorized by the Commission in an order dated June 29, 1983, in *In the Matter of Big Rivers Electric Corporation’s Application for Approval to Amend and Issue Evidence of Indebtedness*, P.S.C. Case No. 7990, a copy of which is attached to this Application as Exhibit 1.



1 Variable Rate Demand Pollution Control Refunding Bonds, Series 1985 (Big Rivers  
2 Electric Corporation Project)<sup>3</sup>.

3 5. Big Rivers' obligations with respect to the 1983 Bonds are  
4 principally evidenced by the note dated as of June 1, 1983, from Big Rivers to the  
5 County for the principal amount of the 1983 Bonds, plus interest (the "1983 Note," a  
6 copy of which is attached as Exhibit 3 to this Application). The expenses associated  
7 with issuance of the 1983 Bonds have been fully amortized.

8 6. The 1983 Bonds are floating rate demand bonds which mature June  
9 1, 2013. Interest on the 1983 Bonds is calculated on Tuesday of each week.  
10 Security for the 1983 Bonds was provided initially by a letter of credit from a  
11 commercial bank.

12 7. In connection with Big Rivers' plan of reorganization under Chapter  
13 11 of the United States Bankruptcy Code<sup>4</sup> (the "Plan"), the original letter of credit  
14 was replaced by a Standby Bond Purchase Agreement, dated July 17, 1998, with  
15 Credit Suisse First Boston, acting by and through its New York Branch ("Credit  
16 Suisse") and by a municipal bond insurance policy (the "Policy") issued by Ambac  
17 Assurance Corporation ("Ambac"). At that time, Big Rivers entered into a  
18 reimbursement agreement with Ambac pursuant to which Big Rivers agreed to

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<sup>3</sup> See, *In the Matter of: Application of Big Rivers Electric Corporation to Amend the Order Issued November 13, 1980, in Case No. 7990 By Authorizing Big Rivers Electric Corporation's Borrowing of Proceeds of up to \$83,300,000 County of Ohio, Kentucky Variable Rate Demand Pollution Control Refunding Bonds, Series 1985 (Big Rivers Electric Corporation Project), and Execution of Documents Evidencing Such Debt*, P.S.C. Case No. 9448.

<sup>4</sup> *In Re: Big Rivers Electric Corporation, Debtor, United States Bankruptcy Court for the Western District of Kentucky, Owensboro Division*, Case No. 96-41168

1 reimburse Ambac for any draws under the Policy. Big Rivers also issued a note to  
2 Ambac, secured under Big Rivers' then current mortgage, in connection with the  
3 Policy. Subsequently, a note to Credit Suisse securing amounts under the Standby  
4 Bond Purchase Agreement was also secured under the Big Rivers Mortgage.  
5 Goldman, Sachs & Co. ("*Goldman Sachs*") was appointed remarketing agent for the  
6 1983 Bonds. Effective May 1, 2006 Credit Suisse sold and assigned to Dexia Credit  
7 Local, a banking corporation organized and existing under the laws of France,  
8 acting by and through its New York Branch ("*Dexia*"), all of its right title and  
9 interest in and to the Standby Bond Purchase Agreement.

10           8. In 2008, Goldman Sachs was unable to remarket the 1983 Bonds as  
11 a result of the turmoil in the markets and the financial issues surrounding Ambac.  
Under the Standby Bond Purchase Agreement, the 1983 Bonds that could not be  
13 remarketed were purchased by Dexia. The interest rate on the 1983 Bonds held by  
14 Dexia, in accordance with the bond indenture relating to the 1983 Bonds, is equal to  
15 the Bank Rate.

16           9. In connection with the closing on July 16, 2009 of the "unwind  
17 transaction"<sup>5</sup>, Big Rivers entered into its Indenture, dated as of July 1, 2009, with  
18 U.S. Bank National Association, as trustee (the "*Indenture*")<sup>6</sup>. At that time, a note  
19 to Ambac in the principal amount of the 1983 Bonds (the "*Ambac Note*") and a note  
20 to Dexia in the principal amount of the 1983 Bonds (the "*Dexia Note*") were secured

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<sup>5</sup> See order dated March 6, 2009, *In the Matter of: Joint Application of Big Rivers, E.ON, LG&E Energy Marketing, Inc., and Western Kentucky Energy Corporation for Approval to Unwind Lease and Power Purchase Transactions*, PSC Case No. 2007-00455.

<sup>6</sup> A copy of the Indenture is attached as Exhibit 7 to the *Application of Big Rivers Electric Corporation for Approval to Issue Evidences of Indebtedness*, P.S.C. Case No. 2009-00441.

1 under the Indenture. The Ambac Note and the Dexia Note are attached hereto for  
2 informational purposes as Exhibits 4 and 5, respectively. Currently, there are no  
3 amounts outstanding under the Ambac Note because the Policy has never been  
4 drawn upon and \$58,800,000 is outstanding under the Dexia Note with the same  
5 maturity date as that of the 1983 Bonds.

6 Proposed Evidences of Indebtedness

7 10. Big Rivers now proposes to refund the 1983 Bonds through the  
8 issuance by the County of the 2013A Bonds in an amount up to \$58,800,000. In  
9 connection with the issuance of the 2013A Bonds, the 1983 Bonds will be purchased  
10 from the current holder, Dexia. The proceeds of the 2013A Bonds will be used to  
11 pay the principal portion of the purchase price of the 1983 Bonds due on the date of  
purchase, and funds from Big Rivers will be used to pay the interest due on the  
13 1983 Bonds through the date of purchase. Upon the payment of the purchase price  
14 for the 1983 Bonds the 1983 Note, the Ambac Note and the Dexia Note will be  
15 cancelled and returned to Big Rivers. In connection with the foregoing, Big Rivers  
16 seeks to issue the evidences of indebtedness described in the following paragraphs  
17 11 through 17.

18 11. Big Rivers proposes to issue the Loan Agreement (the “2013  
19 *Loan Agreement*”), between the County and Big Rivers, pursuant to which (1) the  
20 County will loan Big Rivers the entire principal amount of the 2013A Bonds in  
21 order to pay the principal amount of the 1983 Bonds due on the date of purchase  
22 and (2) Big Rivers will agree to repay such loan by paying all debt service on the

1 2013A Bonds to maturity. The 2013 Loan Agreement provides for a maturity date  
2 for the 2013A Bonds of no later than June 1, 2031. A copy of the 2013 Loan  
3 Agreement is attached as Exhibit 6. Big Rivers seeks Commission approval to issue  
4 the 2013 Loan Agreement.

5           12. The interest rate on the 2013A Bonds will be fixed to maturity  
6 at the time the 2013A Bonds are sold. Big Rivers has chosen Goldman Sachs as the  
7 underwriter for the 2013A Bonds. Based on information provided by Goldman  
8 Sachs to Big Rivers, Goldman Sachs currently estimates that the interest rate on  
9 the 2013A Bonds (based on a maturity date of June 1, 2031, and market conditions  
10 existing at the time such estimates were provided) would be in the range of 6.0% or  
11 higher per annum, if the bonds can be successfully marketed. The 2013A Bonds  
will be subject to an optional call for redemption after 10 years, and will be subject  
13 to mandatory sinking fund redemption on and after June 1, 2013.

14           13. Big Rivers is advised that the 2013A Bonds must be offered as  
15 fixed-rate, high-yield debt because of the uncertainty associated with Big Rivers.  
16 Century Aluminum of Kentucky General Partnership ("*Century*"), a retail industrial  
17 customer of one of Big Rivers' member cooperatives that is currently the source of  
18 approximately 37% of Big Rivers' wholesale revenue, gave notice on August 20,  
19 2012, that it is terminating its retail electric service agreement effective August 20,  
20 2013. In response, the rating agencies took the following actions on Big Rivers'  
21 ratings:

- 1 • August 21, 2012 – Moody’s Investors Service (“*Moody’s*”) downgraded from a  
2 Baa1 to a Baa2 the senior secured rating of Big Rivers’ \$83.3m Series 2010A  
3 Bonds (“*Series 2010A Bonds*”). In addition, this rating was placed under  
4 review for further downgrade.
- 5 • August 24, 2012 – Fitch Ratings placed its rating of BBB- on the Series  
6 2010A Bonds on Rating Watch Negative.
- 7 • August 31, 2012 – Standard and Poors revised its outlook from stable to  
8 negative and affirmed its BBB- issuer credit rating on Big Rivers and the  
9 issue-level rating on the Series 2010A Bonds.

10 Copies of the latest reports received from these rating agencies are attached  
11 as Exhibit 7 to this Application. The rating agencies have indicated to Big Rivers  
12 that Century’s termination notice creates an uncertainty surrounding Big Rivers’  
13 ability to obtain new debt financing due to degradation of credit quality and the  
14 necessity for Big Rivers to find long-term replacement load without relying on short-  
15 term power sales for an overly extended period of time. They are monitoring  
16 closely regulatory support from the Commission and have indicated inadequate or  
17 untimely support would be viewed negatively. While Big Rivers is preparing a rate  
18 case and taking other actions to seek revenue to replace the loss of the Century  
19 wholesale load, because the 1983 Bonds mature on June 1, 2013, before a ruling  
20 could be obtained in a rate case, this uncertainty will prevail through the date on  
21 which the 2013A Bonds are marketed. Other financing products ordinarily  
22 available to an issuer with Big Rivers’ credit ratings (without the negative watch),

1 put bonds and variable rate demand notes (VRDNs), are most likely not available to  
2 Big Rivers because of the uncertainty outlined above, and lack of bank liquidity.

3           14. In order to evidence Big Rivers' obligation to repay the loan  
4 made by the County under the 2013 Loan Agreement, Big Rivers will issue its First  
5 Mortgage Note, Series 2013A (the "*2013A Note*") in the name of the trustee for the  
6 2013A Bonds, U.S. Bank National Association (the "*2013A Bond Trustee*"), in an  
7 amount equal to the aggregate principal amount of the 2013A Bonds: \$58.8 million.  
8 The 2013A Note will have a maturity date, interest rate and terms which will  
9 match those of the 2013A Bonds, and payments thereon will be used to pay all debt  
10 service on the 2013A Bonds. A representative debt service schedule is attached to  
11 the 2013A Note, based upon the assumptions of (i) an issuance date of March 1,  
12 2013; (ii) an interest rate of 6.0% per annum; and (ii) level debt service payments. A  
13 copy of the 2013A Note is attached as Exhibit 8. Big Rivers seeks Commission  
14 approval to issue the 2013 Note, with the final debt service schedule to be based  
15 upon the facts presented on the date of the pricing of the 2013A Bonds.

16           15. The 2013A Note will be issued pursuant to and secured under  
17 the Fourth Supplemental Indenture (the "*Supplemental Indenture*") to the  
18 Indenture between Big Rivers and U. S. Bank National Association, as Trustee (the  
19 "*Indenture Trustee*"). A copy of the Supplemental Indenture is attached as Exhibit  
20 9. Big Rivers seeks Commission approval to issue the Supplemental Indenture.

21           16. Big Rivers further proposes to enter into the "*Continuing*  
22 *Disclosure Agreement*" between Big Rivers and the 2013A Bond Trustee, a copy of

1 which is attached as Exhibit 10 to this Application, which provides that Big Rivers  
2 will undertake to provide certain periodic and material information for use by the  
3 holders of the 2013A Bonds, and in the secondary bond market. Big Rivers seeks  
4 Commission approval to issue the Continuing Disclosure Agreement.

5 17. Big Rivers further proposes to deliver to the County and  
6 Goldman Sachs the “*Letter of Representation*,” a copy of which is attached as Exhibit  
7 11 to this Application. In the Letter of Representation, among other things Big  
8 Rivers will agree to pay certain costs and expenses in connection with the issuance  
9 of the 2013A Bonds, and will agree to indemnify Goldman Sachs for losses in  
10 connection with certain matters under the Securities Act of 1933, as amended. Big  
11 Rivers seeks Commission approval to issue the Letter of Representation.

*Other Documents Filed for Informational Purposes*

13 18. Several other agreements will be entered into in connection with  
14 the issuance of the 2013A Bonds. While these agreements are not evidences of  
15 indebtedness of Big Rivers, and do not require approval of the Commission, the  
16 documents listed below are provided for informational purposes:

17 a. The County and the 2013A Bond Trustee will enter into the  
18 Trust Indenture (the “*Trust Indenture*”), attached as Exhibit 12 to this Application,  
19 which sets forth the terms and conditions of the 2013A Bonds. Big Rivers is not a  
20 party to this document.

21 b. Goldman Sachs and the County will enter into the “*Bond*  
22 *Purchase Contract*,” pursuant to which Goldman Sachs agrees to buy the 2013A

1 Bonds from the County. The Letter of Representation, for which Commission  
2 approval is sought, is Appendix A to the Bond Purchase Contract. A copy of the  
3 Bond Purchase Contract is attached as Exhibit 13 to this Application.

4 19. The up-front cost to Big Rivers in connection with the refunding  
5 of the 1983 Bonds and the issuance of the 2013A Bonds is estimated to be within a  
6 range of \$1.275 million to \$1.525 million, with the annual amortization based upon  
7 an 18-year maturity being within a range of \$71,000 to \$85,000.

8 Requirement and Urgency that Big Rivers Issue the 2013A Bonds

9 20. Big Rivers is required to pay the 1983 Bonds before they mature  
10 on June 1, 2013. If Big Rivers fails to pay the 1983 Bonds on or before the maturity  
11 date, Big Rivers will default under the terms of the Dexia Note and the 1983 Note.  
12 Default under the Dexia Note would become a default under Big Rivers' Indenture  
13 which, if not remedied, would result in a default on all of Big Rivers' Indenture debt.

14 21. Big Rivers seeks to issue the 2013A Bonds to refinance the 1983  
15 Bonds because that is the most advantageous option for it. The next best option  
16 would be for Big Rivers to purchase the 1983 Bonds itself with its own funds and  
17 cancel the 1983 Bonds, but the current liquidity position of Big Rivers does not make  
18 that the most viable approach. Issuance of the 2013A Bonds allows Big Rivers to  
19 protect its present level of liquidity, which is considered critical to maintaining its  
20 existing credit ratings. It also permits Big Rivers to levelize debt service payments  
21 and amortize retirement of the \$58,800,000 principal through mandatory sinking  
22 fund redemption over the extended 18-year maturity of the 2013A Bonds.

1           22.    Big Rivers requests Commission action on this Application as  
2 quickly as possible to approve the issuance of the proposed evidences of indebtedness  
3 by Big Rivers. Big Rivers is told by Goldman Sachs that there is generally strong  
4 demand for high-yield bonds. Under these circumstances Big Rivers may have the  
5 opportunity to sell its 2013A Bonds. But Big Rivers is further advised that if market  
6 or other conditions change adversely before Big Rivers can market the 2013A Bonds,  
7 there can be problems with both interest rates and market access. In other words,  
8 there may be no market for Big Rivers' bonds. For these reasons, it is critically  
9 important that the Commission act quickly to approve issuance by Big Rivers of the  
10 evidences of indebtedness for which approval is sought in this Application.

11           *Timing of Sale of Bonds; Documents in "Substantially Complete" Form*

12           23.    The closing date for sale of the 2013A Bonds will be set following  
13 receipt by Big Rivers of the authority from the Commission to issue the evidences of  
14 indebtedness proposed in this Application. To advance the review process and to  
15 assure that the necessary approvals will be obtained in time for the Commission's  
16 order to become final and non-appealable as quickly as possible, the documents for  
17 which approval is sought are presented in substantially complete form, still subject to  
18 comment by the parties to the documents. Once final comments have been received  
19 from all parties, if a document changes Big Rivers will submit a revision of the  
20 document showing those changes. Big Rivers does not expect substantial changes in  
21 the forms of documents submitted.

22

Miscellaneous Filing Requirements

1  
2           24.    Big Rivers is filing an original and ten copies of this Application,  
3 and has served a copy of this Application on the Kentucky Attorney General,  
4 Division of Rate Intervention.

5           25.    The articles of incorporation of Big Rivers, and all amendments  
6 thereto, are attached as Exhibit 14 to this Application.

7           26.    The relief sought by Big Rivers in this Application is authorized  
8 by KRS 278.300, and related sections, and 807 KAR 5:001, Section 11, and related  
9 sections.

10          27.    A general description of Big Rivers' property and the field of its  
11 operation, together with a statement of the original cost of the same and the cost to  
Big Rivers are attached as Exhibit 15.

12          28.    Big Rivers will issue no stock or bonds in connection with the  
13 issuances of indebtedness described in this Application.

14          29.    None of the proceeds from the issuances of evidence of  
15 indebtedness will be used to acquire property, construct, complete, extend, or  
16 improve facilities, or improve or maintain service; and Big Rivers has not entered  
17 into any contracts for the acquisition, construction, extension or improvement of  
18 property or facilities.

19          30.    A financial exhibit is attached hereto as Exhibit 16.

20          31.    This Application is signed on behalf of Big Rivers by Billie J.  
21 Richert, Vice President Accounting and Interim Chief Financial Officer. It has been  
22

1 prepared by or under her supervision, and she has knowledge of the matters stated  
2 herein.

3 WHEREFORE, Big Rivers respectfully requests that the Commission make  
4 orders granting Big Rivers the following relief:

5 a. Authority to issue the evidences of indebtedness attached as  
6 Exhibits 6, 8, 9, 10 and 11 to this Application;

7 b. A finding pursuant to KRS 278.300(3) that the proposed issuance  
8 by Big Rivers of these evidences of indebtedness is for a lawful object within the  
9 corporate purposes of the utility, is necessary or appropriate for or consistent with the  
10 proper performance by the utility of its service to the public and will not impair its  
11 ability to perform that service, and is reasonably necessary and appropriate for such  
purpose; and

13 c. All other relief to which Big Rivers may appear to be entitled.

14

15

Respectfully submitted,

16

Sullivan, Mountjoy, Stainback & Miller,  
PSC

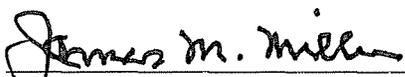
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By: 

22

James M. Miller

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Tyson Kamuf

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100 St. Ann Street

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P.O. Box 727

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Owensboro, Kentucky 42302-0727

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Telephone No. (270) 926-4000

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Counsel for Big Rivers Electric Corporation

VERIFICATION

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I, Billie J. Richert, Vice President Accounting and Interim Chief Financial Officer for Big Rivers Electric Corporation, hereby state that I have read the foregoing Application and that the statements contained therein are true and correct to the best of my knowledge and belief, on this the 13<sup>th</sup> day of November, 2012.

  
\_\_\_\_\_  
Billie J. Richert  
Vice President Accounting and  
Interim Chief Financial Officer  
Big Rivers Electric Corporation

COMMONWEALTH OF KENTUCKY     )  
COUNTY OF HENDERSON         )

The foregoing verification statement was SUBSCRIBED AND SWORN to before me by Billie J. Richert, Vice President Accounting and Interim Chief Financial Officer of Big Rivers Electric Corporation, on this the 13<sup>th</sup> day of November, 2012.

  
\_\_\_\_\_  
Notary Public, Ky., State at Large  
My commission expires: 1-12-13.



*Table of Contents to Exhibits*

<u>Exhibit</u>	<u>Document</u>
1	Order dated June 29, 1983, in <i>In the Matter of: Big Rivers Electric Corporation's Application for Approval to Amend and Issue Evidence of Indebtedness</i> , P.S.C. Case No. 7990.
2	Table of References for Compliance with Statutory and Regulatory Filing Requirements
3	Big Rivers Electric Corporation PCB Series 1983 Note dated as of June 1, 1983
4	Municipal Bond Insurance Policy Series 1983 Note from Big Rivers Electric Corporation to Ambac Assurance Corporation
5	Standby Bond Purchase Agreement Note (Series 1983 Bonds) between Big Rivers Electric Corporation and Dexia Credit Local
6	Loan Agreement dated as of _____, 2013, between County of Ohio, Kentucky, and Big Rivers Electric Corporation
7	Ratings Agencies' Reports on Big Rivers
8	Big Rivers Electric Corporation First Mortgage Note, Series 2013A
9	Fourth Supplemental Indenture (to that certain Indenture dated as of July 1, 2009) dated as of ____, 2013, from Big Rivers Electric Corporation to U.S. Bank National Association, Trustee
10	Continuing Disclosure Agreement dated as of _____, 2013, between Big Rivers Electric Corporation and U.S. Bank National Association, Trustee

- 11 Letter of Representation dated as of \_\_\_\_\_, 2013  
from Big Rivers Electric Corporation to Fiscal Court of  
the County of Ohio and Goldman, Sachs & Co.
- 12 Trust Indenture between County of Ohio, Kentucky  
and U.S. Bank National Association, as Trustee dated  
as of \_\_\_\_\_, 2013 Authorizing \$58,800,000  
COUNTY OF OHIO, KENTUCKY Pollution Control  
Refunding Revenue Bonds, Series 2013A (Big Rivers  
Electric Corporation Project)
- 13 Bond Purchase Contract dated as of \_\_\_\_\_, 2013,  
between Goldman, Sachs & Co. and Fiscal Court of  
Ohio County
- 14 Articles of Incorporation of Big Rivers Electric  
Corporation
- 15 General Description of Applicant's Property
- 16 Financial Exhibit





COMMONWEALTH OF KENTUCKY  
**PUBLIC SERVICE COMMISSION**  
730 SCHENKEL LANE  
POST OFFICE BOX 615  
FRANKFORT, KY. 40602  
(502) 564-3940

June 29, 1983

Honorable Karen J. Hedlund, Esq.  
c/o Mayer, Brown & Platt  
Attorneys at Law  
231 South LaSalle Street  
Chicago, Illinois 60604

Re: Case No. 7990  
Big Rivers Electric Corp.

Dear Ms. Hedlund:

We enclose one attested copy of the Commission's Order  
in the above case.

Very truly yours,  
PUBLIC SERVICE COMMISSION

*Richard D. Heman*  
Richard D. Heman, Jr.  
Secretary

RDH/hv

Enclosure

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

\* \* \* \* \*

In the Matter of:

APPLICATION OF BIG RIVERS            )  
ELECTRIC CORPORATION                )            CASE NO. 7990

AMENDED ORDER NUMBER 3 AUTHORIZING BIG RIVERS  
ELECTRIC CORPORATION'S BORROWING OF PROCEEDS OF  
UP TO \$77,500,000 COUNTY OF OHIO, KENTUCKY,  
POLLUTION CONTROL FLOATING RATE DEMAND BONDS,  
SERIES 1983, (BIG RIVERS ELECTRIC CORPORATION PROJECT)  
AND EXECUTION OF DOCUMENTS EVIDENCING SUCH LOAN

O R D E R

On consideration of Big Rivers' motion as amended to enter Amended Order Number 3 tendered therewith, and the evidence in support thereof, the Commission finds that:

1. By Order dated November 13, 1980, the Commission authorized Big Rivers Electric Corporation ("Big Rivers") to borrow \$1,110,740,000 from the Federal Financing Bank (FFB) under a guaranty by the Rural Electrification Administration ("REA") to construct the D. B. Wilson Generating Station Units 1 and 2, and appurtenant equipment, in Ohio County, Kentucky, and to execute notes, mortgages and loan contracts evidencing and securing such debt. FFB has agreed to lend Big Rivers up to \$669,917,000 of such sum for construction of Unit 1, and appurtenant equipment. Construction of Unit 1 is now approximately 70 percent completed; construction of Unit 2 has been postponed indefinitely.

2. By amendment to the November 13, 1980, Order dated October 6, 1982, the Commission authorized Big Rivers to use an alternative method of financing the pollution control facilities for Unit 1 by borrowing up to \$160,000,000 from County of Ohio, Kentucky, ("Ohio County") from the proceeds of sales by such county of its pollution control bonds issued pursuant to KRS 103.200 through 103.285, money thus borrowed from Ohio County to reduce pro tanto the amount to be borrowed by Big Rivers from the FFB.

3. By Amended Order Number 2 dated the 19th day of November, 1982, the Commission authorized Big Rivers to borrow the proceeds of \$82,500,000 County of Ohio, Kentucky, 7 1/4 percent Pollution Control Interim Bonds, Series 1982, (Big Rivers Electric Corporation Project) of the \$160,000,000 authorized to be borrowed from Ohio County. Big Rivers was unable to obtain a Letter of Credit to secure payment of the \$160,000,000 authorized by the October 6, 1982, Order and thus borrowed only \$82,500,000. It now has obtained a Letter of Credit from Irving Trust Company to secure the balance of the \$160,000,000 for the cost of certain air and water pollution control and sewage and solid waste disposal facilities ("the Facilities") under the following plan ("Financing Plan"):

A. Ohio County will use and sell its Pollution Control Floating Rate Demand Bonds, Series 1983, (Big Rivers Electric Corporation Project) (the "Bonds") in the aggregate principal

amount of not to exceed \$77,500,000 pursuant to KRS 103.200 through 103.285, inclusive (the "Act") and Big Rivers will borrow from Ohio County the net proceeds of the said Bonds. Big Rivers will execute and deliver a Promissory Note payable to the order of Ohio County in an amount and upon such terms as are required by Ohio County to pay the principal and interest on the Bonds.

B. The Bonds shall bear interest at a floating rate which shall be the lesser of 13 percent per annum, the maximum rate permitted under the laws of the Commonwealth of Kentucky and a rate determined by the Remarketing Agent and approved by Big Rivers, to be that rate which would be necessary to remarket the Bonds in a secondary market transaction at par, but which shall not be less than 40 percent nor more than 80 percent of the interest rate applicable to 13-Week United States Treasury Bills as determined by the United States Treasury auction of such Bills next preceding the applicable Interest Calculation Date.

C. The Bonds will mature on June 1, 2013, or upon demand, or as otherwise provided in the Trust Indenture, and interest thereon shall be payable semi-annually on each June 1 and December 1. The Bonds will be subject to optional redemption on any interest payment date without premium or penalty, and to mandatory redemption as provided in the Trust Indenture.

D. Continental Illinois National Bank and Trust Company of Chicago will be the Remarketing Agent for initial sales of the Bonds, and for resales of Bonds as demanded by Bond Purchasers.

It will receive a one-time fee of 0.25 percent of the face of the Bonds plus an ongoing annual marketing fee of 0.125 percent as Remarketing Agent and an initial fee of \$10,000 together with an annual Administrative Fee of \$50 per \$1 million principal of Bonds outstanding for its service as Trustee, and Registration and Paying Agent Fees as listed in its published schedule.

E. Big Rivers will purchase from Irving Trust Company and deliver to the Trustee concurrently with the issuance of the Bonds by the County an irrevocable transferable Letter of Credit in the amount of the aggregate principal of the Bonds plus 7 months' interest thereon for which Big Rivers shall pay Irving Trust Company a one-time fee of 0.25 percent of the maximum amount available for drawing under the Letter of Credit on the date of its issue and an ongoing annual fee of 0.625 percent of the amount available to be drawn under the Letter of Credit from time to time. This Letter of Credit will secure payment by Big Rivers of its debt to Ohio County and of Ohio County's debt to the Bond Holders.

Big Rivers will also enter into a Pledge and Security Agreement with Irving Trust Company.

F. The law firm of MAYER, BROWN & PLATT of Chicago, Illinois, will act as Bond Counsel.

G. Big Rivers will pay its Promissory Note to Ohio County together with interest thereon from its earnings, from the drawing under the Letter of Credit, from proceeds of resales of

the Bonds, from the FFB Commitment, or as otherwise approved by the Commission, depending upon the terms and conditions prevailing at the time the Bonds are payable.

H. Ohio County and Big Rivers will enter into a Financing and Loan Agreement dated as of June 1, 1983.

I. Big Rivers will enter into a Reimbursement Agreement with Irving Trust Company to reimburse it for any sums paid by it under the Letter of Credit.

J. Big Rivers will enter into a Remarketing Agreement with Continental Illinois National Bank and Trust Company of Chicago as Remarketing Agent in which the Remarketing Agent will undertake to sell and resell the Bonds as therein provided.

K. Big Rivers will enter into one or more Purchase Contracts with Ohio County and one or more institutional purchasers of the Bonds providing for the sale of the Bonds to such purchasers, on terms satisfactory to Big Rivers. Big Rivers will also execute a Private Placement Memorandum for use by the Remarketing Agent in selling the Bonds.

L. Ohio County will enter into a Trust Indenture with Continental Illinois National Bank and Trust Company of Chicago as Trustee.

M. Big Rivers will execute all other agreements, documents, instruments, certificates or other papers and will do all other acts and things necessary or desirable to carry out the terms and conditions of the Financing Plan.

4. As of June 3, 1983, the 2-year FFB rate was 9.961 percent, the 4-year rate was 10.341 percent and the 35-year rate was 10.984 percent. As of June 6, 1983, the 13-Week Treasury Bills sold at 8.98 percent. Big Rivers believes the Bonds can be sold at an initial interest rate of approximately 5.84 percent per annum; that Big Rivers' total annual financing cost will be less than 1 percent; and that Big Rivers can reasonably anticipate an annual saving in interest costs of approximately 3.12 percent to 3.5 percent against the FFB short-term rate, and a savings of approximately 4.144 percent against the FFB 35-year rate. Demand for electricity generated by Big Rivers is low because of depression in the aluminum industry which provides a market for the greater part of Big Rivers' generation capacity. Big Rivers is advised, and believes, that the Financing Plan as herein described is the best now available. In no event will Big Rivers pay a higher interest rate under the proposed Financing Plan than would be available to it through the FFB and the REA.

5. Consummation of the Financing Plan will be subject to the conditions precedent that the Financing Plan has been approved by the REA and The Louisville Bank for Cooperatives, both lien creditors of Big Rivers.

6. After investigation of the purposes and uses of the proposed issue, and the proceeds thereof, the Commission finds that such issue is for a lawful object within the corporate purposes of the utility, is necessary or appropriate for or

consistent with the proper performance by the utility of its service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose.

NOW, THEREFORE, IT IS ORDERED AND ADJUDGED THAT:

1. The Financing Plan as outlined herein be and it hereby is approved;

2. Big Rivers be and it hereby is authorized to execute and deliver all of the documents described in the Financing Plan, including but not limited to, a Promissory Note payable to County of Ohio, Kentucky, in an amount sufficient to pay, when due, the principal and interest on the County of Ohio Pollution Control Floating Rate Demand Bonds, Series 1983, (Big Rivers Electric Corporation Project), a Financing and Loan Agreement with County of Ohio, Kentucky, a Reimbursement Agreement and a Pledge and Security Agreement with Irving Trust Company by which Big Rivers Electric Corporation agrees to reimburse Irving Trust Company for any amounts paid by Irving Trust Company under its Letter of Credit, a Remarketing Agreement with Continental Illinois National Bank and Trust Company of Chicago as Remarketing Agent, in which the Remarketing Agent will undertake to sell the Bonds as therein provided, one or more Bond Purchase Contracts with County of Ohio, Kentucky, and one or more institutional purchasers of the Bonds providing for the sale of the Bonds to

such purchasers and a Private Placement Memorandum for use in selling the Bonds.

3. Big Rivers is further authorized to execute and deliver any and all other documents necessary or convenient to the consummation of the Financing Plan, and to do all acts and things as may be necessary or desirable or convenient to carry out the Financing Plan and the documents described herein.

4. The Promissory Note executed and delivered by Big Rivers Electric Corporation to County of Ohio, Kentucky, shall not exceed the total principal sum of \$77,500,000 and such note and the proceeds thereof shall be used only for the lawful purposes specified in the Application and the Motions herein which said purposes shall include payment of the cost of a portion of the air and water pollution control and sewage and solid waste disposal facilities at Big Rivers Electric Corporation's D. B. Wilson Plant, Unit #1, now under construction in the County of Ohio, near Centertown, Kentucky, and related purposes as defined and permitted by Sections 103.246 and 103.240, and related sections of the Kentucky Revised Statutes.

5. Within 45 days after the sale of up to \$77,500,000 of the County of Ohio, Kentucky, Pollution Control Floating Rate Demand Bonds, Series 1983, (Big Rivers Electric Corporation Project) Big Rivers Electric Corporation shall furnish the Commission with a copy of the completed documents setting forth the bond sale and transfer of funds, the gross price paid by the

purchasers, the amount borrowed by Big Rivers Electric Corporation, and a listing of all expenses incurred in such financing.

6. Nothing contained in this Order shall be construed as a finding of value for any purpose, or as a warranty on the part of the Commonwealth of Kentucky, or any agency thereof.

7. The Commission's Orders of November 13, 1980, October 6, 1982, and November 19, 1982, herein shall remain in full force and effect except to the extent of any conflict with this Order.

Done at Frankfort, Kentucky, this 29th day of June, 1983.

By the Commission

ATTEST:

Richard E. Hemmings  
Secretary



EXHIBIT 2

<b>REFERENCES FOR COMPLIANCE WITH STATUTORY AND REGULATORY FILING REQUIREMENTS</b>		
<u>Law/Regulation</u>	<u>Filing Requirement</u>	<u>Location in Application</u>
<b>IN GENERAL</b>		
807 KAR 5:001 Section 8(1)	The full name and post office address of the Applicant	¶1
807 KAR 5:001 Section 8(1)	A request for the order, authorization, permission or certificate desired	Page 13
807 KAR 5:001 Section 8(1)	A reference to the particular provision of law authorizing the relief requested	¶26
807 KAR 5:001 Section 8(2)	An original and 10 copies of the application with an additional copy for any party named therein as an interested party	¶24; original and ten copies filed
807 KAR 5:001 Section 8(3)	The Articles of Incorporation for the Applicant, or reference to case in which they were filed	Exhibit 14
KRS 278.300(2)	Application made under oath, signed on behalf of the utility by its president, or other designated executive officer	¶31; page 14
<b>APPROVAL TO ISSUE EVIDENCES OF INDEBTEDNESS</b>		
807 KAR 5:001 Section 11(1)(a)	A general description of applicant's property and the field of its operation, together with a statement of the original cost of the same and the cost to the applicant	Exhibit 15
807 KAR 5:001 Section 11(1)(b)	The amount and kinds of stock to be issued, and, if preferred, the nature and extent of the preference; the amount of notes, bonds or other evidences of indebtedness, to be issued, with terms, rate of interest and whether and how to be secured	¶s 10-17, and 28; Exhibits 6-13
807 KAR 5:001 Section 11(1)(c)	The use to be made of the proceeds of the issue, with a statement indicating how much is to be used for the acquisition of property, the construction, completion, extension or improvement of facilities, the improvement of service, the maintenance of service and the discharge or refunding obligations	¶s 10, 29
807 KAR 5:001	A detailed description of the property to be	¶s 12 and 29

EXHIBIT 2

Section 11(1)(d)	acquired, constructed, improved or extended as well as the cost, with a statement indicating whether any contracts for the acquisition, construction, extension or improvement of property or facilities, or any contracts for the disposition of any of the securities have been made; and copies of any such contracts	
807 KAR 5:001 Section 11(1)(e)	If the proceeds are proposed to discharge or refund obligations, a statement of the nature and description of such obligations including their par value, the amount for which they were actually sold, the expenses associated therewith, and the application of the proceeds from such sales. If notes are to be refunded, a statement showing the date, amount time, rate of interest, and the payee of each and the purpose for which their proceeds were expended	¶s 4-9, 10, 12, 14, 19, 22, 23  Exhibits 3, 4 and 5
807 KAR 5:001 Section 11(1)(f)	Such other facts as may be pertinent to the application	See generally the Application
807 KAR 5:001 Section 11(2)(a)	Financial exhibit	See below
807 KAR 5:001 Section 11(2)(b)	Copies of trust deeds or mortgages, or reference to case in which they were filed	¶9, footnote 6
807 KAR 5:001 Section 11(2)(c)	Maps and plans of the proposed property and construction together with detailed estimates arranged according to the uniform system of accounts	¶29
807 KAR 5:001 Section 6	Financial exhibit -Amount and kinds of stock authorized -Amount and kinds of stock issued and outstanding -Terms of preference of preferred stock -Brief description of each existing mortgage of property -Amount of bonds authorized and amount issued giving the name of the public utility which issued the same, describing each class separately, and giving date of issue, face value, rate of interest, date of	Exhibit 16

EXHIBIT 2

	<p>maturity and how secured, together with amount of interest paid thereon during the last fiscal year</p> <ul style="list-style-type: none"><li>- Each note outstanding, giving date of issue, amount, date of maturity, rate of interest, in whose favor, together with amount of interest paid thereon during the last fiscal year</li><li>- Other indebtedness giving same by classes and describing security, if any, with a brief statement of the devolution or assumption of any portion of such indebtedness upon or by person or corporation if the original liability has been transferred, together with amount of interest paid thereon during the last fiscal year</li><li>- Rate and amount of dividends paid during the five previous fiscal years, and the amount of capital stock on which dividends were paid each year</li><li>- Detailed income statement and balance sheet which cover operations for a twelve month period, said period ending not more than 90 days prior to the date the Application is filed.</li></ul>	
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# SPECIMEN

THIS NOTE IS NONTRANSFERABLE EXCEPT AS MAY BE  
REQUIRED TO EFFECT THE ASSIGNMENT TO THE TRUSTEE  
UNDER THE TRUST INDENTURE DATED AS OF  
JUNE 1, 1983, BETWEEN THE COUNTY OF OHIO, KENTUCKY  
AND CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF  
CHICAGO, AS TRUSTEE, AND THE TRANSFER TO ANY SUCCESSOR TRUSTEE  
THEREUNDER.

## BIG RIVERS ELECTRIC CORPORATION

### NOTE

BIG RIVERS ELECTRIC CORPORATION ("Big Rivers"), a nonprofit rural electric cooperative corporation organized and existing under the laws of the Commonwealth of Kentucky, for value received, promises to pay to the COUNTY OF OHIO, KENTUCKY (the "County") for endorsement to Continental Illinois National Bank and Trust Company of Chicago, as Trustee (the "Trustee"), under the Trust Indenture, dated as of June 1, 1983 (the "Indenture"), between the County and said Trustee, or its successor in trust, the principal sum of \$58,800,000 on demand, as described below, but in no event later than June 1, 2013 and interest thereon on or before each June 1 and December 1 commencing December 1, 1983 until the payment of such principal amount shall have been made or duly provided for in an amount equal, in the case of each such payment, to the interest on the Bonds which is due on such interest payment date. The principal and accrued interest hereof shall be payable on or before seven calendar days after notice of a Demand by an Owner of a Bond for purchase or redemption of such Bond in accordance with Section 3.4 of the Indenture unless such Bond shall have been purchased on or before 11:00 A.M., Chicago Time on the applicable Transfer Date as defined in the Indenture.

This Note is issued under and subject to the Financing Agreement, dated as of June 1, 1983 (the "Agreement"), between the County and Big Rivers.

All payments required pursuant hereto shall be made to the Trustee at its principal office in Chicago, Illinois, in lawful money of the United States of America. As set forth in Section 5.7 of the Agreement, the obligations of Big Rivers to make the payments required hereunder shall be

absolute and unconditional. To the extent permitted by law, interest on any overdue payment required hereby shall be paid at the rate of interest per annum borne by the Bonds.

This Note may be, and shall be, prepaid upon the terms and conditions set forth in Article IX of the Agreement.

Big Rivers shall be entitled to credits against payments required hereby as provided in Section 5.2 of the Agreement and all drawings made under the Letter of Credit by the Trustee, to the extent made for payment of principal and interest on the Bonds, shall satisfy the payment obligations of Big Rivers required by this Note.

If the Trustee shall accelerate payment on the Bonds for any reason, the principal of this Note shall become due and payable in the same amount as the corresponding accelerated payment on the Bonds. Such accelerated payment on this Note shall be due and payable on the Business Day next preceding the day on which corresponding payments on the Bonds shall be due. The Agreement provides that, under certain conditions, such acceleration may be rescinded by the Trustee.

No recourse shall be had for the payments required hereby or for any claim based hereon or on the Agreement against any officer, director or stockholder, past, present or future, of Big Rivers as such, either directly or through Big Rivers, or under any constitutional provision, statute or rule of law or by the enforcement of any assessment or by any legal or equitable proceedings or otherwise.

If any date for making any payment on this Note shall not be a Business Day, any payment due on such date shall be made on the next succeeding Business Day with the same force and effect as if made on the nominal date provided in this Note, and no interest shall accrue for the period after such nominal date.

All terms used in this Note which are not defined herein shall have the meanings assigned to them in the Agreement.

IN WITNESS WHEREOF, Big Rivers has caused this Note to be duly executed, attested and delivered as of the first day of June, 1983.

BIG RIVERS ELECTRIC CORPORATION

(SEAL)

Morton Henshaw  
President

Attest:

William B. Brusio  
Secretary-Treasurer

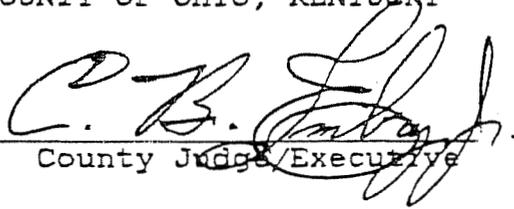
**SPECIMEN**

ENDORSEMENT

Pay to the order of Continental Illinois National Bank and Trust Company of Chicago, as Trustee under the Trust Indenture, dated as of June 1, 1983, with the County of Ohio, Kentucky, without recourse against the County of Ohio, Kentucky.

COUNTY OF OHIO, KENTUCKY

(SEAL)

  
County Judge/Executive

Attest:

  
County Court Clerk



COPY

**THIS NOTE IS NONTRANSFERABLE**

**BIG RIVERS ELECTRIC CORPORATION  
AMBAC MUNICIPAL BOND INSURANCE POLICY SERIES 1983 NOTE**

**BIG RIVERS ELECTRIC CORPORATION**, a nonprofit rural electric cooperative corporation organized and existing under the laws of the Commonwealth of Kentucky ("Big Rivers"), for value received, promises to pay to **AMBAC ASSURANCE CORPORATION**, a Wisconsin-domiciled stock insurance company ("Ambac"), immediately, without demand or notice by Ambac to Big Rivers or any other person, the amount of any payment properly made by Ambac with respect to principal of and interest when due on the \$58,800,000 County of Ohio, Kentucky Pollution Control Floating Rate Demand Bonds, Series 1983 (Big Rivers Electric Corporation Project) (the "Series 1983 Bonds") pursuant to the Municipal Bond Insurance Policy issued by Ambac with respect to the Series 1983 Bonds in an amount not to exceed TWO HUNDRED SIXTEEN MILLION TWO HUNDRED SEVEN THOUSAND SIX HUNDRED DOLLARS AND NO/00 (\$216,207,600.00). Capitalized terms used in this Ambac Municipal Bond Insurance Policy Series 1983 Note but not otherwise defined shall have the meanings assigned to such terms in the Reimbursement Agreement, dated as of July 17, 1998 (the "1983 Reimbursement Agreement"), by and between Big Rivers and Ambac. The principal amount of this Ambac Municipal Bond Insurance Policy Series 1983 Note relating to principal of and interest on the Series 1983 Bonds in an amount not to exceed 18 percent per annum shall be calculated in accordance with the provisions of the 1983 Indenture.

If and to the extent that Big Rivers fails to reimburse Ambac immediately in respect of any such payment, Big Rivers shall pay on the first Business Day of each month interest on each such payment from and including the date of such payment to the date of the reimbursement by Big Rivers at the Default Rate. Payments of principal of and interest when due on the Series 1983 Bonds shall be governed by the provisions of the 1983 Indenture. To the extent that interest payments due hereunder are not paid on the first Business Day of each month, or are not paid as each principal repayment is made, then, to the extent permitted by law, interest shall accrue on such unpaid amounts at a rate equal to the Default Rate.

This Ambac Municipal Bond Insurance Policy Series 1983 Note is issued under, subject to and governed by the 1983 Reimbursement Agreement, and is secured by that certain Indenture, dated as of July 1, 2009, made by and between Big Rivers and U.S. Bank National Association, as trustee.

This Ambac Municipal Bond Insurance Policy Series 1983 Note shall be governed by and construed and enforced in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the undersigned has duly caused this Ambac Municipal Bond Insurance Policy Series 1983 Note to be duly executed, attested and delivered as of July 16, 2009.

Attest:

\_\_\_\_\_  
Secretary

**BIG RIVERS ELECTRIC CORPORATION**

By: Mark Bailey  
Name: Mark Bailey  
Title: President and CEO

COPY

This is one of the Existing Obligations referred to in the Indenture, dated as of July 1, 2009, between Big Rivers Electric Corporation and U.S. Bank National Association.

U.S. Bank National Association  
as Trustee  
By: Philip S. Camp  
Authorized Signatory



**BIG RIVERS ELECTRIC CORPORATION  
STANDBY BOND PURCHASE AGREEMENT NOTE  
(SERIES 1983 BONDS)**

COPY

**BIG RIVERS ELECTRIC CORPORATION**, a nonprofit rural electric cooperative corporation organized and existing under the laws of the Commonwealth of Kentucky ("Big Rivers"), for value received, promises to pay to **DEXIA CREDIT LOCAL**, a banking corporation organized and existing under the laws of France, acting by and through its New York Branch ("Dexia"), upon demand by Dexia to Big Rivers, an amount equal to the unpaid principal of and interest when due on the \$58,800,000 County of Ohio, Kentucky Pollution Control Floating Rate Demand Bonds, Series 1983 (Big Rivers Electric Corporation Project) (the "Series 1983 Bonds") purchased (pursuant to the Standby Bond Purchase Agreement referred to below) and held by Dexia (the "Dexia Bonds"), such amount not to exceed TWO HUNDRED SIXTEEN MILLION TWO HUNDRED SEVEN THOUSAND SIX HUNDRED DOLLARS AND NO/00 (\$216,207,000.00); *provided, however*, that demand for payment may only be made by Dexia after there has occurred a default in the payment of principal of and interest on the Dexia Bonds and a default in payment by Ambac Assurance Corporation ("Ambac") under the Municipal Bond Insurance Policy No. 15402BE issued by Ambac relating to the Series 1983 Bonds and then only with respect to the Dexia Bonds to which such default by Ambac relates.

Pursuant to the Assignment Agreement, dated as of May 1<sup>st</sup>, 2006, between Dexia and Credit Suisse (as successor to Credit Suisse First Boston, a banking corporation organized under the laws of Switzerland ("CSFB")), Dexia has assumed CSFB's entire interest in the Standby Bond Purchase Agreement, dated July 17, 1998 as amended (the "Standby Bond Purchase Agreement"), among Big Rivers, U.S. Bank Trust National Association, as trustee of the Series 1983 Bonds, and CSFB.

Payments of principal of and interest when due on the Series 1983 Bonds shall be governed by the provisions of the 1983 Indenture. Capitalized terms used in this note but not otherwise defined shall have the meanings assigned to such terms in the Standby Bond Purchase Agreement. The principal amount of this note relating to principal of and interest on the Series 1983 Bonds in an amount not to exceed 18 percent per annum shall be calculated in accordance with the provisions of the 1983 Indenture.

This note is secured by that certain Indenture, dated as of July 1, 2009, made by and between Big Rivers and U.S. Bank National Association, as trustee. This note is transferable to the extent permitted by Section 9.5(b) of the Standby Bond Purchase Agreement.

This note shall be governed by and construed and enforced in accordance with, the laws of the State of New York.

COPY

IN WITNESS WHEREOF, the undersigned has duly caused this note to be duly executed, attested and delivered as of July 16, 2009.

Attest:

BIG RIVERS ELECTRIC CORPORATION

*Mark A. Bailey*

\_\_\_\_\_  
Secretary

Name: Mark Bailey

Title: President and CEO

COPY

This is one of the Existing Obligations referred to in the Indenture, dated as of July 1, 2009, between Big Rivers Electric Corporation and U.S. Bank National Association.

U.S. Bank National Association  
as Trustee  
By: *Philip Damp*  
Authorized Signatory



**LOAN AGREEMENT**

**Between**

**COUNTY OF OHIO, KENTUCKY**

**and**

**BIG RIVERS ELECTRIC CORPORATION**

**Dated as of \_\_\_\_\_, 2013**

**Relating to**

**\$58,800,000**  
**COUNTY OF OHIO, KENTUCKY**  
**Pollution Control Refunding Revenue Bonds, Series 2013A**  
**(Big Rivers Electric Corporation Project)**

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## LOAN AGREEMENT

This **LOAN AGREEMENT** (this "Agreement"), dated as of \_\_\_\_\_, 2013, between **COUNTY OF OHIO, KENTUCKY**, a public body corporate and politic duly created and existing as a county and political subdivision under the Constitution and laws of the Commonwealth of Kentucky (together with any successor to its duties and functions, the "County") acting by and through its Fiscal Court which is the governing body of the County, and **BIG RIVERS ELECTRIC CORPORATION**, a nonprofit rural electric cooperative corporation organized and existing under the laws of the Commonwealth of Kentucky ("Big Rivers").

### WITNESSETH:

**WHEREAS**, the County is a public body corporate and politic duly created and existing as a county and political subdivision under the Constitution and laws of the Commonwealth of Kentucky (the "Commonwealth") and is authorized and empowered by law, including particularly the provisions of the Industrial Building Revenue Bond Act (Sections 103.200 through 103.285, inclusive) of the Kentucky Revised Statutes, as amended (such Act, and collectively with all future acts supplemental thereto or amendatory thereof, the "Act"), to issue bonds and loan the proceeds thereof to a rural electric cooperative corporation to refund bonds previously issued by the County to finance the acquisition of pollution control facilities; and

**WHEREAS**, by a resolution adopted by the Fiscal Court of the County on September 9, 1980, the County agreed to finance the Facilities for Big Rivers; and

**WHEREAS**, the County initially financed the Facilities by issuing the 1983 Bonds and loaning to Big Rivers the proceeds thereof which Big Rivers used to pay a portion of the costs of the Facilities; and

**WHEREAS**, the 1983 Bonds are being held by the Dexia Credit Local, assignee of Credit Suisse, First Boston, as liquidity provider for the 1983 Bonds (the "1983 Liquidity Provider"); and

**WHEREAS**, the 1983 Bonds mature on June 1, 2013; and

**WHEREAS**, Big Rivers has determined that it is in its best interest to purchase the 1983 Bonds from the 1983 Liquidity Provider prior to the maturity date and to tender such purchased 1983 Bonds to the 1983 Trustee for cancellation; and

**WHEREAS**, Big Rivers has requested the County to issue \$58,800,000 aggregate principal amount of its "Pollution Control Refunding Revenue Bonds, Series 2013A (Big Rivers

Electric Corporation Project)” (the “Bonds”) and to loan the proceeds thereof to Big Rivers for the purpose of providing funds to refund the 1983 Bonds by purchase and cancellation; and

**WHEREAS**, the County and Big Rivers propose that Big Rivers purchase the 1983 Bonds from the 1983 Liquidity Provider with the proceeds of the Bonds and certain other funds provided by Big Rivers in sufficient amounts to effect such purchase of the 1983 Bonds on the date of issuance the Bonds in accordance with the terms of the 1983 Indenture; and

**WHEREAS**, the County and Big Rivers propose that immediately upon the purchase of the 1983 Bonds, Big Rivers will surrender the purchased 1983 Bonds to the 1983 Trustee for cancellation; and

**WHEREAS**, the refunding of the 1983 Bonds shall also result in the prepayment of the 1983 Note issued to evidence Big Rivers’ obligation to repay the loan made by the County to Big Rivers under the 1983 Financing and Loan Agreement; and

**WHEREAS**, the County will issue the Bonds under the Indenture and loan the proceeds thereof to Big Rivers under this Agreement, and the Bonds shall be secured by, among other things, a pledge of this Agreement, certain revenues of the County received pursuant to this Agreement and a note issued to evidence Big Rivers’ payment obligations hereunder (the “Note”), which Note will be issued pursuant to the Fourth Supplemental Indenture, dated as of \_\_\_\_\_, 2013, supplemental to the Indenture, dated as of July 1, 2009, between Big Rivers and U.S. Bank National Association, as Trustee (as supplemented and amended, the “Big Rivers Indenture”), and secured on a parity basis with all other obligations secured thereunder; and

**WHEREAS**, the execution and delivery of this Agreement and the Indenture and the issuance of the Bonds have been in all respects duly and validly authorized by an ordinance of the Fiscal Court of the County; and

**WHEREAS**, the Kentucky Department of Natural Resources and Environmental Protection has certified that the Facilities, as designed, are in furtherance of the purposes of abating or controlling atmospheric pollutants or contaminants or water pollution; and

**WHEREAS**, the County makes the following findings and determinations: (a) the Facilities constitute “pollution control facilities” within the meaning of Section 103.246 of the Act, (b) the acquisition and financing of the Facilities inures to the public interest and constitutes the performance of a proper governmental purpose with the result that atmospheric, solid waste and water pollution in the Commonwealth may be abated and controlled to the maximum possible extent, (c) the issuance of the Bonds is and will be for a public purpose and tends to further the purpose of the Act and, in addition, aids in the retention of existing industry through the control of pollution, (d) the Facilities are located wholly within the geographic boundaries of the County, (e) title to the Facilities is held by Big Rivers and will not be acquired by the County, (f) the statutory mortgage lien provided for by Section 103.250 of the Act shall not apply to the Facilities, (g) the principal amount of the Bonds (together with funds provided and to be provided by Big Rivers) is necessary to effect the refunding of the 1983 Bonds and to pay all premiums, expenses and commissions required to be paid in connection with the issuance of

the Bonds and the refunding of the 1983 Bonds, and (h) the issuance of the Bonds, the refunding of the 1983 Bonds, the loan of the proceeds of the Bonds to Big Rivers for this purpose and the execution, delivery and performance of the Bonds, the Indenture and this Agreement are, in all respects, permitted by the Act and conform to the requirements of the Act.

**NOW, THEREFORE**, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto formally covenant, agree and bind themselves as follows:

## **ARTICLE I**

### **DEFINITIONS**

**SECTION 1.1.** Definitions. In addition to terms otherwise defined in this Agreement, when used in this Agreement, the following capitalized terms shall have, except where the context indicates otherwise, the respective meanings set forth below.

*“Act”* means the Industrial Building Revenue Bond Act (Sections 103.200 through 103.285, inclusive) of the Kentucky Revised Statutes, as amended, and all acts supplemental thereto or amendatory thereof.

*“Administration Expenses”* shall mean the reasonable and necessary expenses incurred by the County with respect to this Agreement, the Indenture and any transaction or event contemplated by this Agreement or the Indenture, including the compensation and expenses paid to the Bond Trustee.

*“Agreement”* shall mean this Loan Agreement and any amendments and supplements hereto.

*“Big Rivers”* shall mean Big Rivers Electric Corporation, a nonprofit rural electric cooperative corporation organized and existing under the laws of the Commonwealth of Kentucky, and its lawful successors and assigns.

*“Big Rivers Indenture”* shall mean the Indenture, dated as of July 1, 2009, between Big Rivers and U.S. Bank National Association, as Trustee, as supplemented or amended from time to time, including as supplemented by the Fourth Supplemental Indenture, providing for the issuance of the Note, and as also amended and supplemented by any alternate indenture or mortgage.

*“Big Rivers Representative”* shall mean any one of the following officers and/or employees of Big Rivers: (i) the President and Chief Executive Officer, (ii) the Vice President of Accounting and Chief Financial Officer or (iii) any other officer or employee of Big Rivers at the time designated to act on behalf of Big Rivers by a written certificate furnished to the County and the Bond Trustee containing the specimen signature of such person and signed on behalf of Big Rivers by any one of the above-described officers and/or employees. Such certificate may designate one or more alternates.

*“Bond Fund”* shall mean the fund created by Section 4.01 of the Indenture.

“*Bond Trustee*” shall mean the trustee under the Indenture, or any successor corporate trustee.

“*Bonds*” shall mean the County’s “Pollution Control Refunding Revenue Bonds, Series 2013A (Big Rivers Electric Corporation Project)” authorized under the Indenture.

“*Business Day*” shall mean any day on which (i) banks located in New York, New York, and the city in which the principal office of the Bond Trustee is located is not required or authorized to be closed and (ii) The New York Stock exchange is open.

“*County Representative*” shall mean the County Judge/Executive of the County or any other person at the time designated to act on behalf of the County by written certificate furnished to Big Rivers and the Bond Trustee containing the specimen signature of such person and signed on behalf of the County by the County Judge/Executive. Such certificate may designate one or more alternates.

“*Facilities*” shall mean those air and water pollution control and sewage and solid waste disposal facilities located at the Plant which were financed with the proceeds of the 1983 Bonds. The Facilities are listed on Exhibit A hereto.

“*Fiscal Court*” shall mean the Fiscal Court of the County or any successor governing body of the County.

“*Fourth Supplemental Indenture*” shall mean the Fourth Supplemental Indenture to the Big Rivers Indenture, dated as of \_\_\_\_\_, 2013, between Big Rivers and U.S. Bank National Association, as Trustee under the Big Rivers Indenture.

“*Indenture*” shall mean the Trust Indenture for the Bonds, dated as of \_\_\_\_\_, 2013, between the County and the Bond Trustee, including any indentures supplemental thereto or amendatory thereof.

“*Interest Payment Date*” shall have the meaning set forth in the Indenture.

“*1954 Code*” shall mean the Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder.

“*1983 Bonds*” shall mean the \$58,800,000 aggregate principal amount of the County’s Pollution Control Floating Rate Demand Bonds, Series 1983 (Big Rivers Electric Corporation Project)”.

“*1983 Financing and Loan Agreement*” shall mean that certain Financing and Loan Agreement, dated as of July 1, 1983, as amended, between the County and Big Rivers relating to the 1983 Bonds.

“*1983 Indenture*” shall mean the Trust Indenture, dated as of July 1, 1983, between the County and Continental Illinois National Bank and Trust Company, as trustee, as amended.

“1983 Liquidity Facility” shall mean that certain Standby Bond Purchase Agreement among Big Rivers, the 1983 Trustee and Credit Suisse First Boston, dated July 17, 1998.

“1983 Note” shall mean the note delivered to the County and endorsed to the 1983 Trustee under the 1983 Financing and Loan Agreement.

“1983 Trustee” shall mean U.S. Bank National Association, successor to Bank of America Illinois (successor to Continental Illinois National Bank and Trust Company).

“1986 Act” means the Tax Reform Act of 1986.

“1986 Code” shall mean the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

“Note” shall mean the first mortgage note issued by Big Rivers under the Fourth Supplemental Indenture and this Agreement, which Note is secured by the Big Rivers Indenture on a parity with all other obligations secured by the Big Rivers Indenture.

“Opinion of Bond Counsel” shall mean an opinion in writing signed by an attorney or firm of attorneys experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds and who is acceptable to the Bond Trustee.

“Outstanding,” when used with respect to the Bonds, shall have the meaning set forth in the Indenture.

“Plant” shall mean the D.B. Wilson Plant Unit No. 1, a coal-fired steam electric generating plant located within the geographic boundaries of the County and wholly-owned by Big Rivers.

“Tax Certificate and Agreement” shall mean the Tax Certificate and Agreement by and between the County and Big Rivers.

## ARTICLE II

### REPRESENTATIONS AND WARRANTIES

**SECTION 2.1.** *Representations And Warranties By The County.* The County represents and warrants that:

(a) The County is a public body corporate and politic duly created and existing as a county and political subdivision under the Constitution and the laws of the Commonwealth.

(b) The County has the corporate power to execute, deliver and perform this Agreement and the Indenture and to make the loan to Big Rivers hereunder, and has taken all necessary corporate action to authorize such loan on the terms and conditions hereof and to authorize the execution, delivery and performance of this Agreement and the Indenture, and the issuance, execution and delivery of the Bonds.

(c) The County is not in default under any of the provisions of the laws of the Commonwealth which would affect its existence, or its powers referred to in the preceding paragraph (b), and the execution, delivery and performance by the County of this Agreement and the Indenture (i) to the best knowledge of the County, will not violate any provision of any applicable law or regulation or of any order, writ, judgment or decree of any court, arbitrator or governmental authority, and (ii) will not violate any provision of, or constitute a default under, or (except as provided in the Indenture) result in the creation or imposition of any lien on any of the assets of the County pursuant to the provisions of, any mortgage, indenture, contract, agreement or other undertaking to which the County is a party or which, to the best knowledge of the County, purports to be binding upon the County or upon any of its assets.

(d) Under existing statutes and decisions, no Federal, state or local taxes on income or profits are imposed on the County.

(e) The Facilities constitute and will constitute "pollution control facilities" within the meaning of Section 103.246 of the Act.

**SECTION 2.2.** *Representations And Warranties By Big Rivers.* Big Rivers represents and warrants that:

(a) Big Rivers is a nonprofit rural electric cooperative corporation duly organized, validly existing and in good standing under the laws of the Commonwealth, and has the corporate power to own its assets and to transact the business in which it is engaged, and the conduct of Big Rivers' business does not make necessary the qualification or licensing of Big Rivers as a foreign corporation in any other state or jurisdiction.

(b) Big Rivers has the corporate power to enter into, and to perform and observe the covenants and agreements on its part contained in, this Agreement, the Big Rivers Indenture, the Fourth Supplemental Indenture and the Note, and by proper corporate action has duly authorized the execution and delivery of this Agreement, the Big Rivers Indenture, the Fourth Supplemental Indenture and the Note. The execution and delivery of this Agreement, the Big Rivers Indenture and the Fourth Supplemental Indenture do not, and the execution and delivery of the Note and the consummation of the transactions contemplated hereby and thereby and the fulfillment of the terms hereof and thereof will not, conflict with or result in a breach of any of the terms, conditions or provisions of any restriction or any agreement or instrument to which Big Rivers is now a party or by which it is bound, or constitute a default under any of the foregoing or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of Big Rivers under the terms of any instrument or agreement.

(c) Synchronization of the Plant was completed on September 24, 1984.

(d) The Facilities (i) are designed to meet or exceed applicable federal, Commonwealth and local requirements now in effect for the control of air and water pollution and are used to abate or control air and water pollution or contamination by removing, altering, disposing of or storing pollutants, contaminants, wastes or heat and the Facilities as designed constitute "air or water pollution control facilities" within the meaning of Section 103(b)(4)(F) of

the 1954 Code or (ii) are used for the collection, storage, treatment, utilization, processing or final disposal of sewage or solid waste and constitute "sewage or solid waste disposal facilities" within the meaning of Section 103(b)(4)(E) of the 1954 Code.

(e) The Facilities consist of either land or property subject to the allowance for depreciation under Section 167 of the 1986 Code.

(f) The Facilities constitute "pollution control facilities" within the meaning of Section 103.246 of the Act.

(g) The Commonwealth's Department of National Resources and Environmental Protection (predecessor of National Resources and Environmental Protection Cabinet), having appropriate jurisdiction, has certified that the Facilities, as designed, are in furtherance of the purposes of abating or controlling atmospheric pollutants or contaminants or water pollution.

(h) The information furnished by Big Rivers and filed by the County with the Internal Revenue Service pursuant to Section 103(1) of the 1954 Code was true and correct as of the date of filing of said information.

### ARTICLE III

#### TERM OF AGREEMENT

**SECTION 3.1.** *Term of This Agreement.* This Agreement shall remain in full force and effect from the date of delivery hereof until such time as all of the Bonds shall have been fully paid or provision made for such payment pursuant to the Indenture, and all reasonable and necessary Administration Expenses and fees and expenses of the Bond Trustee and any paying agent accrued and to accrue through final payment of the Bonds and all other Administration Expenses and other liabilities of Big Rivers accrued and to accrue through final payment of the Bonds hereunder have been paid.

### ARTICLE IV

#### ISSUANCE OF BONDS AND LOAN OF PROCEEDS

**SECTION 4.1.** *Issuance of the Bonds; Loan of Proceeds to Big Rivers; Prepayment of 1983 Note and Purchase and Cancellation of 1983 Bonds; Use of Proceeds.*

(a) The County agrees to deposit or cause to be deposited with the 1983 Liquidity Provider, funds necessary, together with funds provided by Big Rivers, to purchase on the date of issuance of the Bonds, the 1983 Bonds at a purchase price resulting in a prepayment of the 1983 Note relating to the 1983 Bonds. In order to provide a portion of the funds for such purpose, the County agrees to sell and cause to be delivered to the initial purchasers thereof the Bonds.

(b) The County will deposit or cause to be deposited such amount of the proceeds of the Bonds with the 1983 Liquidity Provider in accordance with the provisions of the 1983 Liquidity Facility.

(c) Simultaneously with the issuance and delivery of the Bonds to the purchasers thereof, Big Rivers will cause to be transferred to the 1983 Liquidity Provider such amounts as Big Rivers shall be required to provide to effect the purchase of the 1983 Bonds pursuant to 1983 Liquidity Facility.

**SECTION 4.2.** *Agreement as to Ownership and Use of the Facilities.* The County and Big Rivers agree that title to the Facilities shall be in and remain in Big Rivers and that the Facilities shall be the sole property of Big Rivers in which the County shall have no interest.

**SECTION 4.3.** *Investment of Moneys.* All moneys held as a part of the Bond Fund shall be invested or reinvested and transferred to other funds by the Bond Trustee as provided in Article V of the Indenture.

## ARTICLE V

### PROVISION FOR REPAYMENT OF LOAN BY BIG RIVERS

**SECTION 5.1.** *Repayments By Big Rivers.* Big Rivers agrees to repay the loan made by the County to Big Rivers hereunder of the proceeds of the Bonds by paying to the County an amount sufficient to pay, when due, all principal of and interest on the Bonds, which obligation will be evidenced by the Note. In satisfaction of its obligation under this Section 5.1, Big Rivers agrees to pay to the Bond Trustee for the account of the County all payments when due on the Note; provided, however, that if for any reason the amounts paid to the Bond Trustee by Big Rivers on the Note, together with any other amounts available in the Bond Fund, are not sufficient to pay the principal of or interest on the Bonds when due, Big Rivers agrees to pay the amount required to make up such deficiency.

**SECTION 5.2.** *Credits.* Any amounts which are in the Bond Fund at the close of business of the Bond Trustee on the Business Day immediately preceding any payment date on the Note shall be credited against the payments due by Big Rivers on such payment date on the Note.

If any or all of the Bonds then Outstanding are called for redemption, any amounts contained in the Bond Fund on such redemption date shall be credited against the payments due by Big Rivers on the Note.

The principal amount of any Bonds held by the Bond Trustee on the maturity date of the Note which are to be applied by the Bond Trustee as a credit against the next required sinking fund redemption pursuant to the Indenture shall, to the extent not previously credited as provided for in this paragraph, be credited against the obligation of Big Rivers with respect to payment of principal of the Note due on such maturity date.

**SECTION 5.3.** *Execution And Delivery Of The Note.* Concurrently with the sale and delivery by the County of the Bonds, in order to evidence the obligation of Big Rivers to pay an amount sufficient to pay the principal of and interest on the Bonds when due, Big Rivers shall execute and deliver to the Bond Trustee the Note substantially in the form attached as Exhibit B to the First Supplemental Indenture. The Note shall be nontransferable by the Bond

Trustee except as required to effect assignment thereof to any successor Bond Trustee under the Indenture.

**SECTION 5.4.** *Payment Of Certain Fees And Expenses.* Big Rivers agrees to pay the reasonable fees and actual out-of-pocket expenses (including counsel fees) necessarily incurred by the County in connection with the Bonds, the issuance and sale thereof and the transactions contemplated by the Indenture, the Big Rivers Indenture, the Note and this Agreement and in connection with the services of the Bond Trustee and any co-paying agents designated pursuant to Sections 9.19 and 9.20 of the Indenture (except those incurred as a result of the negligence or bad faith of the County or the Bond Trustee or co-paying agent), as and when the same become due, upon submission by the Bond Trustee or any paying agent of a statement therefor; provided, however, that Big Rivers may, without creating a default hereunder, contest in good faith the necessity for and reasonableness of any such fees or expenses.

**SECTION 5.5.** *Payees Of Payments.* The payments to be made on the Note pursuant to Section 5.1 hereof shall be paid directly to the Bond Trustee for the account of the County and shall be deposited into the Bond Fund in accordance with this Agreement, the Note and the Indenture. The payments to be made to the Bond Trustee or any paying agent pursuant to Section 5.4 hereof shall be paid directly to the Bond Trustee or such paying agent for its own use.

**SECTION 5.6.** *Taxes And Other Governmental Charges.* Big Rivers will pay promptly, as the same become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Facilities. Compliance by Big Rivers with the provisions of the Big Rivers Indenture shall constitute compliance with this Section 5.6.

**SECTION 5.7.** *Obligations Of Big Rivers Unconditional.* The obligations of Big Rivers to make the payments pursuant to this Agreement and the Note shall be absolute and unconditional and shall not be subject to any defense (other than payment) or any right of setoff, counterclaim or recoupment arising out of any breach by the County of any obligation to Big Rivers, whether hereunder or otherwise, or out of any indebtedness or liability at any time owed to Big Rivers by the County. Until such time as the principal of and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, Big Rivers (i) will not suspend or discontinue, or permit the suspension or discontinuance of, any payment provided for herein or in the Note, (ii) will perform and observe all of its other agreements contained in this Agreement and in the Note and (iii) except as provided in Section 5.8 hereof, will not terminate this Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Facilities, commercial frustration of purpose, any change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the Commonwealth of Kentucky or any political subdivision of either, or any failure of the County to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with this Agreement, whether express or implied. Nothing contained in this Section 5.7 shall be construed to release the County from the performance of any agreements on its part

herein contained; and in the event the County shall fail to perform any such agreement, Big Rivers may institute such action against the County as it deems necessary to compel performance, provided that no such action shall violate the agreements on the part of Big Rivers contained herein. Big Rivers may, however, at its own cost and expense prosecute or defend any action or proceeding or take any other action involving third persons which it deems reasonably necessary in order to secure or protect its right of possession, occupancy and use of the Facilities or the Plant, and in such event the County hereby agrees to cooperate fully with Big Rivers.

**SECTION 5.8.** *Termination Of Obligations Under Note.* At the time when all of the Bonds cease to be Outstanding under the Indenture, the Note issued in connection with the issuance of the Bonds shall become void and shall be returned to Big Rivers.

## ARTICLE VI

### MAINTENANCE; INSURANCE; CONDEMNATION

**SECTION 6.1.** *Maintenance; Improvements; Disposition.* During the term of this Agreement, Big Rivers will, at its own expense, cause the Facilities to be maintained, preserved and kept in good repair, working order and condition and will from time to time cause to be made all proper repairs, renewals and replacements thereof. Big Rivers may also, at its own expense, make from time to time any modifications or improvements to the Facilities, provided such modifications or improvements do not impair the character of the Facilities as a “project” within the meaning of the Act or impair the exclusion of interest on the Bonds from gross income for federal income tax purposes. All such modifications and improvements shall become a part of the Facilities.

Big Rivers may sell or otherwise dispose of its interest in any element of the Facilities (in whole or in part), upon compliance with the provisions of the Big Rivers Indenture to the extent it is applicable to the Facilities. In the event that the Bond Trustee receives any moneys pursuant to the Big Rivers Indenture as the result of any such sale or disposition, upon compliance with the provisions of the Big Rivers Indenture, such moneys shall be deposited by the Bond Trustee into the Bond Fund and applied in accordance with the Indenture.

**SECTION 6.2.** *Insurance.* Big Rivers will, at its own expense, provide or cause to be provided insurance against loss or damage, less appropriate deductibles, to its interest in the Facilities. Compliance with Section 13.8 of the Big Rivers Indenture shall be deemed compliance with this Section 6.2.

**SECTION 6.3.** *Use of Insurance and Condemnation Proceeds.* Any moneys received by the Bond Trustee pursuant to the Big Rivers Indenture from any payment in respect of any insurance described in Section 6.2 hereof or condemnation award, upon compliance with the Big Rivers Indenture, shall be forthwith deposited into the Bond Fund and applied in accordance with the Indenture.

## ARTICLE VII

### SPECIAL COVENANTS

**SECTION 7.1.** *No Warranty Of Condition Or Suitability By The County.* The County makes no warranty, either express or implied, as to the Facilities or that they will be suitable for Big Rivers' purposes or needs.

**SECTION 7.2.** *Further Assurances.* The County and Big Rivers agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the intention of or facilitating the performance of this Agreement.

**SECTION 7.3.** *Authority Of Big Rivers Representative.* Whenever under the provisions of this Agreement the approval of Big Rivers is required or the County is required to take some action at the request of Big Rivers, such approval or such request shall be made by the Big Rivers Representative unless otherwise specified in this Agreement, and the County or the Bond Trustee are each authorized to act on any such approval or request. Big Rivers shall have no complaint against the County or the Bond Trustee as a result of any such action taken.

**SECTION 7.4.** *Authority Of County Representative.* Whenever under the provisions of this Agreement the approval of the County is required, or Big Rivers is required to take some action at the request of the County, such approval or such request shall be made by the County Representative unless otherwise specified in this Agreement, and Big Rivers or the Bond Trustee are each authorized to act on any such approval or request. The County shall have no complaint against Big Rivers or the Bond Trustee as a result of any such action taken.

**SECTION 7.5.** *Use of Facilities.* So long as Big Rivers operates the Facilities, the Facilities shall be used for the purpose of air or water pollution control as described in Section 103(b)(4)(F) of the 1954 Code or the disposal of sewage or solid waste within the meaning of Section 103(b)(4)(E) of the 1954 Code.

**SECTION 7.6.** *No Abatement Of Note Payments.* It is understood and agreed that Big Rivers shall be obligated to continue to pay the amounts specified in Article V hereof and in the Note whether or not the Facilities are damaged, destroyed, taken in condemnation or become obsolete (including economic obsolescence) and that there shall be no abatement or postponement of any such payments by reason thereof.

**SECTION 7.7.** *Amendments To Indenture.* The County shall not execute or permit any amendment or supplement to the Indenture which affects any rights, powers and authority of Big Rivers under this Agreement or under the Note or requires a revision of this Agreement, the Note or the Big Rivers Indenture without the prior written consent of Big Rivers.

**SECTION 7.8.** *Tax Covenants.*

(a) Big Rivers covenants that it will not take any action which would adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes

pursuant to Section 103(a) of the 1954 Code, and will take, or require to be taken, such acts as may from time to time be required under applicable law or regulation to continue the exclusion of the interest on the Bonds from gross income for federal income tax purposes. In furtherance of those covenants, Big Rivers agrees to comply with the Tax Certificate and Agreement.

(b) Big Rivers covenants that it will not take any action or fail to take any action with respect to the Bonds which would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the 1986 Code, as incorporated into the 1954 Code by the 1986 Act.

(c) Big Rivers covenants that it will not use or permit the use of any property financed or refinanced with the proceeds of the Bonds by any person (other than the Commonwealth or local governmental unit) in such manner or to such extent as would result in loss of the exclusion of the interest on the Bonds from gross income for federal income tax purposes (other than during the period the Bonds are held by a “substantial user” of the facilities financed or refinanced with the proceeds of the Bonds or a “related person” within the meaning of Section 103(b)(6)(C) of the 1954 Code).

Notwithstanding any other provisions of this Agreement to the contrary, so long as necessary in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes under Section 103(a) of the 1954 Code, the covenants in this Section shall survive the payment for the Bonds and the interest thereon, including any payment or defeasance thereof pursuant to the Indenture.

**SECTION 7.9.**     *Reserved.*

## **ARTICLE VIII**

### **ASSIGNMENT**

**SECTION 8.1.**     *Assignment By Big Rivers.* This Agreement may be assigned by Big Rivers without the necessity of obtaining the consent of either the County or the Bond Trustee, subject, however, to each of the following conditions:

(a) No assignment shall relieve Big Rivers from primary liability for any of its obligations hereunder, and in the event of any such assignment Big Rivers shall continue to remain primarily liable for payments of the amounts specified in the Note and in Article V hereof and for performance and observance of the other agreements on its part herein provided to be performed and observed by it to the same extent as though no assignment had been made.

(b) The assignee shall assume the obligations of Big Rivers hereunder to the extent of the interest assigned.

(c) Big Rivers shall, within fifteen (15) days after the delivery thereof, furnish or cause to be furnished to the County, Standard & Poor’s, a division of The McGraw-Hill Companies, Inc., Moody’s Investors Service, Inc., or their respective successors, and to the Bond Trustee a true and complete copy of each such assignment and assumption of obligation.

**SECTION 8.2.** *Assignment And Pledge By County; Indenture Provisions.* Solely pursuant to the Indenture, the County shall assign its interest in and pledge any moneys receivable under Section 5.1 of this Agreement and the Note, including the right of possession of the Note, to the Bond Trustee as security for payment of the principal of and premium, if any, and interest on the Bonds, but each such assignment or pledge shall be subject to this Agreement. Big Rivers consents to such assignment and pledge. Big Rivers also agrees to be bound by, observe, and perform its obligations under, the provisions in the Indenture referring to Big Rivers or imposing conditions, obligations or requirements on Big Rivers under this Agreement, the Note or the Big Rivers Indenture.

## ARTICLE IX

### EVENTS OF DEFAULT AND REMEDIES

**SECTION 9.1.** *Events Of Default Defined.* The following shall be “events of default” under this Agreement and the term “event of default” shall mean, whenever used in this Agreement, any one of the following events:

(a) Failure by Big Rivers to pay when due any amount required to be paid under the Note to the Bond Trustee for deposit into the Bond Fund.

(b) Acceleration of payment of any Obligation (as defined in the Big Rivers Indenture) secured by the Big Rivers Indenture pursuant to an “event of default” as such term is defined in Article VIII of the Big Rivers Indenture.

(c) Big Rivers files a petition in bankruptcy or is adjudicated as bankrupt or insolvent, or makes an assignment for the benefit of its creditors, or consents to the appointment of a receiver of itself or of its property, or institutes proceedings for its reorganization, or proceedings instituted by others for its reorganization are not dismissed within thirty (30) days after the institution thereof, or a receiver or liquidator of Big Rivers or of any substantial portion of its property is appointed and the order appointing such receiver or liquidator shall not be vacated within thirty days after the entry thereof.

**SECTION 9.2.** *Remedies On Default.* Whenever any event of default referred to in Section 9.1 hereof shall have happened and be continuing, the County, or the Bond Trustee as provided in the Indenture:

(a) shall, by written notice to Big Rivers, upon the acceleration of maturity of the Bonds as provided in Section 8.01 of the Indenture, declare an amount equal to the principal of and accrued interest on the Note to have matured and therefore to be immediately due and payable, whereupon the same shall mature and become immediately due and payable; and

(b) may take whatever action at law or in equity may appear necessary or desirable to collect the amounts payable by Big Rivers hereunder and under the Note, then due and thereafter to be due, or to enforce performance and observance of any obligation, agreement or covenant of Big Rivers under this Agreement or under the Note, whether for specific performance of any covenant or agreement contained herein or therein or in aid of the execution of any power herein granted.

Any amounts collected pursuant to action taken under this Section 9.2 shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture.

**SECTION 9.3.** *No Remedy Exclusive.* No remedy herein conferred upon or reserved to the County or the Bond Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute, subject to the provisions of the Indenture. No delay or omission to exercise any right or power accruing upon any event of default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the County to exercise any remedy reserved to it in this Article IX, it shall not be necessary to give any notice, other than notice required herein. Such rights and remedies given the County hereunder shall also extend to the Bond Trustee and the holders of the Bonds, subject to the provisions of the Indenture and the Big Rivers Indenture.

**SECTION 9.4.** *Agreement To Pay Attorneys' Fees And Expenses.* In the event Big Rivers should default under any of the provisions of this Agreement and the County or the Bond Trustee or their agents should employ attorneys or incur other expenses for the collection of amounts payable hereunder or the enforcement of the performance or observance of any obligation or agreement on the part of Big Rivers herein or in the Note contained, Big Rivers will on demand therefor pay to the County or the Bond Trustee, as the case may be, the reasonable fee of such attorneys and such other reasonable expenses incurred by the County or the Bond Trustee.

**SECTION 9.5.** *Waiver And Rescission Of Acceleration Under Indenture.* In the event any agreement contained in this Agreement or in the Note should be breached by Big Rivers or the County and thereafter waived by the other party, such waiver shall be limited to the particular breach waived and shall not be deemed to waive any other breach hereunder or thereunder. Notwithstanding the foregoing, a waiver of an Event of Default under the Indenture or a rescission of a declaration of acceleration of the Bonds and a rescission and annulment of its consequences shall constitute a waiver of the corresponding event of default under this Agreement and a rescission and annulment of its consequences, including any acceleration of maturity of principal of and interest on the Note; provided, that no such waiver or rescissions shall extend to or affect any subsequent or other default hereunder or impair any right consequent thereon.

**SECTION 9.6.** *Remedial Rights Assigned To Bond Trustee.* All rights and remedies conferred upon or reserved to the County in this Article IX, including the right to waive events of default, shall upon the execution and delivery of the Indenture be deemed to have been assigned to the Bond Trustee and the Bond Trustee shall have the exclusive right to exercise such rights and remedies in the same manner and under the limitations and conditions that the Bond Trustee is entitled to exercise rights and remedies upon the occurrence of an Event of Default pursuant to Article VIII of the Indenture.

**SECTION 9.7.**      *Rescission Of Acceleration Required By Big Rivers Indenture.*

(a) If at any time following a declaration of acceleration pursuant to an Event of Default under Section 8.01(c) of the Indenture, and prior to payment of the Bonds pursuant to such acceleration, the Bond Trustee shall receive written notice that the acceleration of the Obligations under the Big Rivers Indenture has been rescinded, then the Bond Trustee shall rescind any declaration of acceleration of the maturity of principal of and interest on the Bonds. In the event of such rescission of a declaration of acceleration of the Bonds, the Bond Trustee shall also rescind any declaration of acceleration of the maturity of the Note.

(b) In case of any such rescission, then and in every such case the County, the Bond Trustee and Big Rivers shall be restored to their former positions and rights hereunder respectively, but no such rescission shall extend to any subsequent or other default or event of default, or impair any right consequent thereon, nor shall such rescission extend to any instance in which the holder of any note secured by the Big Rivers Indenture other than the Note has subsequent to a request for rescission declared all unpaid principal of and accrued interest on such other note to be due and payable immediately.

**ARTICLE X**

**PREPAYMENT OF THE NOTE**

**SECTION 10.1.**      *Optional Prepayments.* Big Rivers shall have, and is hereby granted, subject to the provisions of the Big Rivers Indenture, the option to prepay all or any portion of the unpaid balance of the Note at any time by taking the actions required by the Indenture (a) to discharge the lien thereof through the redemption of all or part of the Bonds under Section 3.01 of the Indenture, or (b) to effect the partial redemption of all or a part of such Bonds under Section 3.01 of the Indenture.

**SECTION 10.2.**      *Exercise Of Optional Prepayment.* To exercise an option granted in Section 10.1 hereof to prepay the Note and thereby redeem some or all of the Bonds, Big Rivers shall give written notice to the County and the Bond Trustee at any time during the period beginning with (and including) the 45th day prior to the date of redemption and ending with (and including) the 30th day prior to the date of redemption. Such notice shall specify (i) that the Bonds are being redeemed pursuant to Section 3.01 of the Indenture, (ii) the principal amount of Bonds to be redeemed and the premium, if any, payable on such redemption, and (iii) the date such Bonds are to be redeemed (which must be a date permitted by Section 3.01 of the Indenture). If, at the time Big Rivers gives this notice, the Bond Trustee does not have on deposit sufficient available funds to pay the principal of, premium, if any, and interest accrued and to accrue through the redemption date on the Bonds so called for redemption, then Big Rivers' notice of redemption is conditional and revocable, that is, Big Rivers is under no obligation to provide, or cause to be provided, to the Bond Trustee funds to effect such redemption and, if it does not elect to do so by 12:00 noon, New York City time, on the redemption date, then the Bonds called for redemption shall not be redeemed pursuant to the above-mentioned notice of redemption or the notice of redemption given by the Bond Trustee pursuant to subsection (b) of Section 3.03 of the Indenture. Neither of Big Rivers nor the County or shall be liable to any Bondowner if Big Rivers does not provide, or cause to be

provided, funds sufficient to effect redemption of any such Bonds with the result that such Bonds are not redeemed on the redemption date specified in such notices. If, at the time Big Rivers gives this notice, the Bond Trustee has on deposit sufficient funds to effect such redemption, then Big Rivers' notice is unconditional and irrevocable and the Bonds specified in the notice of Big Rivers and given by the Bond Trustee pursuant to subsection (b) of Section 3.03 of the Indenture shall become due and payable at the specified redemption price (plus accrued interest) on the specified redemption date.

Upon receipt of a notice furnished pursuant to this Section 10.2, the County and the Bond Trustee, as provided in the Indenture, shall forthwith take or cause to be taken all actions necessary under the Indenture to discharge the lien of the Indenture or effect the redemption of Bonds in accordance with such notice, as the case may be.

**SECTION 10.3.** *Mandatory Prepayments.* Big Rivers shall prepay all or a portion of the Note at the time or times and in the principal amount required to redeem all or such portions of the applicable Bonds subject to mandatory sinking fund redemption pursuant to Section 3.01(b) of the Indenture.

## ARTICLE XI

### MISCELLANEOUS

**SECTION 11.1.** *Notices.* All notices, certificates, requests or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, addressed as follows: if to the County, to: Ohio County Fiscal Court, 301 South Main, Hartford, Kentucky 42347, Attention: County Judge/Executive; if to Big Rivers, to: Big Rivers Electric Corporation, 201 Third Street, Henderson, Kentucky 42420, Attention: President and Chief Executive Officer; and if to the Bond Trustee, to: U.S. Bank National Association, Corporate Trust Services, 225 Asylum Street, 23rd Floor, Hartford, Connecticut 06103, Attention: Philip G. Kane, Jr. (Big Rivers 2013A Indenture). A duplicate copy of each notice, certificate, request or other communication given hereunder by the County or Big Rivers shall also be given to the Bond Trustee, the County and Big Rivers. A party may, by notice given hereunder to each of the others, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

**SECTION 11.2.** *Binding Effect.* This Agreement shall inure to the benefit of and shall be binding upon the County, Big Rivers and their respective successors and assigns.

**SECTION 11.3.** *Severability.* In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**SECTION 11.4.** *Amounts Remaining In Funds.* It is agreed by the parties hereto that any amounts remaining in the Bond Fund upon expiration or sooner termination of this Agreement, as provided in this Agreement, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture), the fees, charges and expenses of the Bond Trustee and any paying agent in accordance with the

Indenture and all other amounts required to be paid under this Agreement and the Indenture, shall belong to and be paid to Big Rivers by the Bond Trustee.

**SECTION 11.5.** *Bond Trustee Powers Under Big Rivers Indenture.* The Bond Trustee is authorized in connection with the Big Rivers Indenture to execute and deliver all such further instruments as may be required by the provisions thereof and to exercise all the rights of a holder of the Note as it in its sole discretion deems to be in the best interests of the Bondowners and without the prior consent of the Bondowners or the County.

**SECTION 11.6.** *Amendments, Changes And Modifications.* Except as otherwise provided in this Agreement or in the Indenture, subsequent to the initial issuance of Bonds and prior to their payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Indenture), this Agreement and the Note may not be effectively amended, changed, modified, altered or terminated without the written consent of the Bond Trustee, given in accordance with the Indenture.

**SECTION 11.7.** *Execution In Counterparts.* This Agreement may be executed in several counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

**SECTION 11.8.** *Governing Law.* THIS AGREEMENT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF KENTUCKY, WITHOUT REFERENCE TO THE CHOICE OF LAWS PROVISIONS OF THE COMMONWEALTH OF KENTUCKY.

**SECTION 11.9.** *Captions.* The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

**SECTION 11.10.** *Pecuniary Liability Of The County.* No provision, covenant or agreement contained in this Agreement or any obligations herein imposed upon the County, or the breach thereof, shall constitute or give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers. In making the agreements, provisions and covenants set forth in this Agreement, the County has not obligated itself except with respect to this Agreement and the application of the revenues, income and all other property therefrom, as hereinabove provided. The Bonds shall not be payable from nor charged upon any funds other than the revenue pledged to the payment thereof, nor shall the County be subject to any liability thereon. No holder or holders of any of the Bonds shall ever have the right to compel any exercise of the taxing power of the County to pay any such Bonds or the interest thereon, nor to enforce payment thereon against any property of the County. The Bonds shall not constitute a charge, lien nor encumbrance, legal or equitable, upon any property of the County.

**SECTION 11.11.** *Payments Due On Holidays.* If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Agreement or the Note, shall be a legal holiday or a day on which banking institutions in the city in which is located the principal office of the Bond Trustee are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding

day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed with the same force and effect as if done on the nominal date provided in this Agreement or the Note and no interest shall accrue for the period after such nominal date.

**SECTION 11.12.** *Reserved.*

IN WITNESS WHEREOF, the County and Big Rivers have caused this Agreement to be executed in their respective corporate names by their duly authorized officers and have caused their corporate seals to be hereunto affixed and attested by their duly authorized officers, all as of the date first above written.

(SEAL)

COUNTY OF OHIO, KENTUCKY

By: \_\_\_\_\_  
County Judge/Executive

Attest:

By: \_\_\_\_\_  
Court Clerk

(SEAL)

BIG RIVERS ELECTRIC CORPORATION

By: \_\_\_\_\_  
Mark A. Bailey  
President and Chief Executive Officer

Attest:

By: \_\_\_\_\_  
Billie Richert  
Vice President of Accounting  
and Interim Chief Financial Officer

THE FACILITIES

The following are the air and water pollution control facilities, sewage and solid waste disposal facilities and other facilities installed at or in connection with the Plant:

1. Electrostatic Precipitator System - designed to remove flyash from the flue gases emitted from Unit 1's boiler. Such facilities consist of two precipitators and transitional ducting.
2. Sulphur Dioxide Removal Facility - consists of a "wet spray type scrubber" system to remove sulphur from the flue gases emitted from Unit 1's boiler. Such facilities consist of sulphur dioxide spray absorbers, lime and limestone receiving, storage, conveying and handling facilities, flue gas reheat facilities, and transitional ducting.
3. Run-off Retention Ponds - designed to provide settling of rain water suspended solids prior to discharge through normal drainage system.
4. Waste Water Treatment Facility - consists of pH trim tank and clarifier to treat and process liquids from the following Items 6 , 7 , and 8.
5. Coal Pile Run-off Pond - designed to collect acidic water run-off from the station's coal storage area. The facility includes a pond and pumping equipment.
6. Waste Water Pond - designed to collect various Plant waste streams. The facility includes a pond and pumping equipment.
7. Waste Impoundment Pond - designed to collect highly contaminated liquid wastes. The facility includes a pond and pumping equipment.
8. Solid Waste Treatment Facility - designed to concentrate and process waste slurry from the dewatering system of the Sulphur Dioxide Removal Facility by addition of flyash and lime to produce a suitable landfill material.
9. Sanitary Waste System - designed to process station sanitary wastes.
10. Solid Waste Landfill Area - land required for placement of all Plant solid wastes.
11. Flyash Collection Facility - designed to transport ash collected by the Electrostatic Precipitator System and consists of blowers, air locks and an ash transport and silo vent piping system.







**Issuer Comment: Big Rivers Electric Corporation -- Credit Opinion**

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Global Credit Research - 22 Aug 2012

Rating Drivers

- » High industrial concentration to two aluminum smelters and dependence on off-system sales
- » Rates subject to regulation by the Kentucky Public Service Commission (KPSC)
- » Revenues from electricity sold under long-term wholesale power contracts with member owners
- » Stronger balance sheet resulting from deleveraging following the unwinding of 1998 vintage transactions, which was completed in 2009
- » Ownership of generally competitive coal-fired generation plants; pursuing environmental compliance plan, pending regulatory decision

Corporate Profile

Big Rivers Electric Corporation (Big Rivers) is an electric generation and transmission cooperative (G&T) headquartered in Henderson, Kentucky and owned by its three member system distribution cooperatives— Jackson Purchase Energy Corporation; Kenergy Corp; and Meade County Rural Electric Cooperative Corporation. These member system cooperatives provide retail electric power and energy to about 113,000 residential, commercial, and industrial customers in 22 Western Kentucky counties.

Recent Events

Effective August 21, 2012 we downgraded the senior secured rating of \$83.3 million of County of Ohio, Kentucky (the county) Pollution Control Refunding Revenue Bonds (Big Rivers Electric Corporation Project) to Baa2 from Baa1. Concurrently, the rating for the bonds, which were previously issued by the county on behalf of Big Rivers Electric Corporation, was placed under review for further downgrade. The rating actions primarily reflect increased financial and operating risks for Big Rivers due to the August 20, 2012 announcement by Century Aluminum Company (Caa1 senior unsecured; stable) that its subsidiary, Century Aluminum of Kentucky issued a 12-month notice to terminate its power contract with Big Rivers for its Hawesville, Kentucky smelter. See press release of August 21, 2012 posted to moodys.com for further details relating to this action.

Summary Rating Rationale

The Baa2 senior secured rating considers credit risk related to the fact that Big Rivers' largest member owner, Kenergy Corp., makes a high concentration of its sales to two aluminum smelters (Century Aluminum Company: senior unsecured Caa1; stable) and Rio Tinto: senior unsecured A3; stable), both of whom face credit challenges due to the significant volatility in both metal prices and demand. In addition, these smelters have the option to terminate their respective power purchase arrangements, subject to a one-year notice and other conditions. As noted above, Century exercised this option effective August 20, 2012. Big Rivers' rating is further constrained because its rates are regulated by the KPSC, which is atypical for the G&T coop sector. The Baa2 rating also reflects the financial benefits of several steps taken by Big Rivers to unwind a lease and other transactions in 2008 and 2009 wherein its prior deficit net worth turned substantially positive, cash receipts were utilized to reduce debt, and two committed bank credit facilities aggregating \$100 million were established to improve liquidity. Revenues generated from reasonably competitive power sold to non-smelter customers under

long-term wholesale contracts with the three member owners continue to support Big Rivers' financial performance. A \$26.7 million (6.17%) base rate increase approved by the KPSC in September 2011 was also generally supportive in nature. The outcome of a pending filing before the KPSC related to future environmental related capital expenditures will be integral to Big Rivers' future financial performance as new debt financing will play a role in the financing strategy, particularly as it also copes with Century's recent contract termination notice.

#### Detailed Rating Considerations

##### High Smelter Load Concentration; Credit Challenge Tied to Potential Loss Of Smelter Load

Under historical operating conditions, the two smelters served by Kenergy have been consuming nearly 7 million MWh of energy annually, representing a substantial load concentration risk (e.g. about two-thirds of member energy load and close to 60% of member revenues for Big Rivers in 2011). This risk is a significant constraint to Big Rivers' rating, making its financial and operating risk profile unique compared to peers. All but one of Big Rivers' multiple transmission capacity upgrade projects undertaken in recent years are now complete, with the last remaining project estimated for completion in 2014 or 2015.. Also, Big Rivers became a transmission owning member of the Midwest Independent Transmission System Operator (MISO) in December 2010. As a result, Big Rivers has enhanced its reliability and transmission capability helping to ensure compliance with mandated emergency reserve requirements established by regulators. Also, these steps along with legislation that permits sales to non-members provide additional flexibility for Big Rivers to move excess power off system following Century's announcement.

Although Century is required to pay a base fixed energy charge (as defined to cover fixed and variable costs) for power (482 MW at 98% capacity factor) during the 12-month notice period, it is not required to continue operating the smelter plant. Despite the fact that Big Rivers will continue receiving base fixed energy charge revenues over the next 12 months, Big Rivers' rating is under review for downgrade as we consider the extent to which it can overcome revenue shortfalls to be created by the anticipated loss of a significant portion of its energy load. Among the possible mitigating steps Big Rivers might take would be using cash reserves established to partially compensate for loss of smelter load; entering into bilateral sales arrangements; making short-term off system sales in the wholesale market; participating in the capacity markets; temporarily idling generation; selling generating assets; and seeking emergency rate increases through filings with the KPSC. With respect to the latter possibility, we note that Big Rivers being rate regulated has in the past posed challenges in implementing timely rate increases.

##### Financial Flexibility Improved Following Completion Of Unwind Of Historical Transactions In 2009

In 2008, Big Rivers bought out two leveraged lease transactions and in 2009 completed a series of other steps to terminate another lease and other long-term transactions previously involving E.ON U.S. LLC (formerly known as: LG&E Energy Marketing Inc.) and Western Kentucky Energy Corp. These entities previously leased and operated the generating units owned by Big Rivers. In turn, Big Rivers was purchasing the power from these units at generally fixed below market rates to use in servicing the requirements of its three members, exclusive of the load requirements of Kenergy's two large aluminum smelters. At the same time, Big Rivers terminated other agreements and entered into various new arrangements whereby it has been selling to Kenergy 850 MW in aggregate for resale to the two aluminum smelters. This arrangement represents a concentration of load risk for Big Rivers. Key credit positives resulting from consummation of all the unwind transactions were as follows: elimination of Big Rivers' deficit net worth, with equity of \$379.4 million at December 31, 2009, which increased to \$389.8 million as of December 31, 2011 compared to a negative \$155 million at 12/31/2008, and partial utilization of the \$505.4 million in cash payments received from E.ON to repay about \$140.2 million of debt owed to the Rural Utilities Service (RUS) and to establish \$252.9 million of reserves. The reserves were comprised of: a \$157 million Economic Reserve for future environmental and fuel cost increases; a \$35 million Transition Reserve to mitigate potential

costs if the smelters decide to terminate their agreements or otherwise curtail their load due to reduced aluminum production; and a \$60.9 million Rural Economic Reserve, which would be used over two years to provide credits to rural customers upon full utilization of the Economic Reserve.

Under a contract times interest earned ratio (TIER) arrangement with the two smelters, Big Rivers targets a minimum TIER of 1.24x, which is above the level required under its financial covenants. Under current market conditions, we expect that Big Rivers would file for rate relief as necessary, as we would anticipate that the TIER drops below the 1.24x target should the contract with Century be terminated.

#### Coal-Fired Plants Represent Valuable Assets Even As Environmental Costs Loom

Big Rivers owns generating capacity of about 1,444 megawatts (MW) in four substantially coal-fired plants. Total power capacity is about 1,824 MW, including rights to about 202 MW of coal-fired capacity from Henderson Municipal Power and Light (HMP&L) Station Two and about 178 MW of contracted hydro capacity from Southeastern Power Administration. The economics of power produced from these sources enables Big Rivers to maintain a solid competitive advantage in the Southeast and even more so when compared to other regions around the country. The consistently high capacity factors and efficient operations of the assets results in average system wholesale rates to members around 4.7 cents per kWh (including the beneficial effects of the member rate stability mechanism). This compares to the average wholesale rate of 4.4 cents per kWh to serve the two smelter loads in 2011.

Because Big Rivers is substantially dependent on coal-fired generation, it faces uncertainty with regard to future environmental regulations, including the final form and substance those will take, the timing for implementation, and the amount of related costs to comply. We note that the Economic Reserve should help mitigate some of the need for initial rate increases to cover future compliance costs.

#### Regulatory Risk Exists; However, Offsets Are Present

Big Rivers is subject to regulation for rate setting purposes by the KPSC, which is atypical for the sector and can pose challenges in getting timely rate relief if and when needed. We view the existence of certain fuel and purchased power cost adjustment mechanisms available to Big Rivers as favorable to its credit profile since they can temper risk of cost recovery shortfalls if there is a mismatch relative to existing rate levels. Big Rivers received KPSC approval for a \$26.7 million (6.17%) base rate increase effective November 17, 2011. We consider this a reasonably good outcome versus the approximate \$30 million rate increase that was requested. The rate increase is intended to bolster wholesale margins, address increased depreciation costs, administrative costs tied to joining the Midwest Independent Transmission System Operator (MISO), and maintenance costs incurred during generation plant outages.

Big Rivers is in midst of regulatory proceedings at the KPSC relating to an environmental compliance plan. The extent to which timely and adequate regulatory support for recovery of environmental compliance costs appears evident will also be an integral part of the rating review process. The KPSC decision in this filing is expected in the fourth quarter of 2012.

#### Wholesale Power Contracts Support Big Rivers' Credit Profile

The revenues derived under Big Rivers' long-term wholesale contracts with its members for sales to non-smelter customers will continue as the contracts were extended by an additional 20 years to December 31, 2043 when the unwind of transactions were completed in 2009. The relatively low cost power provided under the contracts makes member disenchantment unlikely, even following recent base rate increases approved by the KPSC in 2011 and, in the medium to longer term, due to environmental compliance costs. The currently overall sound member profile provides assurance of this revenue stream, which is integral to servicing Big Rivers' debt. The potential for degradation in the creditworthiness of the smelters is a particular credit concern, only tempered in part by assurances of two month's worth of payment obligations covered by letters of credit from an A1 rated financial institution ( or some other form

acceptable to Big Rivers) under certain circumstances.

Big Rivers' net margins for 2011 reflected a modest decline versus 2010 as results in 2011 reflect the net effects of higher expenses in 2011 due to full year membership in MISO and the absence of one-time items that benefitted 2010 results, largely offset by an increase in 2011 net sales margin.

On a historical basis, Big Rivers dramatically improved its equity position whereby its equity to total capitalization is now over 30% thanks to significant debt reductions following the unwind. At this level, Big Rivers equity to total capitalization maps to the A category for this metric under the rating Methodology. Even with expected continuation of management's current practice of not returning patronage capital back to members (a credit positive strategy in our view) we anticipate that the equity ratio will decline moderately as new debt is added over the next couple of years to fund a capital program originally estimated at \$550 million for 2012-2015, but which is likely to be reduced in the near term given recent developments related to environmental regulations. We also note that Big Rivers' historical three-year average metrics such as funds from operations (FFO) to debt and FFO to interest are particularly strong due to the one time effects of the unwind, and are therefore not sustainable at those levels.

#### Liquidity

Big Rivers supplements its internally generated funds with \$100 million of unsecured committed revolver capacity, with National Rural Utilities Cooperative Finance Corporation (NRUCFC) and CoBank providing \$50 million each. The NRUCFC and CoBank facilities expire on July 16, 2014 and July 27, 2017, respectively. The \$50 million NRUCFC facility provides for issuance of up to \$10 million of letters of credit. We view the significant increase in available bank credit following the completion of the unwind transaction in 2009 as credit positive. As of June 30, 2012 Big Rivers had approximately \$48 million of cash and temporary investments and it currently has full capacity available under the two credit facilities. Assuming little change to future usage of the bank facilities and the cash position, as well as no change to management's current policy of not returning patronage capital back to members, we anticipate that Big Rivers should be able to adequately meet its short-term working capital needs and modest current maturities of long-term debt. However, new debt financing is anticipated over the next few years to fund any negative free cash flow resulting from the planned capital program. Following KPSC financing approval, Big Rivers completed about \$537 million of financing transactions in aggregate with CoBank and NRUCFC on July 27, 2012 to prepay as planned a significant portion of its 5.75% RUS Series A note, fund a portion of its capital expenditures and to replenish its \$35 million Transition Reserve balance. Approximately \$235 million of this financing activity was completed through a 20-year senior secured term loan with CoBank and \$302 million was completed through a 20-year senior secured term loan with NRUCFC.

The quality of the alternate liquidity provided by the bank revolvers benefits from the multi-year tenors and the absence of any onerous financial covenants, which largely mirror the financial covenants in existing debt documents. Big Rivers is in compliance with those covenants. Additionally, the NRUCFC facility benefits from no ongoing material adverse change (MAC) clause; however, the CoBank facility is considered of lesser quality because of the ongoing nature of its MAC clause related to each drawdown. There are no applicable rating triggers in any of the facilities that could cause acceleration or puts of obligations; however, a ratings based pricing grid applies.

#### Structural Considerations

As part of the unwinding of various transactions completed in 2009, Big Rivers replaced the previously existing RUS mortgage with a new senior secured indenture. Under the current senior secured indenture RUS and all senior secured debt holders are on equal footing in terms of priority of claim and lien on assets. The current senior secured indenture provides Big Rivers with the flexibility to access public debt markets without first obtaining a case specific RUS lien accommodation, while retaining the right to request approval from the RUS for additional direct borrowings under the RUS loan program, if they choose to do so. Given

persistent questions about the availability of funds under the federally subsidized RUS loan program, we consider the added flexibility of the current senior secured indenture to be credit positive.

#### Rating Outlook

The rating is under review for downgrade as we assess the financial and operating effects and what mitigating strategies Big Rivers will pursue following Century's decision to submit its 12-month notice that it will terminate its power supply agreement with Big Rivers for its Hawesville, KY smelter plant.

#### What Could Change the Rating - Up

A rating upgrade is unlikely given the review for downgrade for reasons cited above. Success in mitigating the effects of load loss due to Century's announcement, regulatory support for environmental cost recovery and other future rate increases that may be necessary due to load loss could help stabilize the outlook. Moreover, structural changes that eliminate rate regulation of cooperatives in Kentucky could contribute to a positive action, especially if it coincides with improvement in market conditions for the aluminum smelters and sustained improvement of FFO to interest and debt metrics to near 2.3x and 8%, respectively, on average.

#### What Could Change the Rating - Down

Loss of significant load due to Century's announcement that is not otherwise compensated for through off system power sales or other measures could contribute to a negative action, as would the inability to secure needed rate increases from the non-smelter member load. From a regulatory perspective, the lack of a coherent recovery mechanism for environmental capital requirements, should they be incurred, could place downward pressure on the rating. In terms of credit metrics, if FFO to interest and debt falls below 2x and 5%, respectively, for a sustained period of time, then rating pressure could result.

#### Other Considerations

##### Mapping To Moody's U.S. Electric Generation & Transmission Cooperatives Rating Methodology

Big Rivers' mapping under Moody's U.S. Electric Generation & Transmission Cooperative rating Methodology is based on historical data through December 31, 2011. The Indicated Rating for Big Rivers' senior most obligations under the Methodology is currently A2 and relies on the aforementioned historical quantitative data and qualitative assessments. The Indicated Rating under the Methodology largely reflects better scores for the factors relating to dependence on purchased power and financial metrics such as equity as a percentage of capitalization, FFO to debt and FFO to interest, all of which improved upon completion of the unwind transactions in 2009. Notwithstanding the current A2 Indicated Rating for Big Rivers under the Methodology, its actual senior secured rating of Baa2 reflects the unique risks relating to Big Rivers' load concentration to the smelters and the fact that it is subject to rate regulation by the KPSC persist and represent significant constraints to its rating level.

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# FitchRatings

## **FITCH PLACES BIG RIVERS ELECTRIC CORP, KY'S 2010A POLLUTION CONTROL RFDG REVS ON NEGATIVE WATCH**

Fitch Ratings-New York-24 August 2012: Fitch Ratings has placed the 'BBB-' rating on the \$83.3 million county of Ohio County, KY's pollution control refunding revenue bonds (Big Rivers Electric Corporation Project) series 2010A on Rating Watch Negative.

The rating action reflects the decision by Century Aluminum Co. (Century) to terminate its power contract with Big Rivers Electric Corporation and the uncertain effect that the termination will have on the electric cooperative's financial position and its ability to meet debt service payments.

### SECURITY

The bonds are secured by a mortgage lien on substantially all of Big Rivers' owned tangible assets, which include the revenue generated from the sale or transmission of electricity.

### WHAT COULD TRIGGER A RATING ACTION

**INABILITY TO FIND ACCEPTABLE PURCHASERS:** Extended over-reliance on short-term power sales as a replacement for the Century contract to meet debt service would likely result in a downward rating action.

**INSUFFICIENT REGULATORY SUPPORT:** Inadequate or untimely support by the Kentucky Public Service Commission (KPSC) would be viewed negatively.

**IMPLEMENTATION OF REASONABLE MITIGATION PLAN:** Implementation of a mitigation plan that maintains financial and operating stability would be supportive of credit quality.

### CREDIT PROFILE

Big Rivers provides wholesale electric and transmission service to three electric distribution cooperatives. These distribution members provide service to a total of about 112,500 retail customers located in 22 western Kentucky counties. Kenergy Corporation, the largest of the three systems, is unique in that its electric load is dominated by two aluminum smelters, Rio Tinto Alcan (Alcan) and Century, which together account for more than one-half of Big River's operating revenues.

#### Century Terminates Contract

Under the power sales contracts between Kenergy and the smelters, which expire in 2023, the smelters are required to take-or-pay for specific quantities of energy, irrespective of their needs. The contracts further provide for termination on one years' notice without penalties subject to certain conditions including the termination and cessation of all aluminum smelting operations at the relevant facilities.

On Aug. 20, 2012, Century issued a notice to terminate its power contract with Big Rivers and stated its intent to close its Hawesville, KY smelter. Century claims that the smelter is not economically viable despite electric rates well below the national average and no apparent reduction in production.

Closure of the smelter has significant potential implications for Big Rivers, which has acknowledged the termination notice is valid. Besides the impact of the loss of some 700 plant employees, the remaining customers of Big Rivers will most likely have to absorb meaningfully higher rates, with the increase reflecting the amount, pricing and contractual provisions of surplus

power sold to new customers.

#### Implementation of Mitigation Plan

Big Rivers management had previously developed a mitigation plan for the potential loss of the aluminum smelter loads and is presently looking into alternative arrangements with other power purchasers. However, implementation of future firm contractual arrangements will not likely occur immediately. As a result, it is likely that Big Rivers will begin the process of seeking emergency rate relief from the KPSC to help soften any negative effects from the expected loss of the smelter. According to Big Rivers, Alcan, the other larger smelter, has not expressed any intent to close its facility.

#### Future Financial Results Unclear

Big Rivers margins are expected to remain adequate to service financial obligations over the next 12 months, even with the expected closure of Century's facility, since Century remains obligated to make all required payments to Kenergy. However, as time passes, it will be necessary to decipher Big Rivers' revised business and financial plan and the effect on bond investors.

For additional information on the rating, see Fitch's report, 'Big Rivers Electric Corporation', dated Aug. 31, 2011, available at [www.fitchratings.com](http://www.fitchratings.com).

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Additional information is available at '[www.fitchratings.com](http://www.fitchratings.com)'. The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

In addition to the sources of information identified in Fitch's Revenue-Supported Rating Criteria and U.S. Public Power Rating Criteria, this action was informed by information from CreditScope.

#### Applicable Criteria and Related Research:

--'Revenue-Supported Rating Criteria', June 12, 2012;

--'U.S. Public Power Rating Criteria', Jan. 11, 2012;

--'Big Rivers Electric Corporation', Aug. 31, 2011.

#### Applicable Criteria and Related Research:

Revenue-Supported Rating Criteria

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=681015](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=681015)

U.S. Public Power Rating Criteria

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=665815](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=665815)

Big Rivers Electric Corporation

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=649829](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=649829)

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# RatingsDirect®

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## Summary:

# Big Rivers Electric Corp., Kentucky Ohio County; Rural Electric Coop

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Rationale

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## Summary:

# Big Rivers Electric Corp., Kentucky Ohio County; Rural Electric Coop

### Credit Profile

Big Rivers Electric Corp. ICR

*Long Term Rating*

BBB-/Negative

Affirmed

#### **Ohio Cnty, Kentucky**

Big Rivers Electric Corp., Kentucky

Ohio Cnty (Big Rivers Electric Corp.) poll ctrl rfdg rev bnds (Big Rivers Elec Corp Proj) ser 2010A

*Long Term Rating*

BBB-/Negative

Affirmed

## Rationale

Standard & Poor's Ratings Services has revised its outlook on Big Rivers Electric Corp., Ky., (BREC) and Ohio County, Ky.'s \$83.3 million pollution control refunding revenue bonds, series 2010A (Big Rivers Electric Corp. Project) issued for Big Rivers' benefit to negative from stable. At the same time, Standard & Poor's affirmed its 'BBB-' issuer credit rating on the cooperative and the issue-level rating on the Ohio County bonds.

The outlook revision reflects our concerns about the strength and stability of the utility's revenue stream following its leading customer's issuance of a 12-month notice to terminate its power contract with BREC. The notice covers Century Aluminum Co.'s (B/Stable/--) Hawesville, Ky., smelter. During the 12 months, Century is required to pay a base energy charge that covers its share of Big Rivers' fixed and variable costs. If it does not operate the plant during the notice period, it must still pay its share of fixed costs. BREC has accepted the termination notice.

Before sending its termination notice, Century claimed that its Hawesville smelting facilities require significant electric rate concessions to remain viable. Although the smelting plant has been operating at levels that exceeded its threshold electric contract requirements, the company cited sharp declines in aluminum prices and BREC's electric rates as factors that are degrading its Hawesville facilities' profitability. The utility did not accept the requested concessions, because its nonsmelter customers would have to bear the \$110 million in concessions Century sought for itself and the utility's other smelter customer, Rio Tinto Alcan Inc. (Alcan; A-/Stable/A-2). That smelter is not projecting closing its Sebree facilities in BREC's service territory.

Century and Alcan represented two-thirds of BREC's 2011 megawatt-hour (MWh) sales to members, excluding nonmember sales, and about half of energy sales to members and nonmembers. Century accounted for about 30% of the utility's 2011 operating revenues and Alcan, 24%. About 80% of BREC's 2011 electric sales were to members and it sold the balance of its output principally in competitive wholesale markets. We view the pending loss of Century as having the potential to convert substantial amounts of the utility's generation capacity into surplus. Also, the departure could shift to BREC's remaining customers costs that Century historically paid.

Henderson, Ky.-based Big Rivers is a generation and transmission cooperative that produces and procures electricity for sale to three distribution cooperative members and their 112,900 retail customers. One member, Kenergy Corp., serves the two smelters. In 2011, Kenergy's 9.4 million MWh sales were 8x greater than the sum of the other two members' MWh sales. About 86% of Kenergy's 2011 MWh sales were to industrial customers. Nearly three-quarters of its sales were to the two smelters. They accounted for more than 70% of the company's operating revenues. BREC's other member distribution cooperatives--Jackson Purchase Energy and Meade County Rural Electric Cooperative--principally serve residential customers.

The smelters entered into take-or-pay power contracts with Kenergy. However, the contracts allow the smelters to terminate their obligations to the distribution utility and BREC without penalty if they provide one-year's notice and cease operations.

BREC plans to file for rate relief to compensate for Century's loss. The rate filing will request that the Kentucky Public Service Commission (KPSC) reallocate costs historically borne by Century to BREC's remaining customers by raising their rates. We view the service area's composition as potentially frustrating the ability to reallocate costs. We believe that Alcan might resist efforts to have it absorb costs its competitor previously covered. Also, many of the counties that BREC serves have income levels that are 20%-30% below the national median household effective buying income, which could hinder the reallocation of Century costs to residential customers. In addition, because the KPSC must approve the request for rate adjustments, the utility and its member distribution cooperatives are distinguishable from many other cooperative utilities that have autonomous ratemaking authority. Because the cooperative and its members are regulated, it is uncertain whether the rate relief request that BREC is planning will be approved in full or in part.

During rate negotiations between BREC and Century, the utility reported that applying the smelter's requested rate concessions to both smelters to maintain parity would have meant raising the system's residential customers' rates about 37% and its industrial customers' rates about 56%. It now expects to seek more modest rate increases that reflect the reallocation of Century's costs to remaining customers.

BREC is also evaluating idling power plants as part of its response to losing loads. Closing plants could reduce costs, reduce market exposure and mitigate the financial impact on remaining customers. The utility might also temper the burdens of cost reallocation if it can remarket some or all of the generation output that had been sold to the smelters. However, market or contract demand and prices would need to be sufficient to recoup Century's share of costs or mitigate the loss of the company's contribution to cost recovery.

Based on historical market sales and Century's share of purchases, we believe that market sales could transform the utility into a principally merchant generator that faces the risks inherent in being subject to market demand and prices. The smelters' large share of energy sales could make it difficult to resell so much of the utility's generating capability. In addition, the utility's very high dependence on coal units might also constrain market sales opportunities. Coal accounts for close to 90% of its power sales and coal units are not as economical as gas-fired resources that are benefitting from the fuel's low prices.

BREC sells electricity to the smelters under contracts at prices that are about 30% above the 3.3 cents it earned from

sales of surplus energy in wholesale markets in 2011. It sold 3 million MWh of surplus wholesale power into the market for \$100.4 million in 2011.

Coal resources also expose the utility to potentially higher production costs as Environmental Protection Agency (EPA) regulation of power plant emissions progresses. A recent appellate decision that vacated the EPA's Cross-State Air Pollution rule could provide the utility with at least a temporary reprieve from emissions-related capital spending while the EPA revisits its rules.

The utility reported \$794 million of debt as of June 30, 2012. Debt consisted of Rural Utilities Service loans and the Ohio County bonds. Big Rivers closed a \$537 million loan with CoBank ACB and National Rural Utilities Cooperative Finance Corp. in July. In addition to replenishing \$35 million of transition reserve funds, proceeds restructured a portion of the utility's RUS borrowing to eliminate some of the spikes in debt service requirements.

The debt portfolio exhibits uneven amortization. BREC repaid \$14.2 million of principal in 2010. In 2011, it was required to repay \$7.3 million of principal, but also used \$35 million of transition reserve monies to accelerate principal reduction. The utility replenished the transition reserve in 2012 with proceeds of July's borrowing from CoBank and National Rural Utilities. Loan proceeds also facilitated debt restructuring that reduced 2012's \$72.1 million scheduled maturity to \$12.1 million, with the remaining \$60 million to be amortized in later years. However, 2013's maturity remains at \$79.3 million, and that will likely need to be restructured. The utility forecasts about \$22 million of 2014 and 2015 principal payments.

Ohio County sold bonds for the benefit of BREC, which used bond proceeds to refund auction rate securities. We understand that the financing structure obligates the utility to unconditionally pay the county's bonds' debt service. Big Rivers issued a note to the county that provides it with a security interest in the utility's assets under its mortgage indenture. The county's bonds' security interest is on par with the utility's senior-secured debt.

Debt service coverage of 1.45x in 2010 and 1.65x in 2011 was strong for a cooperative utility, in our opinion. We believe strong excess coverage margins provide a cushion against the potential for revenue stream variability.

The strength of 2011's coverage ratio partially reflects the year's very low scheduled principal payment of \$7.3 million. We calculated the ratio using scheduled debt service in the denominator, compared to the \$46 million of principal the utility elected to repay.

The utility maintains \$152.6 million of reserves that it uses for rate stabilization to reduce rates. Because it already projects depleting these reserves by the first quarter of 2018 under a steady-state scenario, we do not view these reserves as adding value under a scenario in which the smelters receive rate concessions or close.

## **Outlook**

The negative outlook reflects our view that the largest customer's decision to close facilities after failing to win rate concessions could degrade BREC's financial performance and credit quality during our two-year outlook horizon. Although the utility plans to file for rate relief, we view rate cases as presenting uncertainty vis-à-vis the extent and

timeliness of rate relief. We will monitor the progress of the rate case to assess whether further rating action is appropriate. The customer's notice could also expose the utility to the vicissitudes of merchant markets and creates the potential for substantial cost shifting to remaining customers, who might resist such efforts or find that reallocated costs are too onerous to absorb. If these risks, whether in isolation or combination, weaken BREC's business risk profile and erode financial metrics, including the strong debt service coverage that compensated for business risks in recent years, we could lower the ratings. We do not expect to raise the ratings during our outlook period.

## **Related Criteria And Research**

USPF Criteria: Applying Key Rating Factors To U.S. Cooperative Utilities, Nov. 21, 2007

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**McGRAW-HILL**

## EXHIBIT B

THIS FIRST MORTGAGE NOTE, SERIES 2013A IS NONTRANSFERABLE EXCEPT AS MAY BE REQUIRED TO EFFECT ANY TRANSFER TO ANY SUCCESSOR TRUSTEE UNDER THE TRUST INDENTURE, DATED AS OF \_\_\_\_\_, 2013, BETWEEN THE COUNTY OF OHIO, KENTUCKY AND U.S. BANK NATIONAL ASSOCIATION, AS BOND TRUSTEE.

No. R-

\$58,800,000

### **BIG RIVERS ELECTRIC CORPORATION FIRST MORTGAGE NOTE, SERIES 2013A**

**BIG RIVERS ELECTRIC CORPORATION** ("Big Rivers"), a cooperative corporation organized under the laws of the Commonwealth of Kentucky, for value received, promises to pay to U.S. Bank National Association, as trustee (the "Bond Trustee"), or its successors in trust, the principal sum of \$58,800,000 and interest thereon as follows: Big Rivers shall pay, during the term of the Loan Agreement, dated as of \_\_\_\_\_, 2013 (the "Financing Agreement"), between the County of Ohio, Kentucky (the "County") and Big Rivers, for deposit into the Bond Fund, (i) on or prior to each date on which interest is due on the County's Pollution Control Refunding Revenue Bonds, Series 2013A (Big Rivers Electric Corporation Project), (the "Series 2013A Bonds") issued by the County under the Trust Indenture, dated as of \_\_\_\_\_, 2013 (the "Bond Indenture"), between the County and the Bond Trustee, as the same may be amended and supplemented from time to time, the amount of interest due on the Series 2013A Bonds on such date, computed in the manner described in the Bond Indenture, (ii) on the stated maturity date of the Series 2013A Bonds (or earlier date to which the maturity of the Series 2013A Bonds has been accelerated as a result of an event of default), a sum which will equal the principal amount of the Series 2013A Bonds which will become due on such date, (iii) on or prior to any mandatory sinking fund redemption date for the Series 2013A Bonds, a sum which will equal the amount of principal payment to be made on such date and (iv) on or prior to any redemption date for the Series 2013A Bonds, an amount equal to the principal of (premium, if any) and interest on the Series 2013A Bonds which are to be redeemed on such date.

This First Mortgage Note, Series 2013A is issued under, is described in and is subject to the Financing Agreement, and is secured by an Indenture, dated as of July 1, 2009 (as supplemented and amended, the "Big Rivers Indenture"), between Big Rivers and U.S. Bank National Association, as trustee (the "Indenture Trustee").

All payments required pursuant hereto shall be made to the Bond Trustee at its principal office in St. Paul, Minnesota, in lawful money of the United States of America. As set forth in Section 5.7 of the Financing Agreement, the obligation of Big Rivers to make the payments required hereunder shall be absolute and unconditional.

This First Mortgage Note, Series 2013A may be prepaid upon the terms and conditions set forth in Article X of the Financing Agreement.

Big Rivers shall be entitled to credits against payments required hereby as provided in Section 5.2 of the Financing Agreement.

If the maturity date of the Series 2013A Bond shall be accelerated as a result of an event of default, the principal of this First Mortgage Note, Series 2013A shall become due and payable in the manner and with the effect provided in the Financing Agreement. The Financing Agreement provides that, under certain conditions, such acceleration shall be rescinded.

No recourse shall be had for the payments required hereby or for any claim based herein or on the Financing Agreement or on the Big Rivers Indenture against any officer, director or stockholder, past, present or, future, of Big Rivers as such, either directly or through Big Rivers, or under any constitution and provision, statute or rule of law or by the enforcement of any assessment or by any legal or equitable proceedings or otherwise.

This First Mortgage Note, Series 2013A shall not be entitled to any benefit under the Big Rivers Indenture and shall not become valid or obligatory for any purpose until the Indenture Trustee shall have signed the form of authentication certificate endorsed hereon.

All terms use in this First Mortgage Note, Series 2013A which are not defined herein shall have the meanings assigned to them in the Financing Agreement or the Bond Indenture.

IN WITNESS WHEREOF, Big Rivers has caused this First Mortgage Note, Series 2013A to be duly executed, attested and delivered the \_\_\_\_ day of \_\_\_\_\_, 2013.

(SEAL)

**BIG RIVERS ELECTRIC CORPORATION**

---

Mark A. Bailey  
President and Chief Executive Officer

Attest:

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This is one of the Obligations of the series designated therein referred to in within-mentioned Big Rivers Indenture.

U.S. BANK NATIONAL ASSOCIATION, as Indenture Trustee

By: \_\_\_\_\_  
Philip G. Kane, Jr.  
Vice President

Date of Authentication: \_\_\_\_\_, 2013

# Big Rivers 2013 PCB Refunding

## Amortization (Preliminary - Subject to Change)

10/28/2012

<b>Maturity</b>	<b>Principal</b>	<b>Interest*</b>	<b>Debt Service</b>
6/1/2013	\$465,000	\$882,000	\$1,347,000**
6/1/2014	1,885,000	3,500,100	5,385,100
6/1/2015	2,000,000	3,387,000	5,387,000
6/1/2016	2,120,000	3,267,000	5,387,000
6/1/2017	2,250,000	3,139,800	5,389,800
6/1/2018	2,385,000	3,004,800	5,389,800
6/1/2019	2,525,000	2,861,700	5,386,700
6/1/2020	2,675,000	2,710,200	5,385,200
6/1/2021	2,840,000	2,549,700	5,389,700
6/1/2022	3,010,000	2,379,300	5,389,300
6/1/2023	3,190,000	2,198,700	5,388,700
6/1/2024	3,380,000	2,007,300	5,387,300
6/1/2025	3,585,000	1,804,500	5,389,500
6/1/2026	3,800,000	1,589,400	5,389,400
6/1/2027	4,025,000	1,361,400	5,386,400
6/1/2028	4,265,000	1,119,900	5,384,900
6/1/2029	4,525,000	864,000	5,389,000
6/1/2030	4,795,000	592,500	5,387,500
6/1/2031	5,080,000	304,800	5,384,800
<b>Total</b>	<b>\$58,800,000</b>	<b>\$39,524,100</b>	<b>\$98,324,100</b>

\*Assumes 6% interest rate

\*\*Assumes bonds are issued 3/1/2013



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**FOURTH SUPPLEMENTAL INDENTURE**  
(to that certain Indenture dated as of July 1, 2009)  
dated as of \_\_\_\_\_, 2013

Relating to the Big Rivers Electric Corporation  
First Mortgage Note, Series 2013A  
Authorized by this Fourth Supplemental Indenture

**BIG RIVERS ELECTRIC CORPORATION**

to

**U.S. BANK NATIONAL ASSOCIATION,  
TRUSTEE**

**FIRST MORTGAGE OBLIGATIONS**

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- THIS INSTRUMENT IS A MORTGAGE.
- THIS INSTRUMENT GRANTS A SECURITY INTEREST IN A TRANSMITTING UTILITY.
- BIG RIVERS ELECTRIC CORPORATION IS A TRANSMITTING UTILITY.
- THIS INSTRUMENT CONTAINS PROVISIONS THAT COVER REAL AND PERSONAL PROPERTY, AFTER-ACQUIRED PROPERTY, FIXTURES AND PROCEEDS.
- FUTURE ADVANCES AND FUTURE OBLIGATIONS ARE SECURED BY THIS INSTRUMENT.
- THE MAXIMUM ADDITIONAL INDEBTEDNESS WHICH MAY BE SECURED HEREUNDER IS \$3,000,000,000.
- THE TYPES OF PROPERTY COVERED BY THIS INSTRUMENT ARE DESCRIBED ON PAGES 2 THROUGH 4.
- THE ADDRESSES AND THE SIGNATURES OF THE PARTIES TO THIS INSTRUMENT ARE STATED ON PAGES 1, S-1 AND S-2.

THIS INDENTURE WAS PREPARED BY JAMES M. MILLER OF SULLIVAN, MOUNTJOY, STAINBACK & MILLER, P.S.C., 100 ST. ANN BUILDING, OWENSBORO, KENTUCKY 42303, ATTORNEY FOR BIG RIVERS ELECTRIC CORPORATION.

Signed: \_\_\_\_\_

**THIS FOURTH SUPPLEMENTAL INDENTURE**, dated as of \_\_\_\_\_, 2013 (this "Fourth Supplemental Indenture"), is between **BIG RIVERS ELECTRIC CORPORATION**, a cooperative corporation organized under the laws of the Commonwealth of Kentucky, as Grantor (hereinafter called the "Company"), whose post office address is 201 Third Street, Henderson, Kentucky 42420, and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association, as trustee (in such capacity, the "Trustee"), whose post office address is 225 Asylum Street, Hartford, Connecticut 06103;

**WHEREAS**, the Company has heretofore executed and delivered to the Trustee an Indenture, dated as of July 1, 2009 (the "Original Indenture", as heretofore, hereby and hereafter supplemented being sometimes referred to as the "Indenture"), for the purpose of securing its Existing Obligations and providing for the authentication and delivery of Additional Obligations (capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Original Indenture) by the Trustee from time to time under the Original Indenture, which Original Indenture is filed of record as shown on Exhibit A hereto;

**WHEREAS**, the Company is the owner of the D.B. Wilson Plant Unit No. 1, a coal-fired steam electric generating plant (the "Plant") located within the geographical limits of the County of Ohio, Kentucky (the "County"), and pursuant to a resolution adopted by the Fiscal Court of the County on September 9, 1980 and the provisions of the Industrial Building Revenue Bond Act (Sections 103.200 through 103.285, inclusive) of the Kentucky Revised Statutes, as amended (the "Act"), the County has agreed to finance the air and water pollution and sewage and solid waste facilities located at the Plant (the "Facilities") as an authorized project under the Act, by issuing its "Pollution Control Refunding Revenue Bonds, Series 2013A (Big Rivers Electric Corporation Project)" (the "Series 2013A Bonds") pursuant to a Trust Indenture, dated as of \_\_\_\_\_, 2013, between the County and U.S. Bank National Association, as trustee (the "2013 Indenture") and loaning the proceeds thereof to the Company pursuant to the Loan Agreement, dated as of \_\_\_\_\_, 2013, between the County and the Company (the "2013 Financing Agreement"); and

**WHEREAS**, in order to evidence its obligation to repay the loan of the proceeds of the Series 2013A Bonds, the Company will issue to the County its note (the "First Mortgage Note, Series 2013A"), which First Mortgage Note, Series 2013A will be secured under the Indenture; and

**WHEREAS**, the Company desires to execute and deliver this Fourth Supplemental Indenture, in accordance with the provisions of the Original Indenture, for the purpose of providing for the creation and designation of the First Mortgage Note, Series 2013A as an Additional Obligation and specifying the form and provisions of the First Mortgage Note, Series 2013A;

**WHEREAS**, Section 12.1 of the Original Indenture provides that, without the consent of the Holders of any of the Obligations at the time Outstanding, the Company,

when authorized by a Board Resolution, and the Trustee, may enter into Supplemental Indentures for the purposes and subject to the conditions set forth in said Section 12.1; and

**WHEREAS**, all acts and proceedings required by law and by the Articles of Incorporation and Bylaws of the Company necessary to secure the payment of the principal of and interest on the First Mortgage Note, Series 2013A, to make the First Mortgage Note, Series 2013A issued hereunder, when executed by the Company, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal obligation of the Company, and to constitute the Indenture a valid and binding lien for the security of the First Mortgage Note, Series 2013A, in accordance with their terms, have been done and taken; and the execution and delivery of this Fourth Supplemental Indenture has been in all respects duly authorized;

**NOW, THEREFORE, THIS FOURTH SUPPLEMENTAL INDENTURE WITNESSES**, that, to secure the payment of the principal of (and premium, if any) and interest on the Outstanding Secured Obligations, including, when issued, the First Mortgage Note, Series 2013A, to confirm the lien of the Indenture upon the Trust Estate, including property purchased, constructed or otherwise acquired by the Company since the date of execution of the Original Indenture, to secure performance of the covenants therein and herein contained, to declare the terms and conditions on which the First Mortgage Note, Series 2013A is secured, and in consideration of the premises thereof and hereof, the Company by these presents does grant, bargain, sell, alienate, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, set over and confirm to (and does create a security interest in favor of) the Trustee, in trust with power of sale, all property, rights, privileges and franchises of the Company (except any Excepted Property) of the character described in the Granting Clauses of the Original Indenture, including all such property, rights, privileges and franchises acquired since the date of execution of the Original Indenture subject to all exceptions, reservations and matters of the character therein referred to, and subject in all cases to Sections 5.2 and 11.2 B of the Original Indenture and to the rights of the Company under the Original Indenture, including the rights set forth in Article V thereof; but expressly excepting and excluding from the lien and operation of the Indenture all properties of the character specifically excepted as "Excepted Property" in the Original Indenture to the extent contemplated thereby.

**PROVIDED, HOWEVER**, that if, upon the occurrence of an Event of Default under the Indenture, the Trustee, or any separate trustee or co-trustee appointed under Section 9.14 of the Original Indenture or any receiver appointed pursuant to statutory provision or order of court, shall have entered into possession of all or substantially all of the Trust Estate, all the Excepted Property described or referred to in Paragraphs A through H, inclusive, of "Excepted Property" in the Original Indenture then owned or thereafter acquired by the Company, shall immediately, and, in the case of any Excepted Property described or referred to in Paragraphs I, J and L of "Excepted Property" in the Original Indenture, upon demand of the Trustee or such other trustee or receiver, become subject to the lien of the Indenture to the extent permitted by law, and the Trustee or such other trustee or receiver may, to the extent permitted by law, at the

same time likewise take possession thereof, and whenever all Events of Default shall have been cured and the possession of all or substantially all of the Trust Estate shall have been restored to the Company, such Excepted Property shall again be excepted and excluded from the lien of the Indenture to the extent and otherwise as hereinabove set forth and as set forth in the Indenture.

The Company may, however, pursuant to the Granting Clause Third of the Original Indenture, subject to the lien of the Indenture any Excepted Property, whereupon the same shall cease to be Excepted Property.

**TO HAVE AND TO HOLD** all such property, rights, privileges and franchises hereby and hereafter (by Supplemental Indenture or otherwise) granted, bargained, sold, alienated, remised, released, conveyed, assigned, transferred, mortgaged, hypothecated, pledged, set over or confirmed (or in which a security interest is granted) as aforesaid, together with all the tenements, hereditaments and appurtenances thereto appertaining (said properties, rights, privileges and franchises, including any cash and securities hereafter deposited or required to be deposited with the Trustee (other than any such cash which is specifically stated in the Original Indenture not to be deemed part of the Trust Estate) being part of the Trust Estate), unto the Trustee, and its successors and assigns in the trust herein created, forever.

**SUBJECT, HOWEVER,** to (i) Permitted Exceptions and (ii) to the extent permitted by Section 13.6 of the Original Indenture as to property hereafter acquired (a) any duly recorded or perfected Prior Lien that may exist thereon at the date of the acquisition thereof by the Company and (b) purchase money mortgages, other purchase money liens, chattel mortgages, conditional sales agreements or other title retention agreements created by the Company at the time of acquisition thereof.

**BUT IN TRUST, NEVERTHELESS,** with power of sale, for the equal and proportionate benefit and security of the Holders from time to time of all the Outstanding Secured Obligations without any priority of any Outstanding Secured Obligation over any other Outstanding Secured Obligation and for the enforcement of the payment of Outstanding Secured Obligations in accordance with their terms.

**UPON CONDITION** that, until the happening of an Event of Default under the Indenture and subject to the provisions of Article V of the Original Indenture, and not in limitation of the rights elsewhere provided in the Original Indenture, including the rights set forth in Article V of the Original Indenture, the Company shall have the right to (i) possess, use, manage, operate and enjoy the Trust Estate (other than cash and securities constituting part of the Trust Estate that are deposited with the Trustee), (ii) explore for, gather, cut, mine and produce crops, timber, coal, ore, gas, oil, minerals or other natural resources and products, and to use, consume and dispose of any thereof, and (iii) collect, receive, use, make payments from, transfer, invest, otherwise utilize or employ amounts constituting or derived from the rents, issues, tolls, earnings, profits, revenues, products and proceeds from the Trust Estate or the operation of the property constituting part of the Trust Estate.

Should the indebtedness secured by the Indenture be paid according to the tenor and effect thereof when the same shall become due and payable and should the Company perform all covenants therein and herein contained in a timely manner, then the Indenture shall be canceled and surrendered.

**AND IT IS HEREBY COVENANTED AND DECLARED** that the First Mortgage Note, Series 2013A is to be authenticated and delivered and the Trust Estate is to be held and applied by the Trustee, subject to the covenants, conditions and trusts set forth herein and in the Original Indenture, and the Company does hereby covenant and agree to and with the Trustee, for the equal and proportionate benefit of all Holders of the Outstanding Secured Obligations, as follows:

## **ARTICLE I**

### **THE FIRST MORTGAGE NOTE, SERIES 2013A AND CERTAIN PROVISIONS RELATING THERETO**

#### **SECTION 1.01. Definitions.**

All words and phrases defined in Article I of the Original Indenture shall have the same meaning in this Fourth Supplemental Indenture, including any exhibit hereto, except as otherwise appears herein or unless the context clearly requires otherwise.

#### **SECTION 1.02. Authorization and Terms of the First Mortgage Note, Series 2013A.**

There shall be established an Additional Obligation in the form of the promissory note known as and entitled the "First Mortgage Note, Series 2013A" (hereinafter referred to as the "First Mortgage Note, Series 2013A"), the form, terms and conditions of which shall be substantially as set forth in this Section, Section 1.03 and Section 1.04. The First Mortgage Note, Series 2013A is the same Note described and defined in the 2013 Indenture and the 2013 Financing Agreement as the "Note." The aggregate principal face amount of the First Mortgage Note, Series 2013A which shall be authenticated and delivered and Outstanding at any one time is limited to \$58,800,000.

The First Mortgage Note, Series 2013A is dated \_\_\_\_\_, 2013 and shall mature on June 1, 2031. The First Mortgage Note, Series 2013A shall bear interest computed in the same manner and payable at the same time as the interest on the Series 2013A Bonds is computed and paid as described and computed in accordance with the terms of the 2013 Indenture. The First Mortgage Note, Series 2013A shall be subject to optional prepayment as more particularly set forth in such First Mortgage Note, Series 2013A and shall be subject to principal payments as set forth in Section 1.04 hereof. The First Mortgage Note, Series 2013A shall be authenticated and delivered to, and made payable to, U.S. Bank National Association, as trustee for the Series 2013A Bonds (in such capacity, the "Bond Trustee"), as assignee and pledgee of the County pursuant to the 2013 Indenture.

All payments made on the First Mortgage Note, Series 2013A shall be made by Big Rivers to the Bond Trustee at its principal office in St. Paul, Minnesota in lawful money of the United States of America which will be immediately available on the date payment is due.

**SECTION 1.03. Form of the First Mortgage Note, Series 2013A.**

The First Mortgage Note, Series 2013A and the Trustee’s authentication certificate to be executed on the First Mortgage Note, Series 2013A shall be substantially in the form of Exhibit B attached hereto, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted in the Original Indenture.

**SECTION 1.04. Principal Payments on First Mortgage Note, Series 2013A.**

On June 1 of each of the years set forth below, Big Rivers will pay the respective aggregate principal amount (or such lesser amount as shall then be Outstanding) of the First Mortgage Note, Series 2013A set forth opposite such year.

<u>Year</u>	<u>Principal Amount Due</u>
2013	\$ 465,000
2014	1,885,000
2015	2,000,000
2016	2,120,000
2017	2,250,000
2018	2,385,000
2019	2,525,000
2020	2,675,000
2021	2,840,000
2022	3,010,000
2023	3,190,000
2024	3,380,000
2025	3,585,000
2026	3,800,000
2027	4,025,000
2028	4,265,000
2029	4,525,000
2030	4,795,000
2031	5,080,000

**SECTION 1.05. Payments on First Mortgage Note, Series 2013A.**

Payments by the Company on the First Mortgage Note, Series 2013A shall be used to make payments required under the 2013 Financing Agreement.

## ARTICLE II

### MISCELLANEOUS

#### **SECTION 2.01. Supplemental Indenture.**

This Fourth Supplemental Indenture is executed and shall be construed as an indenture supplemental to the Original Indenture, and shall form a part thereof, and the Original Indenture, as hereby supplemented, is hereby confirmed. Except to the extent inconsistent with the express terms of this Fourth Supplemental Indenture, the 2013 Indenture, the 2013 Financing Agreement and the Series 2013A Bonds, all of the provisions, terms, covenants and conditions of the Original Indenture shall be applicable to the First Mortgage Note, Series 2013A to the same extent as if specifically set forth herein.

#### **SECTION 2.02. Recitals.**

All recitals in this Fourth Supplemental Indenture are made by the Company only and not by the Trustee; and all of the provisions contained in the Original Indenture, in respect of the rights, privileges, immunities, powers and duties of the Trustee shall be applicable in respect hereof as fully and with like effect as if set forth herein in full. The Trustee will not be responsible for and makes no representation as to the validity or adequacy of this Fourth Supplemental Indenture or the First Mortgage Note, Series 2013A (other than its certificate of authentication); and it shall not be accountable for the Company's use of the proceeds from the First Mortgage Note, Series 2013A. The Trustee is not the paying agent for the First Mortgage Note, Series 2013A, and shall have no responsibility for the use or application of any money received by any paying agent other than the Trustee.

#### **SECTION 2.03. Successors and Assigns.**

Whenever in this Fourth Supplemental Indenture any of the parties hereto is named or referred to, this shall, subject to the provisions of Articles IX and XI of the Original Indenture, be deemed to include the successors and assigns of such party, and all the covenants and agreements in this Fourth Supplemental Indenture contained by or on behalf of the Company, or by or on behalf of the Trustee shall, subject as aforesaid, bind and inure to the respective benefits of the respective successors and assigns of such parties, whether so expressed or not.

#### **SECTION 2.04. No Rights, Remedies, Etc.**

Nothing in this Fourth Supplemental Indenture, expressed or implied, is intended, or shall be construed, to confer upon, or to give to, any person, firm or corporation, other than the parties hereto and the Holders of the Outstanding Secured Obligations, any right, remedy or claim under or by reason of this Fourth Supplemental Indenture or any covenant, condition, stipulation, promise or agreement hereof, and all the covenants, conditions, stipulations, promises and agreements in this Fourth Supplemental Indenture contained by or on behalf of the Company shall be for the sole

and exclusive benefit of the parties hereto, and of the Holders of Outstanding Secured Obligations.

**SECTION 2.05. Counterparts.**

This Fourth Supplemental Indenture may be executed in several counterparts, each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts, or as many of them as the Company and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

**SECTION 2.06. Security Agreement; Mailing Address.**

To the extent permitted by applicable law, this Fourth Supplemental Indenture shall be deemed to be a security agreement and financing statement whereby the Company grants to the Trustee a security interest in all of the Trust Estate that is personal property or fixtures under the Uniform Commercial Code.

The mailing address of the Company, as debtor is:

Big Rivers Electric Corporation  
201 Third Street  
Henderson, Kentucky 42420

and the mailing address of the Trustee, as secured party is:

U.S. Bank National Association  
Corporate Trust Services  
P.O. Box 960778  
Boston, Massachusetts 02102

Additionally, this Fourth Supplemental Indenture shall, if appropriate, be an amendment to the financing documents originally filed in connection with the Original Indenture. The Company is authorized to execute and file as appropriate instruments under the Uniform Commercial Code to either create a security interest or amend any security interest heretofore created; *provided* that the Trustee has no obligation to prepare or make any such filings.

[Signatures on Next Page.]





## EXHIBIT A

[Filing and recording information for the Original Indenture on a county by county basis]

## EXHIBIT B

THIS FIRST MORTGAGE NOTE, SERIES 2013A IS NONTRANSFERABLE EXCEPT AS MAY BE REQUIRED TO EFFECT ANY TRANSFER TO ANY SUCCESSOR TRUSTEE UNDER THE TRUST INDENTURE, DATED AS OF \_\_\_\_\_, 2013, BETWEEN THE COUNTY OF OHIO, KENTUCKY AND U.S. BANK NATIONAL ASSOCIATION, AS BOND TRUSTEE.

No. R-

\$58,800,000

### **BIG RIVERS ELECTRIC CORPORATION FIRST MORTGAGE NOTE, SERIES 2013A**

**BIG RIVERS ELECTRIC CORPORATION** ("Big Rivers"), a cooperative corporation organized under the laws of the Commonwealth of Kentucky, for value received, promises to pay to U.S. Bank National Association, as trustee (the "Bond Trustee"), or its successors in trust, the principal sum of \$58,800,000 and interest thereon as follows: Big Rivers shall pay, during the term of the Loan Agreement, dated as of \_\_\_\_\_, 2013 (the "Financing Agreement"), between the County of Ohio, Kentucky (the "County") and Big Rivers, for deposit into the Bond Fund, (i) on or prior to each date on which interest is due on the County's Pollution Control Refunding Revenue Bonds, Series 2013A (Big Rivers Electric Corporation Project), (the "Series 2013A Bonds") issued by the County under the Trust Indenture, dated as of \_\_\_\_\_, 2013 (the "Bond Indenture"), between the County and the Bond Trustee, as the same may be amended and supplemented from time to time, the amount of interest due on the Series 2013A Bonds on such date, computed in the manner described in the Bond Indenture, (ii) on the stated maturity date of the Series 2013A Bonds (or earlier date to which the maturity of the Series 2013A Bonds has been accelerated as a result of an event of default), a sum which will equal the principal amount of the Series 2013A Bonds which will become due on such date, (iii) on or prior to any mandatory sinking fund redemption date for the Series 2013A Bonds, a sum which will equal the amount of principal payment to be made on such date and (iv) on or prior to any redemption date for the Series 2013A Bonds, an amount equal to the principal of (premium, if any) and interest on the Series 2013A Bonds which are to be redeemed on such date.

This First Mortgage Note, Series 2013A is issued under, is described in and is subject to the Financing Agreement, and is secured by an Indenture, dated as of July 1, 2009 (as supplemented and amended, the "Big Rivers Indenture"), between Big Rivers and U.S. Bank National Association, as trustee (the "Indenture Trustee").

All payments required pursuant hereto shall be made to the Bond Trustee at its principal office in St. Paul, Minnesota, in lawful money of the United States of America. As set forth in Section 5.7 of the Financing Agreement, the obligation of Big Rivers to make the payments required hereunder shall be absolute and unconditional.

This First Mortgage Note, Series 2013A may be prepaid upon the terms and conditions set forth in Article X of the Financing Agreement.

Big Rivers shall be entitled to credits against payments required hereby as provided in Section 5.2 of the Financing Agreement.

If the maturity date of the Series 2013A Bond shall be accelerated as a result of an event of default, the principal of this First Mortgage Note, Series 2013A shall become due and payable in the manner and with the effect provided in the Financing Agreement. The Financing Agreement provides that, under certain conditions, such acceleration shall be rescinded.

No recourse shall be had for the payments required hereby or for any claim based herein or on the Financing Agreement or on the Big Rivers Indenture against any officer, director or stockholder, past, present or, future, of Big Rivers as such, either directly or through Big Rivers, or under any constitution and provision, statute or rule of law or by the enforcement of any assessment or by any legal or equitable proceedings or otherwise.

This First Mortgage Note, Series 2013A shall not be entitled to any benefit under the Big Rivers Indenture and shall not become valid or obligatory for any purpose until the Indenture Trustee shall have signed the form of authentication certificate endorsed hereon.

All terms use in this First Mortgage Note, Series 2013A which are not defined herein shall have the meanings assigned to them in the Financing Agreement or the Bond Indenture.

IN WITNESS WHEREOF, Big Rivers has caused this First Mortgage Note, Series 2013A to be duly executed, attested and delivered the \_\_\_\_ day of \_\_\_\_\_, 2013.

(SEAL)

**BIG RIVERS ELECTRIC CORPORATION**

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Mark A. Bailey  
President and Chief Executive Officer

Attest:

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This is one of the Obligations of the series designated therein referred to in within-mentioned Big Rivers Indenture.

U.S. BANK NATIONAL ASSOCIATION, as  
Indenture Trustee

By: \_\_\_\_\_  
Philip G. Kane, Jr.  
Vice President

Date of Authentication: \_\_\_\_\_, 2013



## CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement"), dated as of \_\_\_\_\_, 2013, by and between Big Rivers Electric Corporation ("Big Rivers") and U.S. Bank National Association, as trustee (the "Trustee") under the Trust Indenture, dated as of \_\_\_\_\_, 2013 (the "Indenture"), between the County of Ohio, Kentucky (the "Issuer") and the Trustee, is executed and delivered in connection with the issuance of the Issuer's \$58,800,000 principal amount of County of Ohio, Kentucky Pollution Control Refunding Revenue Bonds, Series 2013A (Big Rivers Electric Corporation Project) (the "Bonds"). The proceeds of the sale of the Bonds will be used to refund the entire outstanding principal amount of the Issuer's Pollution Control Floating Rate Demand Bonds, Series 1983 (Big Rivers Electric Corporation Project). In connection therewith, the Issuer and Big Rivers have entered into a Loan Agreement dated as of \_\_\_\_\_, 2013 (the "Financing Agreement"), pursuant to which the Issuer has loaned to Big Rivers the aggregate principal amount of the Bonds. Capitalized terms used in this Agreement shall have the meanings given to them in the Indenture; capitalized terms used in this Agreement which are not otherwise defined in the Indenture shall have the respective meanings specified in Article IV hereof.

### ARTICLE I The Undertaking

Section 1.1. Purpose: No Issuer Responsibility or Liability. This Agreement is being executed and delivered solely to assist the Underwriter in complying with paragraph (b)(5) of the Rule. Big Rivers acknowledges that the Issuer has undertaken no responsibility, and shall not be required to undertake any responsibility, with respect to any reports, notices or disclosures required by or provided pursuant to this Agreement, and shall have no liability to any person, including any holder of the Bonds, with respect to any such reports, notices or disclosures.

#### Section 1.2. Annual Financial Information.

(a) Big Rivers shall provide Annual Financial Information with respect to each fiscal year, commencing with the fiscal year ending December 31, 2013, by no later than six months after the end of the respective fiscal year to (i) the MSRB and (ii) the Issuer (with copies to the Trustee).

(b) Big Rivers shall provide, in a timely manner, notice of any failure of Big Rivers to provide the Annual Financial Information by the date specified in subsection (a) above to (i) the MSRB and (ii) the Issuer (with copies to the Trustee).

Section 1.3. Audited Financial Statements. If not provided as part of Annual Financial Information by the date required by Section 1.2 hereof because Audited Financial Statements are not available, Big Rivers shall provide Audited Financial Statements, when and if available, to (i) the MSRB and (ii) the Issuer (with copies to the Trustee).

#### Section 1.4. Listed Events.

(a) Big Rivers shall give, or cause to be given, notice (pursuant to Section 1.4(c) hereof) of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;

2.     Unscheduled draws on debt service reserves reflecting financial difficulties;
3.     Unscheduled draws on credit enhancements reflecting financial difficulties;
4.     Substitution of credit or liquidity providers, or their failure to perform;
5.     Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
6.     Tender offers;
7.     Defeasances;
8.     Rating changes; or
9.     Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b)     Big Rivers shall give, or cause to be given, notice (pursuant to Section 1.4(c) hereof) of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

1.     Unless described in paragraph 1.4(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
2.     Modifications to rights of Bond holders;
3.     Optional, unscheduled or contingent Bond calls;
4.     Release, substitution, or sale of property securing repayment of the Bonds;

5. Non-payment related defaults;
6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or
7. Appointment of a successor or additional trustee or the change of name of a trustee.

(c) Upon the occurrence of a Listed Event described in Section 1.4(a), or upon the occurrence of a Listed Event described in Section 1.4(b) which Big Rivers determines would be material under applicable federal securities laws, Big Rivers shall within ten business days of occurrence file a notice of such occurrence with the MSRB (with a copy to the Trustee). Notwithstanding the foregoing, notice of the Listed Event described in subsections (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Indenture.

Section 1.5. Information. Nothing in this Agreement shall be deemed to prevent Big Rivers from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information or Listed Event Notice, in addition to that which is required by this Agreement. If Big Rivers chooses to include any information in any Annual Financial Information or Listed Event Notice in addition to that which is specifically required by this Agreement, Big Rivers shall have no obligation under this Agreement to update such information or include it in any future Annual Financial Information or Listed Event Notice.

Section 1.6. No Previous Non-Compliance. Big Rivers represents that since July 3, 1995, it has not failed to comply in any material respect with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule.

## ARTICLE II Operating Rules

Section 2.1. Reference to Other Documents. It shall be sufficient for purposes of Section 1.2 hereof if Big Rivers provides Annual Financial Information by specific reference to documents (i) either (1) provided to the MSRB or (2) filed with the SEC, or (ii) if such document is an offering statement provided in connection with a subsequent financing and meeting the definition of “final official statement” as defined in paragraph (f)(3) of the Rule, available from the MSRB.

Section 2.2. Submission of Information. Annual Financial Information may be provided in one document or multiple documents, and at one time or in part from time to time.

Section 2.3. Listed Event Notices. Each Listed Event Notice shall be so captioned and shall prominently state the title, date and CUSIP numbers of the Bonds.

Section 2.4. Transmission of Information and Notices. Unless otherwise required by law and, in Big Rivers’ sole determination, subject to technical and economic feasibility, Big Rivers shall employ such methods of information and notice transmission as shall be requested or recommended by

the herein-designated recipients of Big Rivers' information and notices. Notwithstanding the foregoing, all documents provided to the MSRB shall be in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 2.5. Fiscal Year. Annual Financial Information shall be provided at least annually notwithstanding any fiscal year longer than twelve calendar months. Big Rivers' current fiscal year is January 1 - December 31, and Big Rivers shall promptly notify (i) the MSRB and (ii) the Issuer, of each change in its fiscal year.

### ARTICLE III Effective Date, Termination, Amendment and Enforcement

#### Section 3.1. Effective Date; Termination.

- (a) This Agreement shall be effective upon issuance of the Bonds.
- (b) If Big Rivers' obligations under the Financing Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Agreement in the same manner as if it were Big Rivers, and thereupon Big Rivers shall have no further responsibility hereunder.
- (c) Big Rivers' obligations under this Agreement shall terminate upon the legal defeasance pursuant to Section VII of the Indenture, prior redemption or payment in full of all of the Bonds.
- (d) This Agreement, or any provision hereof, shall be null and void in the event that Big Rivers delivers to (i) the MSRB, (ii) the Issuer and (iii) the Trustee, an opinion of Counsel, addressed to Big Rivers, the Issuer and the Trustee, to the effect that those portions of the Rule which require this Agreement, or any of such provisions, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion.

#### Section 3.2. Amendment.

- (a) This Agreement may be amended, by Big Rivers with the written agreement of the Trustee, without the consent of the holders of the Bonds (except to the extent required under clause (4) (ii) in this paragraph), if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of Big Rivers or the type of business conducted thereby, (2) this Agreement as so amended would have complied with the requirements of the Rule as of the date of this Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) Big Rivers shall have delivered to the Trustee an opinion of Counsel, addressed to Big Rivers, the Issuer and the Trustee, to the same effect as set forth in clause (2) above, (4) either (i) Big Rivers shall have delivered to the Trustee an opinion of Counsel or a determination by a person, in each case unaffiliated with the Issuer or Big Rivers (such as bond counsel or the Trustee) and acceptable to Big Rivers and the Trustee, addressed to Big Rivers, the Issuer and the Trustee, to the effect that the amendment does not materially impair the interests of the holders of the Bonds or (ii) the holders of the Bonds consent to the amendment to this Agreement pursuant to the same procedures as are required for amendments to the Indenture with consent of holders of Bonds pursuant to Section 11.03 of the Indenture as in effect on the date of this Agreement, and (5) Big Rivers shall have delivered copies of such opinion(s) and amendment to (i) the MSRB, and (ii) the Issuer.

(b) In addition to subsection (a) above, this Agreement may be amended by Big Rivers with the written agreement of the Trustee, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Agreement which is applicable to this Agreement, (2) Big Rivers shall have delivered to the Trustee an opinion of Counsel, addressed to Big Rivers, the Issuer and the Trustee, to the effect that performance by Big Rivers under this Agreement as so amended will not result in a violation of the Rule and (3) Big Rivers shall have delivered copies of such opinion and amendment to (i) the MSRB, and (ii) the Issuer.

(c) To the extent any amendment to this Agreement results in a change in the type of financial information or operating data provided pursuant to this Agreement, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(d) If an amendment is made pursuant to Section 3.2(a) hereof to the accounting principles to be followed by Big Rivers in preparing its financial statements, the Annual Financial Information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

Section 3.3. Benefit; Third-Party Beneficiaries; Enforcement.

(a) The provisions of this Agreement shall constitute a contract with and inure solely to the benefit of the holders from time to time of the Bonds, except that beneficial owners of Bonds shall be third-party beneficiaries of this Agreement. The provisions of this Agreement shall create no rights in any person or entity except as provided in this subsection (a) and subsection (b) of this Section.

(b) The obligations of Big Rivers to comply with the provisions of this Agreement shall be enforceable (i) in the case of enforcement of obligations to provide financial statements, financial information, operating data and notices, by any holder of Outstanding Bonds, or by the Trustee on instruction of the holders of Outstanding Bonds, or (ii), in the case of challenges to the adequacy of the financial statements, financial information and operating data so provided, by the Trustee on instruction of the holders of Outstanding Bonds; *provided, however*, that the Trustee shall not be required to take any enforcement action with respect to the Bonds, except at the direction of the Issuer (but the Issuer shall have no obligation to take any such action), or the holders of not less than twenty-five percent in aggregate principal amount of the Bonds at the time Outstanding, who shall have provided the Trustee with security and indemnity determined by the Trustee to be adequate. A default under this Agreement shall not be deemed an Event of Default under the Indenture or the Financing Agreement. The holders' and Trustee's rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of Big Rivers' obligations under this Agreement. In recognition of the third-party beneficiary status of beneficial owners of Bonds pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be holders of Bonds for purposes of this subsection (b).

(c) Any failure by Big Rivers or the Trustee to perform in accordance with this Agreement shall not constitute a default or an Event of Default under the Indenture or the Financing Agreement, and the rights and remedies provided by the Indenture or the Financing Agreement, as the case may be, upon the occurrence of a default or an Event of Default shall not apply to any such failure.

(d) This Agreement shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Agreement shall be instituted in a court of competent jurisdiction in the State; *provided, however*, that to the extent this Agreement addresses matters of federal securities laws, including the Rule, this Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

#### ARTICLE IV Definitions

Section 4.1. Definitions. The following terms used in this Agreement shall have the following respective meanings:

(1) “Annual Financial Information” means, collectively, (i) the following financial information and operating data with respect to Big Rivers and the Members, updated on an annual basis (capitalized terms used in this definition of Annual Financial Information and not otherwise defined in this Agreement shall have the meanings set forth in the Offering Statement): [Section headings may change based on final version of the disclosure document]

- “BIG RIVERS ELECTRIC CORPORATION – Introduction – General”: the numbers set forth in the second and fourth paragraphs thereof;
- “BIG RIVERS ELECTRIC CORPORATION – Introduction – The Members”: the numbers set forth therein;
- “SELECTED BIG RIVERS’ FINANCIAL DATA”;
- “CAPITALIZATION”;
- “Management’s Discussion and Analysis of Financial Condition and Results of Operations”: all of the information contained therein other than forecasted capital expenditures;
- “QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK – Interest Rate Risk and Commodity Price Risk”: the numbers or percentages set forth;
- “GENERATION AND TRANSMISSION ASSETS – Generating Resources – General”: the table set forth therein;
- “GENERATION AND TRANSMISSION ASSETS – Generating Resources – Kenneth C. Coleman Plant, Robert D. Green Plant, Robert A. Reid Plant, D.B. Wilson Unit No. 1 Plant and Station Two Facility”: the numbers set forth under such captions;
- “GENERATION AND TRANSMISSION ASSETS – Transmission”: the numbers set forth under such caption;
- “APPENDIX B – Member Financial and Statistical Information”: the tables set forth therein;
- “APPENDIX E-1 – SUMMARY OF MORTGAGE INDENTURE – Additional Mortgage Indenture Obligations”: the numbers set forth in the second paragraph thereof;

and (ii) the information regarding amendments to this Agreement required pursuant to Sections 3.2(c) and (d) of this Agreement. Annual Financial Information shall include Audited Financial Statements, if available, or Unaudited Financial Statements.

The descriptions contained in clause (i) above of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information. Any Annual Financial Information containing modified financial information or operating data should explain, in narrative form, the reasons for the modification and the impact of the modification on the type of financial information or operating data being provided.

(2) “Audited Financial Statements” means (i) the annual financial statements, if any, of Big Rivers, audited by such auditor as shall then be required or permitted by State law or the Indenture and (ii) audited financial statements of each of the Members for the prior fiscal year. Audited Financial Statements shall be prepared in accordance with GAAP; provided, however, that, pursuant to Section 3.2(a) hereof, Big Rivers or the Members, as the case may be, may from time to time, if required by federal or State legal requirements, modify the basis upon which its financial statements are prepared. Written notice of any such modification shall be provided by Big Rivers to the Trustee, pursuant to Section 3.2(d) hereof, and shall include a reference to the specific federal or State law or regulation describing such accounting basis.

(3) “Business Day” means any day other than a Saturday, Sunday, a legal holiday or a day on which banking institutions in the State or the state where the principal office of the Trustee is located are authorized or required by law to remain closed.

(4) “Counsel” means Orrick, Herrington & Sutcliffe LLP or other nationally recognized bond counsel or counsel expert in federal securities laws.

(5) “GAAP” means generally accepted accounting principles as prescribed from time to time by the Financial Accounting Standards Board.

(6) “Listed Events” means any of the events listed in Section 1.4(a) or (b) of this Agreement.

(7) “Listed Event Notice” means notice of a Listed Event.

(8) “Members” means the Members.

(9) “MSRB” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

(10) “Offering Statement” means the “final official statement,” as defined in paragraph (f)(3) of the Rule, relating to the Bonds.

(11) “Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of this Agreement, including any official interpretations thereof issued before or after the effective date of this Agreement which are applicable to this Agreement.

- (12) “SEC” means the United States Securities and Exchange Commission.
- (13) “State” means the Commonwealth of Kentucky.
- (14) “Unaudited Financial Statements” means the same as Audited Financial Statements, except that they shall not have been audited.
- (15) “Underwriter” means Goldman, Sachs & Co.

ARTICLE V  
Miscellaneous

Section 5.1. Duties, Immunities and Liabilities of Trustee. Article IX of the Indenture is hereby made applicable to this Agreement as if this Agreement were (solely for this purpose) contained in the Indenture.

Section 5.2. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

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

BIG RIVERS ELECTRIC CORPORATION

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Mark A. Bailey  
President and Chief Executive Officer

Acknowledged: U.S. BANK NATIONAL  
ASSOCIATION, as Trustee

By: \_\_\_\_\_  
Philip G. Kane, Jr.  
Vice President



**\$58,800,000**  
**County of Ohio, Kentucky**  
**Pollution Control Refunding Revenue Bonds, Series 2013A**  
**(Big Rivers Electric Corporation Project)**

**LETTER OF REPRESENTATION**

\_\_\_\_\_, 2013

Fiscal Court of the County of Ohio  
Hartford, Kentucky

Goldman, Sachs & Co.  
200 West Street, 33<sup>rd</sup> Floor  
New York, New York 10282-2198

Ladies and Gentlemen:

1. Big Rivers Electric Corporation (the “**Company**”), in order to induce Goldman, Sachs & Co. (the “**Underwriter**”) and County of Ohio, Kentucky (the “**Issuer**”) to enter into a Purchase Contract dated the date hereof (the “**Purchase Contract**”) relating to the purchase by the Underwriter from the Issuer of \$58,800,000 aggregate principal amount of County of Ohio, Kentucky Pollution Control Refunding Revenue Bonds, Series 2013A (Big Rivers Electric Corporation Project) (the “**Bonds**”) does hereby execute and deliver this Letter of Representation.

The Bonds will be issued under and pursuant to a Trust Indenture dated as of \_\_\_\_\_, 2013 (the “**Bond Indenture**”), by and between the Issuer and U.S. Bank National Association, as trustee (the “**Bond Trustee**”). The Bond proceeds shall be paid by the Issuer to Dexia Credit Local, assignee of Credit Suisse, First Boston, as liquidity provider (the “**1983 Credit Provider**”) together with funds from the Company to purchase the Issuer’s \$58,800,000 aggregate principal amount of Pollution Control Floating Rate Demand Bonds, Series 1983 (Big Rivers Electric Corporation Project) (the “**Refunded Bonds**”) from the 1983 Credit Provider and submit the Refunded Bonds to U.S. Bank National Association, successor to Bank of America Illinois (successor to Continental Illinois National Bank and Trust Company), as trustee for the Refunded Bonds for cancellation.

The payment by the Issuer of a portion of the proceeds of the Bonds to the Company is provided for by the provisions of the Loan Agreement, dated as of \_\_\_\_\_, 2013 (the “**Financing Agreement**”), between the Issuer and the Company, and the obligations thereunder to repay the principal amount of the Bonds when due at maturity and interest on the Bonds when due shall be evidenced by a note of the Company dated the date of issuance of the Bonds (the “**Note**”). The Note will be in the form specified in the Supplemental Indenture (as hereinafter

defined) and the Financing Agreement and will be an Obligation secured under the Indenture, dated as of July 1, 2009, between the Company and U.S. Bank National Association, as trustee (the “**Mortgage Indenture Trustee**”) as heretofore supplemented and as supplemented by the Fourth Supplemental Indenture, dated as of \_\_\_\_\_, 2013 (the “**Supplemental Indenture**”), between the Company and the Mortgage Indenture Trustee (as supplemented, the “**Mortgage Indenture**”).

The Company and the Issuer have caused to be prepared the following information: (i) a Preliminary Offering Statement, dated \_\_\_\_\_, 2013 (together with the appendices thereto, the “**Preliminary Offering Statement**”), (ii) the Pricing Supplement attached as Appendix B to the Purchase Contract (the “**Pricing Supplement**”), and (iii) the electronic road show made available to investors via the Internet (not including telephone question and answer sessions with investors) (the “**Electronic Road Show**”). The Preliminary Offering Statement, together with the Pricing Supplement, is referred to herein as the “**Disclosure Package**.”

Capitalized terms used herein, if not otherwise defined herein, shall have the meanings assigned to such terms in the Purchase Contract, and, if not defined therein, in the Preliminary Offering Statement.

In consideration of the execution and delivery of the Purchase Contract, the Company represents, warrants and covenants to and with the Underwriter and the Issuer as follows:

(a) The Preliminary Offering Statement, as of its date, and the Disclosure Package, as of \_\_\_\_:00 p.m., New York city time, on \_\_\_\_\_, 2013 (the “**Initial Sale Time**”), did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; as of the Initial Sale Time, the Electronic Road Show, when considered together with the Disclosure Package, did not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The representations or warranties in this Section 2(a) shall not apply to information contained in or omitted from the Disclosure Package (or any supplement or amendment thereto) in reliance upon information furnished to the Company in writing by or on behalf of the Underwriter expressly for use in the Preliminary Offering Statement under the heading “**UNDERWRITING**.” The Company authorizes the Underwriter to use the Disclosure Package and the Offering Statement as well as the Bond Indenture, the Financing Agreement, the Note, the Mortgage Indenture and the Continuing Disclosure Agreement (as defined in the Preliminary Offering Statement) in connection with the public offering and sale of the Bonds.

(b) The Company has full legal right, power and authority to execute and deliver this Letter of Representation, the Mortgage Indenture, the Supplemental Indenture, the Financing Agreement, the Continuing Disclosure Agreement (in substantially the form attached as an Appendix \_\_\_ to the Preliminary Offering Statement), the Tax Certificate and Agreement and the Note. As of the date hereof, this Letter of Representation is, and as of the Closing, the Mortgage Indenture, the Supplemental Indenture, the Financing Agreement, the Continuing Disclosure Agreement

(in substantially the form attached as an Appendix \_\_\_\_ to the Preliminary Offering Statement), the Tax Certificate and Agreement and the Note will have been, duly authorized, executed and delivered by the Company and will be in or are in full force and effect and will or do constitute the valid and binding obligations of the Company enforceable in accordance with their respective terms (except as to enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting enforcement of creditors' rights and by equitable rights where equitable remedies are sought and except that rights to indemnity and remedies for breach of representations and warranties relating to the Disclosure Package or the Offering Statement may be limited under the federal securities laws or other applicable laws), and performance by the Company thereunder will not violate, or result in a breach of any of the provisions of, or constitute a default under (i) the Company's Articles of Incorporation, as amended, or its Bylaws, as amended, or (ii) any agreement or instrument to which, or any law, administrative regulation or court decree by which, the Company is bound, except in the case of clause (i) above, for any such violation, breach or default that would not individually or in the aggregate, be reasonably expected to have a material adverse effect on the business or operations or current or future financial position, patronage capital, margins or results of operations of the Company or on the performance by the Company of its obligations under the 2013 Financing Documents (a "**Material Adverse Effect**").

(c) The Company agrees to assist the Issuer in providing to the Underwriter the Offering Statement in the quantities and in the electronic format at the times required by Section 5(a)(1) of the Purchase Contract.

(d) During the period commencing on the date hereof and ending on the earlier of (i) ninety (90) days following the End of the Underwriting Period (as defined in the Purchase Contract), or (ii) the time when the Offering Statement is available to any person from the MSRB, but in the case of this clause (ii), no less than twenty-five (25) days following the End of the Underwriting Period, if any event shall occur which in the reasonable opinion of the Underwriter would cause the Offering Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and if in the reasonable opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Offering Statement, the Company will assist in amending or supplementing the Offering Statement in a form and manner approved by the Issuer, the Underwriter and Bond Counsel so that the Offering Statement will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading; provided, however, that all expenses incurred in connection with any such supplement or amendment will be paid by the Company. The Company agrees to notify the Underwriter of any event of the type described in this paragraph of which it has knowledge.

(e) Except as contemplated herein or as contemplated or set forth in the Disclosure Package, or as the result of operations in the ordinary course of business as described in the Disclosure Package, the Company, subsequent to the dates as of which information is given in the Disclosure Package and as of the date on which the

representation with respect to this paragraph is being made (being the date of this Letter of Representation and, pursuant to clause 5(ii) of paragraph (e) of Section 9 of the Purchase Contract, the Closing Date), has not incurred any material liabilities or obligations, direct or contingent; and, except as contemplated or set forth in the Disclosure Package, subsequent to the dates as of which information is given in the Disclosure Package and as of the date on which the representation with respect to this paragraph is being made, there has been no material adverse change in the condition, financial or otherwise, of the Company.

(f) The Company has been duly incorporated and is now validly existing and in good standing as a rural electric cooperative corporation under the laws of the State of Kentucky. The Company has been duly qualified as a foreign corporation in each jurisdiction in which such qualification is required and is in good standing under the laws of each such jurisdiction or is not subject to any material liability or disability by reason of the failure to be so qualified in any such jurisdiction.

(g) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any judicial or administrative court or governmental agency or body, state, federal or other, pending, other than as described in the Disclosure Package, or known to the Company to be threatened against or affecting the Company, nor to the best of the Company's knowledge is there any basis therefor, wherein an unfavorable decision, ruling or finding would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(h) The Company will cause the proceeds from the sale of the Bonds to be applied as provided for in the Bond Indenture and the Financing Agreement.

(i) All consents, approvals, authorizations and orders of any governmental authority, board, agency or commission or filings or registrations with any governmental authority of the State of Kentucky or the United States of America required in connection with, or the absence of which would materially adversely affect the execution and delivery by the Company of, the Financing Agreement, the Continuing Disclosure Agreement, the Mortgage Indenture, the Supplemental Indenture, the Tax Certificate and Agreement, the Note and this Letter of Representation, the performance by the Company of its obligations thereunder and hereunder and of the transactions contemplated in the Disclosure Package, except as described in the Disclosure Package, and the issuance and sale of the Bonds, have been obtained or made and are in full force and effect; provided, however, that no representation is made concerning compliance with the federal securities laws or the securities or "blue sky" laws of the various jurisdictions of the United States of America.

(j) The Company will notify the Underwriter if, prior to the Closing Date, any event occurs which, in the judgment of the Company, makes the Disclosure Package or the Offering Statement contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading, and the Company will change the Disclosure Package or the Offering Statement so that it does not contain any

untrue statement of material fact or omit to state a material fact necessary to make the statements, in light of the circumstances under which they were made, not misleading.

(k) The Company will diligently cooperate with the Underwriter to qualify the Bonds for offer and sale under the securities or “blue sky” laws of such jurisdictions as the Underwriter may request; provided that in no event shall the Company be obligated to qualify to do business in any jurisdictions where it is not now so qualified or to take any action which would subject it to the general service of process in any jurisdictions where it is not now so subject. The Company will not be responsible for compliance with or the consequences of failure to comply with applicable “blue sky” laws.

(l) The Company will pay the reasonable expenses to be paid by it pursuant to Section 12 of the Purchase Contract (subject to the terms and conditions set forth therein). In addition, as compensation to the Underwriter for its commitments and obligations under the Purchase Contract, the Company will pay to the Underwriter by wire transfer or a check or checks payable in immediately available funds, an amount equal to \$\_\_\_\_\_ (such fee being inclusive of the Underwriter’s out-of-pocket expenses). Such payment shall be made simultaneously with the payment by the Underwriter of the purchase price of the Bonds as provided in the Purchase Contract.

(m) The Preliminary Offering Statement was, as of its date, deemed “final,” within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (“**Rule 15c2-12**”), by the Company on behalf of the Issuer as of the date thereof and as of the date hereof, and is deemed to be a “final official statement” within the meaning of Rule 15c2-12.

(n) The Company is in compliance with all of its continuing disclosure undertakings entered into pursuant to Rule 15c2-12 and has not failed to comply with such undertakings during the last five years.

(o) The consolidated audited financial statements of the Company for the fiscal years ended December 31, 2010 and December 31, 2011 contained in Appendix A to the Preliminary Offering Statement present fairly the consolidated financial position of the Company as of the dates indicated and the results of operations and changes in cash flows for the periods specified, and such financial statements have been prepared in conformity with generally accepted accounting principles. There has been no material adverse change in the condition, financial or otherwise, of the Company since December 31, 2011, from that set forth in the financial statements, as of and for the period ended that date, except as disclosed in the Disclosure Package.

(p) The Company has taken all action required to perfect the security interest created by the Mortgage Indenture wherever such security interest can be perfected by the filing of financing statements under the Uniform Commercial Codes of the jurisdictions where such filings are made, including any recording or re-recording of the Mortgage Indenture in all counties where the Company owns substantial assets, as security for the Obligations referred to therein, including the Note.

(q) The Company has good and marketable title to the mortgaged property (as described and defined in the Mortgage Indenture) subject to Permitted Exceptions and Prior Liens permitted by Section 13.6 the Mortgage Indenture, all as such terms are defined in the Mortgage Indenture.

(r) Each of the Wholesale Power Contracts (each, a “**Wholesale Power Contract**” and, collectively, the “**Wholesale Power Contracts**”), between the Company and those Members identified in the Preliminary Offering Statement as parties to such Wholesale Power Contracts, have been duly authorized, executed and delivered by the Company and constitute legal, valid and binding obligations of the Company enforceable in accordance with their respective terms, subject, as to enforcement, to bankruptcy, insolvency reorganization and other laws of general applicability relating to or affecting creditors’ rights and to general equity principles.

(s) Except as disclosed in the Preliminary Offering Statement, each of the agreements listed on Schedule 1 hereto (each, a “**Smelter Agreement**” and, collectively, the “**Smelter Agreements**”) has been duly authorized, executed and delivered by the Company and constitute legal, valid and binding obligations of the Company enforceable in accordance with their respective terms, subject, as to enforcement, to bankruptcy, insolvency reorganization and other laws of general applicability relating to or affecting creditors’ rights and to general equity principles.

2. The acceptance and confirmation of this Letter of Representation on behalf of the Issuer shall constitute a representation and warranty by the Issuer to the Company that the representations and warranties contained in Section 7 of the Purchase Contract are true as of the date hereof and will be true in all material respects as of the Closing Date, as if made on the Closing Date.

3. (a) The Company agrees to indemnify and hold harmless the Underwriter, and each person, if any, who controls the Underwriter within the meaning of Section 15 of the Securities Act of 1933, as amended (the “**Securities Act**”), and the Issuer, to the extent permitted under applicable law, against any and all losses, claims, damages, liabilities and expenses (including reasonable costs of investigation) arising out of or based on (i) the failure to register any security under the Securities Act or to qualify any indenture under the Trust Indenture Act of 1939, as amended, in connection with the offering of the Bonds or (ii) any untrue statement or alleged untrue statement of a material fact contained in the Disclosure Package or the Offering Statement, or in any amendment or supplement thereto, arising out of or based on any omission or alleged omission to state therein a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except insofar as such losses, claims, damages, liabilities or expenses arising out of or based on any such untrue statement or omission or allegation thereof in reliance upon and in conformity with written information furnished to the Company by the Underwriter expressly for use in the Disclosure Package and the Offering Statement under the heading “**UNDERWRITING.**”

(b) If any action or claim (including any governmental investigation) shall be brought or asserted against the Underwriter or any person so controlling the Underwriter,

or the Issuer, based upon the Disclosure Package or Offering Statement or any amendment or supplement thereto, and in respect of which indemnity may be sought from the Company pursuant to subsection (a) hereof, the Underwriter or such controlling person or the Issuer, as the case may be, shall promptly notify the Company in writing, and the Company shall assume the defense thereof, including the employment of counsel and the payment of all expenses. The Underwriter or any such controlling person or the Issuer, as the case may be, shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the Underwriter or such controlling person or the Issuer, as the case may be, unless (i) the employment thereof has been specifically authorized by the Company, (ii) the Company has failed to assume the defense and employ counsel or (iii) the named parties to any such action (including any impleaded parties) include both the Underwriter or such controlling person or the Issuer and the Company, and representation of the Underwriter or such controlling person or the Issuer and the Company by counsel representing the Company would be inappropriate due to actual or potential differing interests between the Company and the other named party (in which case the Company shall not have the right to assume the defense of such action on behalf of the Underwriter or such controlling person or the Issuer, it being understood, however, that the Company shall not, in connection with any one such action or separate but substantially similar or related actions arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys at any point in time for the Underwriter and such controlling persons, and one separate firm of attorneys for the Issuer, which respective firms shall be designated in writing by the Underwriter and the Issuer). The Company shall not be liable for any settlement of any such action effected without its consent, but if settled with the consent of the Company or if there is a final judgment for the plaintiff in any such action, the Company will indemnify and hold harmless any indemnified person from and against any loss or liability by reason of such settlement or judgment. The Company shall not, without the prior written consent of the Underwriter, effect any settlement of any pending or threatened proceeding in respect of which the Underwriter is or could have been a party and indemnity could have been sought hereunder by the Underwriter, unless such settlement (i) includes an unconditional release of the Underwriter from any liability or claims that are the subject matter of such proceeding and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of the Underwriter.

(c) The Underwriter agrees to indemnify and hold harmless the Company and the Issuer to the same extent as the foregoing indemnity from the Company to the Underwriter and the Issuer, but only with respect to written information furnished by the Underwriter to the Company expressly for use in the Disclosure Package and the Offering Statement under the heading "UNDERWRITING." If any action or claim shall be brought against the Company or the Issuer based upon the Disclosure Package and the Offering Statement and in respect of which indemnity may be sought against the Underwriter, the Underwriter shall have the rights and duties given to the Company; and the Company or the Issuer, as the case may be, shall have the rights and duties given to the Underwriter by subparagraph (b) hereof. The indemnity agreement of this subparagraph (c) shall extend upon the same terms and conditions to each officer and director of the Company or the Issuer, as applicable, and to each person, if any, who

controls the Company or the Issuer, as applicable, within the meaning of Section 15 of the Securities Act.

(d) If the indemnification provided for in this Section is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (c) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company, on the one hand, and the Underwriter, on the other, from the offering of the Bonds. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under subsection (b), then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company, on the one hand, and the Underwriter, on the other, in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company, on the one hand, and the Underwriter, on the other, shall be deemed to be in the same proportion as the total net proceeds from the sale of the Bonds (before deducting expenses) received by the Company to the total fee received by the Underwriter. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company, on the one hand, or the Underwriter, on the other, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Underwriter agree that it would not be just and equitable if contribution pursuant to this subsection (d) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim (which shall be limited as provided in subsection (b) above if the indemnifying party has assumed the defense of any such action in accordance with the provisions thereof). Notwithstanding the provisions of this subsection (d), the Underwriter shall not be required to contribute any amount in excess of the amount by which the total price at which the Bonds were offered to the public exceeds the amount of any damages which the Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(e) The indemnity agreements contained in this Section 3 shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Underwriter or any person so controlling the Underwriter or by or on behalf of the Company or by or on behalf of the Issuer. A successor of the Underwriter or the

Company or of the Issuer, as the case may be, shall be entitled to the benefits of the indemnity and reimbursement agreements contained in this Section 3; the term “successor” shall not include any purchaser of Bonds from the Underwriter merely because of such purchase.

4. The Underwriter agrees that, if the Purchase Contract is terminated pursuant to Section 10 thereof, the Company shall not have any further obligations to the Underwriter under this Letter of Representation other than as set forth in clause (l) of Section 1 hereof.

5. This Letter of Representation is made solely for the benefit of the Issuer and its directors, officers and agents, the Underwriter, persons controlling the Underwriter, and the Company and its directors and officers or any person who controls the Company within the meaning of Section 15 of the Securities Act, and their respective successors and assigns, and no other person, partnership, association or corporation shall acquire or have any right under or by virtue hereof. The terms “successors” and “assigns” shall not include any purchaser of Bonds from the Underwriter merely because of such purchase.

6. The execution and delivery of this Letter of Representation by the Company shall constitute the Company’s approval of and consent to the Issuer’s entering into, acceptance and execution of the Purchase Contract and performance thereunder.

7. Any notice or other communication to be given to the Company under this Letter of Representation may be given by delivering the same in writing, in person or by certified or registered mail, return receipt requested (such notice or communication to be deemed effective when received) to the Company at 201 Third Street, Henderson, Kentucky 42420, Attention: Vice President of Accounting and Chief Financial Officer, or by facsimile (such notice to be deemed effective when sent) to the attention of the Vice President of Accounting and Chief Financial Officer of the Company at [270-827-2101]. Any notice or other communication to be given to the Underwriter under this Letter of Representation may be given by delivering the same in writing, in person or by certified or registered mail, return receipt requested (such notice or communication to be deemed effective when received) to Goldman, Sachs & Co. at 200 West Street, 33<sup>rd</sup> Floor, New York, New York 10282-2198, Attention: Mark Glotfelty, or by facsimile (such notice to be deemed effective when sent) to the attention of Mark Glotfelty at 646-835-3244, and any notice or communication to be given to the Issuer under this Letter of Representation may be given by delivering the same in writing, in person or by certified or registered mail, return receipt requested (such notice or communication to be deemed effective when received), at Ohio County Fiscal Court, 301 South Main, Hartford, Kentucky 42347, Attention: County Judge/Executive. The Company, the Issuer and the Underwriter shall each be fully entitled to rely upon notice given pursuant to this Paragraph and to act thereon.

8. This Letter of Representation shall become effective upon execution hereof and the effectiveness of the Purchase Contract referred to herein. It shall terminate upon termination of the Purchase Contract. The Company’s representations and warranties contained herein shall survive the Closing and shall remain operative and in full force and effect, regardless of (a) any investigation made by or on behalf of the Underwriter, (b) delivery of and payment for the Bonds, and (c) any termination of the Purchase Contract or this Letter of Representation but only to the extent provided by subsection (l) of Section 1 hereof.

9. The Company acknowledges and agrees that: (i) the primary role of Goldman Sachs, as underwriter, is to purchase securities, for resale to investors, in an arm's-length commercial transaction between the Company and the Issuer on one hand, and the Underwriter on the other hand, and that the Underwriter has financial and other interests that differ from those of the Company; (ii) the Underwriter is not acting as a municipal advisor, financial advisor, or fiduciary to the Company and has not assumed any advisory or fiduciary responsibility to the Company with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether Goldman, Sachs & Co. has provided other services or is currently providing other services to the Company on other matters); (iii) the only obligations the Underwriter has to the Company with respect to the transaction contemplated hereby expressly are set forth in this Letter of Representation and the Purchase Contract; and (iv) the Company has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate. If the Company would like a municipal advisor in this transaction that has legal fiduciary duties to the Company, then the Company is free to engage a municipal advisor to serve in that capacity.

10. The Company and the Underwriter hereby irrevocably waive, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Letter of Representation, the Purchase Contract or the transactions contemplated hereby.

11. The validity, interpretation and performance of this Letter of Representation shall be governed by the laws of the State of New York.

[Signatures begin on the following page.]

Very truly yours,

**BIG RIVERS ELECTRIC CORPORATION**

By: \_\_\_\_\_  
Mark A. Bailey  
President and Chief Executive Officer

Accepted and confirmed as of the  
date first above written

**GOLDMAN, SACHS & CO.**

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_

Accepted by County of Ohio, Kentucky pursuant to a resolution  
of the County of Ohio, Kentucky adopted at  
Hartford, Kentucky on \_\_\_\_\_, 2013.

By: \_\_\_\_\_  
*County Judge/Executive  
of County of Ohio, Kentucky*

## Schedule 1

### **Smelter Agreements**

1. Coordination Agreement, dated as of July 1, 2009, by and between the Company and Alcan Primary products Corporation
2. Wholesale Electric Service Agreement (Alcan), dated as of July 1, 2009, by and between the Company and Kenergy Corp.
3. Coordination Agreement, dated as of July 1, 2009, by and between the Company and Century Aluminum of Kentucky General Partnership
4. Wholesale Electric Service Agreement (Century), dated as of July 1, 2009, by and between the Company and Kenergy Corp.

**[To Confirm No Updates]**

## Pricing Supplement

<b>Issuer:</b>	County of Ohio, Kentucky
<b>Obligor:</b>	Big Rivers Electric Corporation
<b>Date:</b>	
<b>Security Type:</b>	Pollution Control Refunding Revenue Bonds, Series 2013A (Big Rivers Electric Corporation Project)
<b>Principal Amount:</b>	\$58,800,000
<b>Maturity Date:</b>	
<b>Interest Rate:</b>	
<b>Price:</b>	100.000
<b>CUSIP Number:</b>	
<b>Optional Redemption</b>	After _____, 2023, the Bonds may be redeemed, in whole or in part, prior to their stated maturity at Big Rivers Electric's option.
<b>Ratings on the Bonds:</b>	The Bonds have ratings of "_____" from Moody's, "_____" from S&P and "_____" from Fitch.
<b>Total Underwriters' Compensation:</b>	\$
<b>Underwriter:</b>	Goldman, Sachs & Co.



**TRUST INDENTURE**

**Between**

**COUNTY OF OHIO, KENTUCKY**

**and**

**U.S. BANK NATIONAL ASSOCIATION**

**as Bond Trustee**

**Dated as of \_\_\_\_\_, 2013**

**Authorizing**

**\$58,800,000**

**COUNTY OF OHIO, KENTUCKY**

**Pollution Control Refunding Revenue Bonds, Series 2013A  
(Big Rivers Electric Corporation Project)**

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## TRUST INDENTURE

This **TRUST INDENTURE** (this “Indenture”), is made and entered into as of \_\_\_\_\_, 2013, by and between **COUNTY OF OHIO, KENTUCKY**, a public body corporate and politic duly created and existing as a county and political subdivision under the Constitution and laws of the Commonwealth of Kentucky (together with any successor to its duties and functions, the “County”), acting by and through its Fiscal Court which is the governing body of the County, and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association duly organized and existing under the laws of the United States of America and authorized to accept and execute trusts of the character herein set out (together with any successor to its duties and functions, the “Bond Trustee”).

### WITNESSETH:

**WHEREAS**, the County is a public body corporate and politic duly created and existing as a county and political subdivision under the Constitution and laws of the Commonwealth of Kentucky and is authorized and empowered by law, including particularly the provisions of the Industrial Building Revenue Bond Act (Sections 103.200 through 103.285, inclusive) of the Kentucky Revised Statutes, as amended (collectively with all future acts supplemental thereto or amendatory thereof, the “Act”), to issue bonds and loan the proceeds thereof to a rural electric cooperative corporation to refund bonds previously issued by the County to finance the acquisition of pollution control facilities; and

**WHEREAS**, by a resolution adopted by the Fiscal Court of the County on September 9, 1980, the County agreed to finance the Facilities for Big Rivers Electric Corporation (“Big Rivers”); and

**WHEREAS**, the County initially financed the Facilities by issuing the 1983 Bonds and loaning to Big Rivers the proceeds thereof which Big Rivers used to pay a portion of the costs of the Facilities; and

**WHEREAS**, the 1983 Bonds are being held by the Dexia Credit Local, assignee of Credit Suisse, First Boston, as liquidity provider for the 1983 Bonds (the “1983 Liquidity Provider”); and

**WHEREAS**, the 1983 Bonds mature on June 1, 2013; and

**WHEREAS**, Big Rivers has determined that it is in its best interest to purchase the 1983 Bonds from the 1983 Liquidity Provider prior to the maturity date and to tender such purchased 1983 Bonds to the 1983 Trustee for cancellation; and

**WHEREAS**, Big Rivers has requested the County to issue \$58,800,000 aggregate principal amount of its “Pollution Control Refunding Revenue Bonds, Series 2013A (Big Rivers Electric Corporation Project)” (the “Bonds”) and to loan the proceeds thereof to Big Rivers for the purpose of providing funds to refund the 1983 Bonds by purchase and cancellation; and

**WHEREAS**, the County and Big Rivers propose that Big Rivers purchase the 1983 Bonds from the 1983 Liquidity Provider with the proceeds of the Bonds and certain other funds provided by Big Rivers in sufficient amounts to effect such purchase of the 1983 Bonds on the date of issuance the Bonds in accordance with the terms of the 1983 Indenture; and

**WHEREAS**, the County and Big Rivers propose that immediately upon the purchase of the 1983 Bonds, Big Rivers will surrender the purchased 1983 Bonds to the 1983 Trustee for cancellation; and

**WHEREAS**, the County will issue the Bonds under this Indenture and loan the proceeds thereof to Big Rivers under a Loan Agreement, dated as of June 1, 2013 (the "Financing Agreement"), pursuant to which (i) the County will loan to Big Rivers the proceeds of the Bonds and (ii) Big Rivers will agree to repay such loan by paying to the County an amount sufficient to pay the principal of the Bonds when due at maturity, the interest on the Bonds when due and any other expenses incurred by the County in connection with the Bonds, and the Bonds shall be secured by, among other things, a pledge of the Financing Agreement, certain revenues of the County received pursuant to the Financing Agreement and a note issued by Big Rivers to evidence its payment obligations under the Financing Agreement (the "Note"), which Note will be issued pursuant to the Fourth Supplemental Indenture, dated as of \_\_\_\_\_, 2013, supplemental to the Indenture, dated as of July 1, 2009, between Big Rivers and U.S. Bank National Association, as trustee (as supplemented and amended, the "Big Rivers Indenture"), and secured on a parity basis with all other obligations secured thereunder; and

**WHEREAS**, the refunding of the 1983 Bonds shall also result in the prepayment of the 1983 Note issued to evidence Big Rivers' obligation to repay the loan made by the County to Big Rivers under the 1983 Financing and Loan Agreement; and

**WHEREAS**, Big Rivers, by executing and delivering the Financing Agreement, has consented to the issuance of the Bonds and the loan of the proceeds thereof to Big Rivers; and

**WHEREAS**, the execution and delivery of this Indenture and the Financing Agreement and the issuance of the Bonds have been in all respects duly and validly authorized by an ordinance of the Fiscal Court of the County; and

**WHEREAS**, the Kentucky Department of Natural Resources and Environmental Protection has certified that the Facilities, as designed, are in furtherance of the purposes of abating or controlling atmospheric pollutants or contaminants or water pollution; and

**WHEREAS**, the County makes the following findings and determinations: (a) the Facilities constitute "pollution control facilities" within the meaning of Section 103.246 of the Act, (b) the acquisition and financing of the Facilities inures to the public interest and constitutes the performance of a proper governmental purpose with the result that atmospheric, solid waste and water pollution in the Commonwealth of Kentucky may be abated and controlled to the maximum possible extent, (c) the issuance of the Bonds is and will be for a public purpose and tends to further the purpose of the Act and, in addition, aids in the retention of existing industry through the control of pollution, (d) the Facilities are located wholly within the geographic boundaries of the County, (e) title to the Facilities is held by Big Rivers and will not be acquired

by the County, (f) the statutory mortgage lien provided for by Section 103.250 of the Act shall not apply to the Facilities, (g) the principal amount of the Bonds (together with funds provided and to be provided by Big Rivers) is necessary to effect the refunding of the 1983 Bonds and to pay all premiums, expenses and commissions required to be paid in connection with the issuance of the Bonds and the refunding of the 1983 Bonds, and (h) the issuance of the Bonds, the refunding of the 1983 Bonds, the loan of the proceeds of the Bonds to Big Rivers for this purpose and the execution, delivery and performance of the Bonds, this Indenture and the Financing Agreement are, in all respects, permitted by the Act and conform to the requirements of the Act.

**WHEREAS**, all other things necessary to make the Bonds, when issued, executed and delivered by the County and authenticated by the Bond Trustee pursuant to this Indenture, the valid and binding obligations of the County, and to constitute this Indenture a valid pledge of certain income and revenues derived from the Financing Agreement and the Note for the payment of the principal of and interest on the Bonds authenticated and delivered under this Indenture, have been performed, and the creation, execution and delivery of this Indenture, and the creation, execution and issuance of the Bonds, subject to the terms hereof, have all been duly authorized;

**NOW, THEREFORE:**

The County, in consideration of the premises and the acceptance by the Bond Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the Owners thereof and of the sum of One Dollar (\$1.00), lawful money of the United States of America, to it duly paid by the Bond Trustee at or before the execution and delivery of these presents and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of and interest on the Bonds according to their tenor and effect and the performance and observance by the County of all the obligations and covenants expressed or implied herein and in the Bonds, does hereby grant, convey, pledge, transfer and assign to the Bond Trustee, and to its successors in trust, the following (herein called the "Trust Estate"):

*First*, the amounts required from time to time to be deposited in or credited to the account of the Bond Fund in accordance with this Indenture and the Financing Agreement and the Note from time to time held by the Bond Trustee or a Co-Paying Agent for the benefit of the Owners of the Bonds pursuant to this Indenture, together, as provided herein, with any investments and reinvestments made with such amounts and moneys and the proceeds thereof; and

*Second*, all of the County's right, title and interest in and to the Note, and payments made thereon, delivered by Big Rivers to the Bond Trustee pursuant to the Financing Agreement; and

*Third*, all of the County's right, title and interest in and to the Receipts and Revenues of the County from the Financing Agreement and all of the County's right, title and interest in and to the Financing Agreement together with all powers, privileges, options and other benefits of the County contained in the Financing Agreement which are not specifically described in the First Granting Clause above other than the rights of the County set forth in Sections 5.4, 5.6 and 9.4 of the Financing Agreement; *provided, however*, that nothing in this clause shall impair, diminish or

otherwise affect the County's obligations under the Financing Agreement or, except as otherwise provided in this Indenture, impose any such obligations on the Bond Trustee; and

*Fourth*, any and all property of every kind or description which may from time to time hereafter be sold, transferred, conveyed, assigned, hypothecated, endorsed, deposited, pledged, mortgaged, granted or delivered to, or deposited with, the Bond Trustee as additional security hereunder by the County or anyone on its behalf or with its written consent, or which pursuant to any of the provisions hereof or of the Financing Agreement may come into the possession or control of the Bond Trustee, or of a lawfully appointed receiver, as such additional security; and the Bond Trustee is hereby authorized to receive any and all such property as and for additional security for the payment of the Bonds and to hold and apply all such property subject to the terms hereof.

**TO HAVE AND TO HOLD** the said Trust Estate, whether now owned or held or hereafter acquired, unto the Bond Trustee, its successors and assigns, forever.

**IN TRUST NEVERTHELESS**, upon the terms and trusts herein set forth for the equal and proportionate benefit and security of all present and future Owners of the Bonds without preference of any Bond over any other, and for enforcement of the payment of the Bonds, in accordance with their terms, and all other sums payable hereunder or on the Bonds and for the performance of and compliance with the obligations, covenants and conditions of this Indenture, as if all the Bonds at any time outstanding had been authenticated, executed and delivered simultaneously with the execution and delivery of this Indenture, all as herein set forth.

**IT IS HEREBY COVENANTED, DECLARED AND AGREED** that this Indenture creates a continuing lien to secure equally and ratably the payment in full of the principal of and interest on all Bonds which may, from time to time, be outstanding hereunder, and that the Bonds are to be issued, authenticated and delivered, and that the Trust Estate is to be held, dealt with and disposed of by the Bond Trustee, upon and subject to the terms, covenants, conditions, uses, agreements and trusts set forth in this Indenture, as follows:

## **ARTICLE I**

### **DEFINITIONS**

The terms defined in this Article I shall, for all purposes of this Indenture, have the meanings herein specified, unless the context clearly requires otherwise:

*“Act”* shall mean the Industrial Building Revenue Bond Act (Sections 103.200 through 103.285, inclusive) of the Kentucky Revised Statutes, as amended, and all acts supplemental thereto or amendatory thereof.

*“Administration Expenses”* shall mean the reasonable and necessary expenses incurred by the County with respect to the Financing Agreement, this Indenture and any transaction or event contemplated by the Financing Agreement or this Indenture, including the compensation and expenses paid to the Bond Trustee.

“*Big Rivers*” shall mean Big Rivers Electric Corporation, a nonprofit rural electric cooperative corporation organized and existing under the laws of the Commonwealth of Kentucky, and its lawful successors and assigns.

“*Big Rivers Indenture*” shall mean the Indenture, dated as of July 1, 2009, between Big Rivers and U.S. Bank National Association, as trustee, as supplemented or amended from time to time, including as supplemented by the Fourth Supplemental Indenture, providing for the issuance of the Note, and as also amended and supplemented by any alternate indenture or mortgage.

“*Big Rivers Representative*” shall mean any one of the following officers and/or employees of Big Rivers: (i) the President and Chief Executive Officer, (ii) the Vice President of Accounting and Chief Financial Officer or (iii) any other officer or employee of Big Rivers at the time designated to act on behalf of Big Rivers by a written certificate furnished to the County and the Bond Trustee containing the specimen signature of such person and signed on behalf of Big Rivers by any one of the above-described officers and/or employees. Such certificate may designate one or more alternates.

“*Bond Fund*” shall mean the fund created by Section 4.01 hereof.

“*Bond Trustee*” shall mean U.S. Bank National Association, and its successor or successors hereunder, as trustee and Paying Agent under this Indenture.

“*Bondowner*” or “*Owner*” shall mean the person in whose name a Bond of any series is registered upon the registration books maintained by the Registrar.

“*Bonds*” or “*Bond*” shall mean the County’s “Pollution Control Refunding Revenue Bonds, Series 2013A (Big Rivers Electric Corporation Project),” authorized under Section 2.02 hereof.

“*Book Entry Bond*” shall mean a Bond of any series authorized to be issued hereunder and issued to and, except as provided in Section 2.11(d) hereof, restricted to being registered in the name of, a Securities Depository for the participants in such Securities Depository or the beneficial owners of such Bond.

“*Business Day*” shall mean any day on which (i) banks located in New York, New York, and the city in which the principal office of the Bond Trustee is located is not required or authorized to be closed and (ii) The New York Stock exchange is open.

“*Co-Paying Agent*” shall mean any co-paying agent appointed in accordance with Sections 9.20 and 9.21 hereof.

“*County*” shall mean County of Ohio, Kentucky, a public body corporate and politic duly created and existing as a county and political subdivision under the Constitution and laws of the Commonwealth of Kentucky.

“*Event of Default*” shall have the meaning specified in Section 8.01 hereof.

“*Facilities*” shall mean those air and water pollution control and sewage and solid waste disposal facilities located at the Plant which were financed with the proceeds of the 1983 Bonds. The Facilities are listed on Exhibit A to the Financing Agreement.

“*Financing Agreement*” shall mean the Loan Agreement, dated as of \_\_\_\_\_, 2013, between the County and Big Rivers, as amended or supplemented by any and all Supplemental Financing Agreements.

“*Fiscal Court*” shall mean the Fiscal Court of the County or any successor governing body of the County.

“*Fourth Supplemental Indenture*” shall mean the Fourth Supplemental Indenture to the Big Rivers Indenture, dated as of \_\_\_\_\_, 2013, between Big Rivers and U.S. Bank National Association, as Trustee.

“*Indenture*” shall mean this Trust Indenture of the County, as amended or supplemented by any and all Supplemental Indentures.

“*Interest Payment Date*” shall mean [ \_\_\_\_\_ and \_\_\_\_\_ ] of each year, commencing \_\_\_\_\_, 201\_\_.

“*Investment Securities*” shall mean the following obligations or securities (only to the extent investment therein would not violate the laws of the Commonwealth of Kentucky), maturing or redeemable at the option of the holder thereof at such time or times as to enable disbursements to be made from the Bond Fund in accordance with the terms hereof, or which shall be marketable prior to the maturities thereof:

(i) Direct obligations of, or obligations guaranteed by, the United States of America;

(ii) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America:

- Export-Import Bank,
- Farm Credit System Financial Assistance Corporation,
- Farmers Home Administration,
- General Services Administration,
- U.S. Maritime Administration,
- Small Business Administration,
- Government National Mortgage Association (GNMA),
- U.S. Department of Housing & Urban Development (PHA’s), and
- Federal Housing Administration;

(iii) U.S. dollar denominated certificates of deposit (whether negotiable or non-negotiable), demand deposits, time deposits and banker’s acceptances with any bank or trust company organized under the laws of any state of the United States of America or any national banking association whose deposit obligations on the date of purchase are rated either “A-1” or better by Standard & Poor’s Rating Group, a division of The

McGraw-Hill Companies, Inc. (“S&P”) and “P-1” or better by Moody’s Investors Service, Inc. (“Moody’s”) (provided that a rating on a holding company shall not be deemed to be such rating on a subsidiary bank);

(iv) Commercial paper which is rated at the time of purchase either “A-1” or better by S&P and “P-1” or better by Moody’s and which matures not more than 270 days after the date of purchase;

(v) Senior debt obligations rated “AAA” by S&P and “Aaa” by Moody’s issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation;

(vi) Investments in a money market fund rated “AAAm” or “AAAm-G” or better by S&P;

(vii) Pre-refunded Municipal Obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

- (1) which are rated, based on an irrevocable escrow account or fund (the “escrow”), in the highest rating category of S&P and Moody’s or any successors thereto; or
- (2) (A) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (a) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate and (B) which escrow is sufficient, as verified by a nationally recognized firm of independent certified public accountants, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate.

“*Maturity Date*” shall mean, with respect to the Bonds, June 1, 2031.

“*1954 Code*” shall mean the Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder.

“*1983 Bonds*” shall mean the \$58,800,000 aggregate principal amount of the County’s “Pollution Control Floating Rate Demand Bonds, Series 1983 (Big Rivers Electric Corporation Project)”.

“1983 Financing And Loan Agreement” shall mean that certain Financing And Loan Agreement dated as of July 1, 1983, as amended, between the County and Big Rivers relating to the 1983 Bonds.

“1983 Indenture” shall mean the Trust Indenture dated as of July 1, 1983 between the County and Continental Illinois National Bank and Trust Company, as trustee, as amended, under which the 1983 Bonds were issued and secured.

“1983 Liquidity Facility” shall mean that certain Standby Bond Purchase Agreement among Big Rivers, the 1983 Trustee and Credit Suisse First Boston, dated July 17, 1998.

“1983 Note” shall mean the note delivered to the County and endorsed to the 1983 Trustee under the 1983 Financing and Loan Agreement.

“1983 Trustee” shall mean U.S. Bank Trust National Association, the current trustee (as successor to Bank of America Illinois, successor to Continental Illinois National Bank and Trust Company) under the 1983 Indenture.

“1986 Act” means the Tax Reform Act of 1986.

“1986 Code” shall mean the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

“Note” shall mean the first mortgage note issued by Big Rivers under the Fourth Supplemental Indenture and the Financing Agreement, which Note is secured by the Big Rivers Indenture on a parity with all other obligations secured by the Big Rivers Indenture.

“Offering Statement” shall mean the Offering Statement, dated \_\_\_\_\_, 2013, relating to the Bonds.

“Opinion of Bond Counsel” shall mean an opinion in writing signed by an attorney or firm of attorneys experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds and who is acceptable to the Bond Trustee.

“Outstanding under this Indenture,” “Outstanding hereunder,” or “Outstanding” when used in reference to the Bonds shall mean, as at any particular date, the aggregate of all Bonds authenticated and delivered under this Indenture except:

- (a) Bonds cancelled at or prior to such date or delivered to or acquired by the Bond Trustee at or prior to such date for cancellation or, in the case of Book Entry Bonds, to the extent provided in Section 2.11(f) hereof, portions of Bonds deemed to have been cancelled;
- (b) Bonds (or, in the case of Book Entry Bonds, as provided in Section 2.11(f) hereof, portions thereof) for the payment of which cash shall have been theretofore deposited with the Bond Trustee in an amount equal to the principal amount thereof and interest thereon to maturity;

- (c) Bonds otherwise deemed to be paid in accordance with Article VII hereof; and
- (d) Bonds in lieu of or in exchange or substitution for which other Bonds shall have been authenticated and delivered pursuant to this Indenture, unless proof satisfactory to the Bond Trustee and Big Rivers is presented that such Bonds are held by a bona fide holder in due course.

“*Plant*” shall mean the D.B. Wilson Plant Unit No. 1, a coal-fired steam electric generating plant located within the geographic boundaries of the County and wholly-owned by Big Rivers.

“*Principal Office*” shall mean, (i) for the Bond Trustee and Registrar, the principal corporate trust office of the Bond Trustee, which office at the date of acceptance by the Bond Trustee of the duties and obligations imposed on the Bond Trustee by this Indenture is located at 225 Asylum Street, 23rd Floor, Hartford, Connecticut 06103, Attention: Philip G. Kane, Jr. (Big Rivers 2013A Indenture), and for the Trustee as Paying Agent, its principal office in St. Paul, Minnesota, and (ii) for a Co-Paying Agent, the office of such Co-Paying Agent designated in writing to the Bond Trustee, Big Rivers and the Issuer.

“*Purchase Contract*” shall mean that certain Purchase Contract providing for the purchase by Goldman, Sachs & Co., as underwriter, of the Bonds from the County.

“*Receipts and Revenues of the County from the Financing Agreement*” shall mean all moneys paid to the County by Big Rivers pursuant to Section 5.1 of the Financing Agreement, and pursuant to the Note, and all receipts of the Bond Trustee credited under the provisions of this Indenture against such payments.

“*Record Date*” shall mean the fifteenth (15th) day (whether or not a Business Day) next preceding an Interest Payment Date.

“*Registrar*” shall mean the Bond Trustee acting in its capacity as Registrar of the Bonds.

“*Securities Depository*” shall mean, with respect to a Book Entry Bond, the person, firm, association or corporation specified to serve as the securities depository for such Book Entry Bond, or its nominee, and its successor or successors and any other person, firm, association or corporation which may at any time be substituted in its place pursuant to this Indenture.

“*Supplemental Financing Agreement*” shall mean any agreement between the County and Big Rivers amending or supplementing the Financing Agreement in accordance with the terms of this Indenture.

“*Supplemental Indenture*” shall mean any Indenture of the County modifying, altering, amending, supplementing or confirming this Indenture.

“*Tax Certificate and Agreement*” shall mean the Tax Certificate and Agreement by and between the County and Big Rivers.

## ARTICLE II

### THE BONDS

**SECTION 2.01**      *Limited Obligations Of County; Payment And Security.* All Bonds issued under this Indenture and at any time Outstanding shall in all respects be equally and ratably secured hereby, without preference, priority or distinction on account of the date or dates or the actual time or times of the issuance or maturity of the Bonds, so that all Bonds at any time issued and Outstanding hereunder shall have the same right, lien and preference under and by virtue of this Indenture. The Bonds shall not be payable from or charged upon any funds other than the revenues pledged to the payment thereof, nor shall the County be subject to any liability thereon. No holder or holders of any of the Bonds shall ever have the right to compel any exercise of the taxing power of the County to pay any such Bonds or the interest thereon, nor to enforce payment thereon against any property of the County. The Bonds shall not constitute a charge, lien nor encumbrance, legal or equitable, upon any property of the County. Each Bond shall recite in substance that the Bond, including interest thereon, is payable solely from the revenue pledged to the payment thereof, as authorized in the Act, and that the Bond does not constitute a debt of the County within the meaning of any constitutional or statutory limitation.

**SECTION 2.02**      *Authorization And Terms Of Bonds.* The Bonds entitled to the benefit, protection and security of this Indenture are hereby authorized in the aggregate principal amount of \$58,800,000 and shall be designated "Pollution Control Refunding Revenue Bonds, Series 2013A (Big Rivers Electric Corporation Project)." The Bonds shall be dated their date of issuance and shall mature (subject to provisions for prior redemption upon the terms and conditions hereinafter set forth) on the Maturity Date. The Bonds shall bear interest (computed on the basis of a 360-day year consisting of twelve 30-day months) from the date of delivery thereof, or from the most recent Interest Payment Date to which interest has been paid, and shall be payable on [\_\_\_\_\_ and \_\_\_\_\_ of each year], commencing \_\_\_\_\_, 201\_\_\_\_ until the Maturity Date or until the date fixed for redemption, and until payment of the principal or redemption price thereof shall have been made or provided for in accordance with the provisions of this Indenture, at the rate of \_\_\_\_\_% per annum.

The Bonds shall be issued as fully registered bonds without coupons in minimum denominations of \$5,000 and integral multiples thereof and shall be numbered from 1 consecutively upwards prefixed by the letter "R".

For the payment of interest on the Bonds, the County shall cause to be deposited in the Bond Fund, at the Principal Office of the Bond Trustee on or prior to each Interest Payment Date, out of the Receipts and Revenues of the County from the Financing Agreement and other moneys pledged therefor, an amount sufficient to pay the interest to become due on such Interest Payment Date. Any amount in the Bond Fund available for the payment of interest on such Bonds shall be credited against any amount required to be caused to be so deposited in the Bond Fund.

For the payment of the principal of the Bonds upon maturity, the County shall cause to be deposited in the Bond Fund, at the Principal Office of the Bond Trustee on or prior to the Maturity Date of the Bonds, out of the Receipts and Revenues of the County from the Financing

Agreement and other moneys pledged therefor, an amount sufficient to pay the principal of the Bonds on the Maturity Date. Any amount in the Bond Fund available for the payment of the principal of the Bonds shall be credited against any amount required to be caused to be so deposited in the Bond Fund.

On June 1 of each of the years set forth below, the County will pay the respective aggregate principal amount (or such lesser amount as shall then be Outstanding) of the Bonds set forth opposite such year.

<b>Year</b>	<b>Principal Amount</b>
2013	\$ 465,000
2014	1,885,000
2015	2,000,000
2016	2,120,000
2017	2,250,000
2018	2,385,000
2019	2,525,000
2020	2,675,000
2021	2,840,000
2022	3,010,000
2023	3,190,000
2024	3,380,000
2025	3,585,000
2026	3,800,000
2027	4,025,000
2028	4,265,000
2029	4,525,000
2030	4,795,000
2031	5,080,000

Subject to Section 2.11 hereof with respect to Book Entry Bonds, principal of and interest on the Bonds shall be payable at the Principal Office of the Bond Trustee or, at the option of the Owner, at the Principal Office of the Co-Paying Agent. Payment as aforesaid shall be made in such coin or currency of the United States of America as, at the respective times of payment, shall be legal tender for the payment of public and private debts; *provided, however*, that, subject to Section 2.11 hereof, interest may be payable, at the option of the Bond Trustee, by check or draft drawn upon the Bond Trustee and mailed to the registered address of the Owner as it shall appear on the registration books maintained by the Registrar as of the close of business on the Record Date for a particular Interest Payment Date, or, at the written request of any Owner of Bonds in an aggregate principal amount greater than or equal to \$1,000,000 delivered to the Bond Trustee on or prior to such Record Date prior to such Interest Payment Date, by wire transfer per the instructions of such Owner as set forth in such request.

Any Bond issued on or subsequent to the first Interest Payment Date thereon shall be dated as of the Interest Payment Date next preceding the date of authentication thereof, unless

such date of authentication shall be an Interest Payment Date to which interest on such Bond has been paid in full or duly provided for, in which case it shall be dated as of such date of authentication; *provided, however*, that if, as shown by the records of the Bond Trustee, interest on such Bond shall be in default, the Bond issued in exchange for such Bond surrendered for transfer or exchange shall be dated as of the date to which interest has been paid in full on the Bond surrendered.

**SECTION 2.03 *Application Of Proceeds Of The Bonds.*** The proceeds from the sale of the Bonds shall be delivered by the County to Big Rivers to be used to pay a portion of the purchase price of the 1983 Bonds on the date of delivery of the Bonds.

**SECTION 2.04 *Execution Of Bonds; Signatures.***

(a) The Bonds shall be executed on behalf of the County by the County Judge/Executive of the County and shall have affixed, impressed or reproduced thereon the seal of the County, attested by the Court Clerk. Each of such officers of the County may execute or cause to be executed the Bonds with a facsimile signature in lieu of his or her manual signature provided that the signature of such officer, certified by such officer under oath, is on file with the Auditor of the County. Except as provided in the preceding sentence, the signatures of the said officers of the County on Bonds shall be manual signatures.

(b) In case any officer of the County whose signature or a facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the authentication by the Bond Trustee and delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery; and any Bond may be signed on behalf of the County by such persons as, at the time of execution of such Bond or coupon, shall be the proper officers of the County, even though at the date of such Bond or of the adoption of this Indenture any such person was not such officer.

**SECTION 2.05 *Authentication of Bonds by Bond Trustee.*** Only such Bonds as shall have endorsed thereon a certificate of authentication substantially in the form hereinafter set forth manually executed by the Bond Trustee shall be entitled to any right or benefit under this Indenture. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Bond Trustee, and such executed certificate of the Bond Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Bond Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed with an authorized signature of the Bond Trustee, but it shall not be necessary that the same person sign the certificate of authentication on all of the Bonds issued hereunder.

**SECTION 2.06 *Prerequisites to Authentication of Bonds.*** The County shall execute and deliver to the Bond Trustee and the Bond Trustee shall authenticate the Bonds and deliver the Bonds to the initial purchasers thereof as may be directed hereinafter pursuant to this Section 2.06. Prior to the delivery by the Bond Trustee of any authenticated Bonds, there shall be or have been delivered to the Bond Trustee:

(a) A duly certified copy of this Indenture.

- (b) A duly certified copy of the Financing Agreement.
- (c) The Note in an aggregate principal amount equal to the aggregate principal amount of the Bonds.
- (d) A duly certified copy of the Big Rivers Indenture.
- (e) Reserved.
- (f) A request and authorization to the Bond Trustee on behalf of the County and signed by a Big Rivers Representative to authenticate and deliver the Bonds to the purchaser or purchasers therein identified upon payment to the Bond Trustee, but for the account of the County, of a sum specified in such request and authorization, in the aggregate principal amount determined by this Indenture.
- (g) A written statement on behalf of Big Rivers, executed by a Big Rivers Representative, (i) approving the issuance and delivery of the Bonds and (ii) consenting to each and every provision of this Indenture.
- (h) A copy of the Opinion of Bond Counsel addressed to the County in the form set forth as Appendix [\_\_\_\_] to the Offering Statement, together with a reliance letter addressed to the Bond Trustee solely for the benefit of the Bond Trustee as if the Bond Trustee were one of the Owners of the Bonds.
- (i) A copy of the opinion of counsel to Big Rivers addressed to the underwriter for the Bonds as described in the Purchase Contract.
- (j) A copy of the opinion of counsel to the County addressed to the underwriter for the Bonds as described in the Purchase Contract.

**SECTION 2.07 *Bonds Mutilated, Lost, Stolen Or Destroyed.*** In the event any Bond is mutilated, lost, stolen or destroyed, the County may execute and the Bond Trustee may authenticate a new Bond of like date, maturity and denomination and bearing the same number (supplemented to permit specific identification of such new Bond) as that mutilated, lost, stolen or destroyed, provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Bond Trustee, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Bond Trustee evidence of such loss, theft or destruction satisfactory to the Bond Trustee, together with indemnity satisfactory to the Bond Trustee and Big Rivers. Upon the issuance of any substitute Bond, the County and the Bond Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto. In the event any such Bond shall have matured or is about to mature, or has been called for redemption, instead of issuing a substitute Bond the County may, with the consent of the Bondowner, pay the same without surrender thereof if there shall be first furnished to the Bond Trustee evidence of such loss, theft or destruction satisfactory to the Bond Trustee, together with indemnity satisfactory to the Bond Trustee and Big Rivers. The Bond Trustee may charge the Owner of such Bond with the Bond Trustee's reasonable fees and expenses in connection with any transaction described in this Section 2.07. Every substitute Bond issued pursuant to the provisions of this Section 2.07 by virtue of the fact that any Bond is lost, stolen or

destroyed shall constitute an additional contractual obligation of the County, whether or not the lost, stolen or destroyed Bond shall be at any time enforceable, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Bonds duly issued hereunder.

**SECTION 2.08 *Transfer, Registration And Exchange.*** All the Bonds issued under this Indenture shall be negotiable, subject to the provisions for registration and transfer contained in this Indenture and in the Bonds. The Bond Trustee shall be the Registrar for the Bonds. So long as any of the Bonds shall remain Outstanding, the Registrar shall, on behalf of the County, maintain and keep, at its Principal Office, books for the registration and transfer of Bonds; and, upon presentation thereof for such purpose at said Principal Office, the Registrar shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as the Registrar may prescribe, any Bond entitled to registration or transfer. So long as any of the Bonds remain Outstanding, the Registrar shall make all necessary provisions to permit the exchange of Bonds at its Principal Office.

Each Bond shall be transferable only upon the books of the Registrar, which shall be kept for that purpose at the Principal Office of the Registrar, at the written request of the Owner thereof or its attorney duly authorized in writing, upon surrender thereof at said office, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Owner or its duly authorized attorney. Upon the transfer of any Bond or Bonds, the County shall issue in the name of the transferee, in authorized denominations, a new Bond or Bonds of the same series, aggregate principal amount, maturity and interest rate as the surrendered Bond or Bonds.

The County, the Bond Trustee and any Co-Paying Agent may deem and treat the Owner of any Bond as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond and for all other purposes, and all such payments so made to any such Owner or upon its order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and none of the County, the Bond Trustee or any Co-Paying Agent shall be affected by any notice to the contrary.

In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the County shall execute and the Bond Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Indenture. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled and destroyed by the Bond Trustee. Counterparts of the certificates of destruction evidencing such destruction shall be furnished by the Bond Trustee to the County and Big Rivers. For every such exchange or transfer of Bonds, whether temporary or definitive, the County, the Registrar or the Bond Trustee may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Registrar shall not be obliged to make any such exchange or transfer of Bonds during the fifteen (15) days next preceding an Interest Payment Date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the mailing of notice of such redemption. The Registrar shall not be required to make any transfer or exchange of any Bonds called for redemption.

**SECTION 2.09 *Temporary Bonds.*** Pending the preparation of definitive Bonds, the County may execute and the Bond Trustee shall authenticate and deliver temporary Bonds (printed, lithographed or typewritten). Temporary Bonds shall be issuable as registered Bonds without coupons, of any authorized denomination, and substantially in the form of the definitive Bonds but with such omissions, insertions and variations as may be appropriate for temporary Bonds, all as may be determined by the County. Temporary Bonds may be issued without specific redemption prices and may contain such reference to any provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the County and be authenticated by the Bond Trustee upon the same conditions and in substantially the same manner, and with like effect, as the definitive Bonds. As promptly as practicable the County shall execute and shall furnish definitive fully registered Bonds and thereupon temporary Bonds may be surrendered in exchange therefor without charge at the Principal Office of the Bond Trustee, and the Bond Trustee shall authenticate and deliver in exchange for such temporary Bonds a like aggregate principal amount of definitive Bonds of authorized denominations and of the same series. Until so exchanged the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds.

**SECTION 2.10 *Bonds Or Other Obligations Under Other Indentures.*** The County expressly reserves the right to issue, to the extent permitted by law, additional or refunding bonds or other obligations under another indenture to provide for additional costs of construction or for additional facilities or to refund any of the Outstanding Bonds, or any combination thereof.

**SECTION 2.11 *Book Entry Bonds.***

(a) Anything in this Indenture to the contrary notwithstanding, the Bonds shall be issued as Book Entry Bonds.

(b) For all purposes of this Indenture, the Owner of a Book Entry Bond shall be the Securities Depository therefor and none of the County, the Bond Trustee, the Registrar or any Co-Paying Agent shall have any responsibility or obligation to the beneficial owner of such Bond or to any direct or indirect participant in such Securities Depository. Without limiting the generality of the foregoing, none of the County, the Bond Trustee, the Registrar or any Co-Paying Agent shall have any responsibility or obligation to any such participant or to the beneficial owner of a Book Entry Bond with respect to (i) the accuracy of the records of the Securities Depository or any participant with respect to any beneficial ownership interest in such Bond, (ii) the delivery to any participant of the Securities Depository, the beneficial owner of such Bond or any other person, other than the Securities Depository, of any notice with respect to such Bond, including any notice of the redemption thereof, or (iii) the payment to any participant of the Securities Depository, the beneficial owner of such Bond or any other person, other than the Securities Depository, of any amount with respect to the principal or redemption price of, or interest on, such Bond. The County, the Registrar, the Bond Trustee and any Co-Paying Agent may treat the Securities Depository as the absolute owner of a Book Entry Bond for all purposes whatsoever, including, but not limited to, (w) payment of the principal or redemption price of, and interest on, such Bond, (x) giving notices of redemption and of other matters with respect to such Bond, (y) registering transfers with respect to such Bond and (z) giving to the County or the Bond Trustee any notice, consent, request or demand pursuant to this Indenture for any purpose whatsoever. The Bond Trustee and any Paying Agent shall pay the principal or redemption price

of, and interest on, a Book Entry Bond only to or upon the order of the Securities Depository therefor, and all such payments shall be valid and effective to satisfy fully and discharge the County's obligations with respect to such principal or redemption price, and interest, to the extent of the sum or sums so paid. Except as otherwise provided in subsection (d) of this Section 2.11, no person other than the Securities Depository shall receive a Bond or other instrument evidencing the County's obligation to make payments of the principal thereof and interest thereon.

(c) Subject to Section 2.12 hereof, the County, in its sole discretion and without the consent of any other person, may, by notice to the Bond Trustee and a Securities Depository, terminate the services of such Securities Depository with respect to the Book Entry Bonds for which such Securities Depository serves as securities depository if the County determines that (i) the Securities Depository is unable to discharge its responsibilities with respect to such Bonds or (ii) a continuation of the requirement that all of the Bonds issued as Book Entry Bonds be registered in the registration books of the County in the name of the Securities Depository is not in the best interests of the beneficial owners of such Bonds or of the County.

(d) Upon the termination of the services of a Securities Depository with respect to a Book Entry Bond pursuant to clause (ii) of subsection (c) of this Section 2.11, such Bond no longer shall be restricted to being registered in the registration books kept by the Registrar in the name of a Securities Depository. Upon the termination of the services of a Securities Depository with respect to a Book Entry Bond pursuant to clause (i) of subsection (c) of this Section 2.11, the County may within 90 days thereafter appoint a substitute securities depository which, in the opinion of the County, is willing and able to undertake the functions of Securities Depository under this Indenture upon reasonable and customary terms. If no such successor can be found within such period, such Book Entry Bond shall no longer be restricted to being registered in the registration books kept by the Registrar in the name of a Securities Depository. In the event that a Book Entry Bond shall no longer be restricted to being registered in the registration books kept by the Registrar in the name of a Securities Depository, (i) the County shall execute and the Bond Trustee shall authenticate and deliver, upon presentation and surrender of the Book Entry Bond, Bond certificates as requested by the Securities Depository so terminated of like series, principal amount, maturity and interest rate, in authorized denominations, to the identifiable beneficial owners in replacement of such beneficial owners' beneficial ownership interests in such Book Entry Bond and (ii) the Bond Trustee shall notify the Registrar and any Co-Paying Agents that such Bond is no longer restricted to being registered in the registration books kept by the Registrar in the name of a Securities Depository.

(e) Anything in this Indenture to the contrary notwithstanding, payment of the redemption price of a Book Entry Bond, or portion thereof, called for redemption prior to maturity may be paid to the Securities Depository by check or draft mailed to the Securities Depository or by wire transfer. Anything in this Indenture to the contrary notwithstanding, such redemption price may be paid without presentation and surrender to the Bond Trustee of the Book Entry Bond, or portion thereof, called for redemption; *provided, however*, that payment of (i) the principal payable at maturity of a Book Entry Bond and (ii) the redemption price of a Book Entry Bond as to which the entire principal amount thereof has been called for redemption shall be payable only upon presentation and surrender of such Book Entry Bond to the Bond

Trustee; and *provided, further*, that no such redemption price shall be so payable without presentation and surrender unless such Book Entry Bond shall contain or have endorsed thereon a legend substantially to the following effect (provided that such legend may be modified as may be determined necessary or desirable by the County or a particular Securities Depository):

“AS PROVIDED IN THE INDENTURE REFERRED TO HEREIN, UNTIL THE TERMINATION OF THE SYSTEM OF BOOK-ENTRY-ONLY TRANSFERS THROUGH [NAME OF SECURITIES DEPOSITORY] (TOGETHER WITH ANY SUCCESSOR SECURITIES DEPOSITORY APPOINTED PURSUANT TO THE INDENTURE, “THE SECURITIES DEPOSITORY”), AND NOTWITHSTANDING ANY OTHER PROVISION OF THE INDENTURE TO THE CONTRARY, (A) THIS BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO A NOMINEE OF THE SECURITIES DEPOSITORY, OR BY A NOMINEE OF THE SECURITIES DEPOSITORY TO THE SECURITIES DEPOSITORY OR A NOMINEE OF THE SECURITIES DEPOSITORY TO ANY SUCCESSOR SECURITIES DEPOSITORY OR ANY NOMINEE THEREOF AND (B) A PORTION OF THE PRINCIPAL AMOUNT OF THIS BOND MAY BE PAID OR REDEEMED WITHOUT SURRENDER HEREOF TO THE TRUSTEE. THE SECURITIES DEPOSITORY OR A NOMINEE, TRANSFEREE OR ASSIGNEE OF THE SECURITIES DEPOSITORY OF THIS BOND MAY NOT RELY UPON THE PRINCIPAL AMOUNT INDICATED HEREON AS THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID. THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID SHALL FOR ALL PURPOSES BE THE AMOUNT DETERMINED IN THE MANNER PROVIDED IN THE INDENTURE.”

Anything in this Indenture to the contrary notwithstanding, upon any such payment to the Securities Depository without presentation and surrender, for all purposes of (i) the Book Entry Bond as to which such payment has been made and (ii) this Indenture, the unpaid principal amount of such Book Entry Bond Outstanding shall be reduced automatically by the principal amount so paid. In such event, the Bond Trustee shall notify forthwith the Registrar as to the particular Book Entry Bond as to which such payment has been made, and the principal amount of such Bond so paid, the Registrar shall note such payment on the registration books maintained by it, but failure to make any such notation shall not affect the automatic reduction of the principal amount of such Book Entry Bond Outstanding as provided in this subsection (e).

(f) For all purposes of this Indenture authorizing or permitting the purchase of Bonds, or portions thereof, by, or for the account of, the County for cancellation, and anything in this Indenture to the contrary notwithstanding, a portion of a Book Entry Bond may be deemed to have been purchased and cancelled without surrender thereof upon delivery to the Registrar of a certificate executed by the County and a participant of the Securities Depository therefor to the

effect that a beneficial ownership interest in such Bond, in the principal amount stated therein, has been purchased by, or for the account of, the County through the participant of the Securities Depository executing such certificate; *provided, however*, that any purchase for cancellation of the entire principal amount of a Book Entry Bond shall be effective for purposes of this Indenture only upon surrender of such Book Entry Bond to the Bond Trustee; and *provided, further*, that no portion of a Book Entry Bond may be deemed to have been so purchased and cancelled without surrender thereof unless such Book Entry Bond shall contain or have endorsed thereon the legend(s) referred to in subsection (e) of this Section 2.11. Anything in this Indenture to the contrary notwithstanding, upon delivery of any such certificate to the Registrar, for all purposes of (i) the Book Entry Bond to which such certificate relates and (ii) this Indenture, the unpaid principal amount of such Book Entry Bond Outstanding shall be reduced automatically by the principal amount so purchased. In such event, the Registrar shall notify forthwith the Bond Trustee as to the particular Book Entry Bond as to which a beneficial ownership interest therein has been so purchased, and the principal amount of such Bond so purchased, and the Registrar shall note such reduction in principal amount of such Book Entry Bond Outstanding on the registration books maintained by it, but failure to make any such notation shall not affect the automatic reduction of the principal amount of such Book Entry Bond Outstanding as provided in this subsection (f).

(g) Anything in this Indenture to the contrary notwithstanding, a Securities Depository may make a notation on a Book Entry Bond (i) redeemed in part or (ii) purchased by, or for the account of, the County in part for cancellation, to reflect, for informational purposes only, the date of such redemption or purchase and the principal amount thereof redeemed or deemed cancelled, but failure to make any such notation shall not affect the automatic reduction of the principal amount of such Book Entry Bond Outstanding as provided in subsection (e) or (f) of this Section 2.11 as the case may be.

(h) Anything in this Indenture to the contrary notwithstanding, in the case of a Book Entry Bond, the County shall be authorized to redeem or purchase (by or for the account of the County), or issue additional or refunding bonds or other obligations to refund, all or less than all of the entire Outstanding principal amount thereof (in minimum denominations of \$5,000 or integral multiples thereof), and in the event of such partial defeasance, redemption, purchase or refunding, the provisions of this Indenture relating to the defeasance, redemption or purchase refunding of a Bond or Bonds shall be deemed to refer to the redemption, purchase or refunding of a portion of a Bond.

**SECTION 2.12 *The Depository Trust Company As Initial Securities Depository For The Bonds.***

(a) The Depository Trust Company, New York, New York (“DTC”), is hereby appointed as the initial Securities Depository for the Bonds.

(b) The Bonds shall be initially issued in the form of a single fully registered bond in the aggregate principal amount thereof. So long as DTC serves as Securities Depository for the Bonds, the registered holder of all Bonds shall be, and each of the Bonds shall be registered in the name of, Cede & Co. (“Cede”), as nominee of DTC. Upon delivery by DTC to the Bond Trustee of written notice to the effect that DTC has determined to substitute a new

nominee in place of Cede, and subject to the transfer provisions of this Indenture, the word “Cede” in this Indenture shall refer to such new nominee of DTC. So long as any Bonds are registered in the name of Cede, as nominee of DTC in its capacity as Securities Depository for the Bonds, all payments with respect to the principal or redemption price of, and interest on, such Bonds and all notices with respect to such Bonds shall be made or given, as the case may be, to DTC as provided in the representation letter of the County and the Bond Trustee, dated the date of the issuance of such Bonds and addressed to DTC, with respect to such Bonds, as such representation letter may be amended and supplemented from time to time.

(c) (i) DTC may determine to discontinue providing its services as Securities Depository for the Bonds at any time by giving reasonable notice thereof to the County or the Bond Trustee, which notice shall include a certification that DTC has discharged its responsibilities with respect to the Bonds under applicable law. Upon the discontinuance of the services of DTC as Securities Depository for the Bonds pursuant to the immediately preceding sentence of this paragraph, the County may within 90 days thereafter appoint a substitute securities depository which, in the opinion of the County, is willing and able to undertake the functions of Securities Depository under this Indenture upon reasonable and customary terms. If no such successor can be found within such period, the Bonds shall no longer be restricted to being registered in the registration on books kept by the Registrar in the name of a Securities Depository.

(ii) If the Bonds no longer shall be restricted to being registered in the registration books kept by the Registrar in the name of a Securities Depository as provided in paragraph (i) of this subsection (c), (A) the County shall execute and the Bond Trustee shall authenticate and deliver, upon presentation and surrender of the Bonds, the applicable Bond certificates as requested by the Securities Depository therefor of like series, aggregate principal amount, maturity and interest rate, in authorized denominations, to the identifiable beneficial owners in replacement of such beneficial owners’ beneficial ownership interests in such Bonds, if applicable and (B) the Bond Trustee shall notify the Registrar and any Paying Agent that the Bonds are no longer restricted to being registered on the books kept by the Registrar in the name of a Securities Depository.

### ARTICLE III

#### REDEMPTION

##### SECTION 3.01 *Optional and Mandatory Sinking Fund Redemption.*

(a) The Bonds are subject to redemption in whole or in part (and if less than all of the Bonds are to be redeemed, by lot or in such manner as shall be determined by the Bond Trustee) prior to maturity at any time on or after \_\_\_\_\_, 20\_\_ by the County, upon the exercise by Big Rivers of its option to prepay all or a part of the unpaid balance of the Note, at a redemption price of 100 percent of the principal amount thereof, together with interest accrued thereon to the date fixed for redemption.

(b) The Bonds are subject to mandatory sinking fund redemption on June 1 of each of the years set forth in the following table, in the respective amounts (or such lesser amount as shall then be Outstanding) set forth opposite such years in said table:

<u>Year</u>	<u>Principal Amount</u>
2013	\$ 465,000
2014	1,885,000
2015	2,000,000
2016	2,120,000
2017	2,250,000
2018	2,385,000
2019	2,525,000
2020	2,675,000
2021	2,840,000
2022	3,010,000
2023	3,190,000
2024	3,380,000
2025	3,585,000
2026	3,800,000
2027	4,025,000
2028	4,265,000
2029	4,525,000
2030	4,795,000
2031	5,080,000

**SECTION 3.02 *Selection of Bonds To Be Redeemed.*** If less than all of the Bonds shall be called for redemption pursuant to Section 3.01 hereof, the applicable Bonds or portions of registered Bonds of such maturity to be redeemed shall be selected by the Bond Trustee by lot or in such manner as the Bond Trustee in its discretion may deem proper; *provided, however*, that the minimum portion of any such Bonds to be redeemed shall be in the principal amount of \$5,000 or any integral multiple thereof and that, in selecting the applicable Bonds for redemption, the Bond Trustee shall treat each such Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000. Subject to Section 2.11 hereof, if it is determined that one or more, but not all of the \$5,000 units of principal amount represented by any such Bonds is to be called for redemption, then upon notice of intention to redeem such \$5,000 unit or units, the Owner of any such Bonds shall forthwith surrender such Bond or Bonds to the Bond Trustee for (1) payment of the redemption price (including the interest to the date fixed for redemption) of the \$5,000 unit or units of principal amount called for redemption and (2) exchange for a new Bond or Bonds, of the aggregate principal amount of the unredeemed balance of the principal amount of such Bonds and of like maturity and interest rate, and such new Bond or Bonds shall be numbered corresponding to the numbers of the \$5,000 units of principal amount not called for redemption. New Bonds representing the unredeemed balance of the principal amount of such Bonds shall be issued to the registered Owner thereof, without charge therefor. Subject to Section 2.11 hereof, if the Owner of any such a denomination greater than \$5,000 shall fail to present such Bonds to the

Bond Trustee for payment and exchange as aforesaid, such Bonds shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the \$5,000 unit or units of principal amount called for redemption (and to that extent only).

### **SECTION 3.03 *Procedure for Redemption.***

(a) Any Bonds may be called for redemption pursuant to Section 3.01 hereof only upon the written notice of Big Rivers, and from amounts representing prepayment of the Note in accordance with the terms of the Note and the Financing Agreement. Such notice shall be given by Big Rivers to the County and the Bond Trustee at any time during the period beginning with (and including) the 45th day prior to the date of redemption and ending with (and including) the 30th day prior to the date of redemption. Such notice shall specify that Big Rivers is electing to prepay the Note and have the amount of such prepayment applied to the redemption of the principal amount of the Bonds specified in the notice (together with any required premium) on the date for their redemption specified in such notice (which must be a date permitted by Section 3.01 hereof). In the case of an optional redemption, if, at the time Big Rivers gives this notice, the Bond Trustee does not have on deposit sufficient available funds to pay the principal of, premium, if any, and interest accrued and to accrue through the redemption date on the Bonds so called for redemption, then Big Rivers' notice of redemption is conditional and revocable; that is, Big Rivers is under no obligation to provide, or cause to be provided, to the Bond Trustee funds to effect such redemption and, if it does not elect to do so by 12:00 noon, New York City time, on the redemption date, then the Bonds called for redemption shall not be redeemed pursuant to the above-mentioned notice of redemption or the notice of redemption given by the Bond Trustee pursuant to subsection (b) of this Section 3.03. In the case of an optional redemption, neither Big Rivers nor the County shall be liable to any Bondowner if Big Rivers does not provide, or cause to be provided, funds sufficient to effect redemption of any such Bonds with the result that such Bonds are not redeemed on the redemption date specified in such notices. If, at the time Big Rivers gives this notice, the Bond Trustee has on deposit sufficient funds to effect such redemption, or in the case of a notice of a mandatory sinking fund redemption, then Big Rivers' notice is unconditional and irrevocable and the Bonds specified in the notice of Big Rivers and given by the Bond Trustee pursuant to subsection (b) of this Section 3.03 shall become due and payable at the specified redemption price on the specified redemption date.

(b) In the event any Bonds are called for redemption, the Bond Trustee shall give notice to the Bondowners of those Bonds subject to redemption, in the name of the County, of the redemption of such Bonds, which notice shall specify the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable, which shall be the Principal Office of the Bond Trustee as Paying Agent for the Bonds, and the Principal Office of any Co-Paying Agent for such Bonds, and, if less than all of the Bonds are to be redeemed, the numbers of such Bonds to be redeemed. Such notice shall be given by mailing a copy of the redemption notice by first-class, postage prepaid, mail at least thirty (30) days prior to the date fixed for redemption to the Bondowners of the Bonds to be redeemed at the addresses shown on the registration books maintained by the Bond Trustee, as Registrar; *provided, however,* that failure duly to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of such Bonds. If Big Rivers' notice of redemption for such Bonds given pursuant to subsection (a) of this Section 3.03

is conditional and revocable, then the notice of redemption given by the Bond Trustee pursuant to this subsection (b) shall so state and shall further state (i) that the redemption of such Bonds is conditional upon Big Rivers providing, or causing to be provided, to the Bond Trustee, by 12:00 noon, New York City time, on the redemption date, funds sufficient to effect such redemption, (ii) that if such funds are not so provided, such Bonds will not be redeemed on such date and the Bond Trustee's notice of the redemption of such Bonds given pursuant to this subsection (b) will be of no force or effect, (iii) that Big Rivers is under no obligation to provide, or cause to be provided, such funds and, (iv) that neither Big Rivers nor the County shall be liable to any Bondowner if Big Rivers does not provide, or cause to be provided, funds sufficient to effect such redemption with the result that such Bonds are not redeemed on the redemption date specified in such notice. If the Big Rivers notice is unconditional and irrevocable, then the Bond Trustee's notice shall so state, and shall also state (i) in the case of an optional redemption, that the Bond Trustee has on deposit sufficient funds to effect such redemption and (ii) that such Bonds shall become due and payable at the specified redemption price (plus accrued interest) on the redemption date specified in the notice. If such moneys shall not have been so received, the Bond Trustee shall give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. Subject to Section 2.11 hereof, on presentation and surrender of such Bonds so called for redemption at the place or places of payment, such Bonds shall be paid and redeemed.

(c) Any Bonds so called for redemption which are deemed to be not Outstanding under the provisions of Section 7.01 hereof, will cease to bear interest on the specified redemption date and shall no longer be protected under this Indenture.

(d) On or prior to the date the Bond Trustee first gives to the Bondowners any notice of redemption of Bonds, the Bond Trustee shall provide the County and Big Rivers a copy of such notice.

**SECTION 3.04 *Cancellation and Destruction Of Bonds.*** All Bonds which have been redeemed or delivered to or acquired by the Bond Trustee for cancellation shall be cancelled and destroyed by the Bond Trustee and shall not be reissued. Counterparts of the certificates of destruction evidencing such destruction shall be furnished by the Bond Trustee to Big Rivers.

**SECTION 3.05 *Partial Redemption after Default; Minimum Sum.*** No redemption of less than all of the Bonds at the time Outstanding shall be made pursuant hereto unless the total amount of funds available and to be used for such partial redemption is equal to or more than \$50,000. Anything in this Indenture to the contrary notwithstanding, if there shall have occurred and be continuing an Event of Default defined in clause (a) or (b) of Section 8.01 hereof, there shall be no redemption of less than all of the Bonds at the time Outstanding, except in the case of any Bonds notice of the redemption of which has been given pursuant to Section 3.02 hereof and moneys or obligations for the payment of which have been deposited with or paid to the Bond Trustee prior to the occurrence of such Event of Default.

**SECTION 3.06 *Payment to Bond Trustee upon Redemption.*** For the redemption of any Bonds, the County shall cause to be deposited in the Bond Fund, before 12:00 noon, New York City time, at the Principal Office of the Bond Trustee on the redemption date, but only out of the Receipts and Revenues of the County from the Financing Agreement (and subject to the

right of Big Rivers to elect not to provide funds sufficient for such redemption as provided in Section 3.02 hereof), an amount sufficient to pay the principal of, premium, if any, and interest to become due on such redemption date. Any amount in the Bond Fund available to pay such redemption price shall be credited against any amount required to be caused to be so deposited in the Bond Fund.

## ARTICLE IV

### THE BOND FUND

**SECTION 4.01 *Creation Of Bond Fund.*** There is hereby created and established with the Bond Trustee a trust fund in the name of the County to be designated “County of Ohio, Kentucky, Pollution Control Refunding Revenue Bonds, Bond Fund (Big Rivers Electric Corporation Project, Series 2013A),” which shall be used by the Bond Trustee to pay the principal of the Bonds when due at maturity and interest on the Bonds when due.

**SECTION 4.02 *Receipts And Revenues To Be Remitted To Bond Trustee.*** The Receipts and Revenues of the County from the Financing Agreement are to be remitted directly to the Bond Trustee for the account of the County and deposited in the Bond Fund as provided in this Indenture. Said payments shall be sufficient in amount to pay the principal of the Bonds when due at maturity and interest on the Bonds when due. The entire amount of Receipts and Revenues of the County from the Financing Agreement are pledged to the payment of the principal of the Bonds when due at maturity and interest on the Bonds when due. The County hereby covenants and agrees that it will not create any lien upon the Receipts and Revenues of the County from the Financing Agreement other than the lien hereby created.

**SECTION 4.03 *Deposits Into Bond Fund.*** There shall be paid into the Bond Fund:

- (a) all payments by Big Rivers on the Note; and
- (b) all other moneys received by the Bond Trustee under and pursuant to any of the provisions of the Financing Agreement when accompanied by written directions by Big Rivers that such moneys are to be paid into the Bond Fund. The County hereby covenants and agrees that so long as any of the Bonds issued hereunder are Outstanding, it will deposit, or cause to be deposited, in the Bond Fund sufficient sums from the Receipts and Revenues of the County from the Financing Agreement promptly to meet and pay the principal of the Bonds when due at maturity and interest on the Bonds when due.

**SECTION 4.04 *Use Of Moneys In Bond Fund.***

- (a) Except as provided in this Section 4.04, moneys in the Bond Fund shall be used solely for the payment of the principal of the Bonds when due at maturity and interest on the Bonds when due. Notwithstanding anything to the contrary contained herein, if moneys have been deposited into the Bond Fund sufficient to pay the principal of, premium, if any, and interest due on the Bonds to the date such Bonds had been called for redemption in accordance with the terms of this Indenture, and are at the time available for such purpose, then such moneys shall be applied to the redemption of such Bonds.

(b) Any amounts remaining in the Bond Fund after payment in full of the principal of and interest on all Bonds (or provision for payment thereof as provided in this Indenture), the fees, charges and expenses of the Bond Trustee and the Co-Paying Agent, and the fees and expenses of the Registrar, and all other amounts required to be paid hereunder, shall be paid to Big Rivers.

**SECTION 4.05 *Custody And Application Of Bond Fund.*** The Bond Fund shall be in the custody of the Bond Trustee but in the name of the County and the County hereby authorizes and directs the Bond Trustee to withdraw sufficient funds from the Bond Fund to pay the principal of the Bonds when due at maturity, the interest on the Bonds when due and any other amounts payable from the Bond Fund as the same shall become due and payable.

**SECTION 4.06 *Bonds Not Presented When Due.***

(a) Subject to Section 2.11 hereof, in the event any Bonds shall not be presented for payment when the principal thereof and premium, if any, becomes due, either at maturity or at the date fixed for redemption thereof or otherwise, if moneys sufficient to pay such Bonds are on deposit in the Bond Fund for the benefit of the Owners thereof, all liability of the County to the Owners thereof for the payment of such Bonds shall forthwith cease, terminate and be completely discharged, and it shall be the duty of the Bond Trustee to segregate and to hold such moneys in trust, without liability for interest thereon, for the benefit of Owners of such Bonds, who shall thereafter be restricted exclusively to such fund or funds for the satisfaction of any claim of whatever nature on their part under this Indenture or relating to such Bonds. Such segregated funds shall not be subject to investment.

(b) Any money deposited with the Bond Trustee or any Co-Paying Agent in trust for the payment of the principal of or interest on any Bond and remaining unclaimed for two years and eleven months after such principal or interest has become due and payable shall, upon Big Rivers' written request to the Bond Trustee, be paid to Big Rivers; *provided, however*, that before the Bond Trustee or such Co-Paying Agent shall be required to make any such repayment, the Bond Trustee may at the written request and expense of Big Rivers cause to be mailed by first class mail, postage prepaid, to each of the Bondowners at the addresses thereof as listed on the registration books kept by the Registrar, a notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than thirty (30) days from the date of such mailing, any unclaimed balance of such money then remaining will be repaid to Big Rivers. After the payment of such unclaimed moneys to Big Rivers, the Owner of such Bond shall thereafter look only to Big Rivers for the payment thereof, and all liability of the Bond Trustee or such Co-Paying Agent with respect to such money shall thereupon cease.

**ARTICLE V**

**INVESTMENTS**

**SECTION 5.01 *Investment Of Moneys Held In Bond Fund.*** The moneys in the Bond Fund shall be invested and reinvested by the Bond Trustee in such Investment Securities as Big Rivers shall direct in writing by a Big Rivers Representative; *provided, however*, that Big Rivers shall ensure that such moneys shall not be invested in such manner as will violate the provisions

of Section 6.09 hereof. All income or other gain from such investments shall be carried to the credit of the Bond Fund, and any loss resulting from such investments shall be charged to the Bond Fund.

As and when any amounts thus invested may be needed for disbursements from the Bond Fund, the Bond Trustee shall cause a sufficient amount of Investments Securities to be sold or otherwise converted into cash to the credit of the Bond Fund. So long as no Event of Default (as defined in Section 8.01 hereof) shall have occurred and be continuing, Big Rivers shall have the right to designate the investments to be sold and to otherwise direct the Bond Trustee in writing with respect to the sale or conversion to cash of the investments made with the moneys in the Bond Fund.

Moneys credited to any account or fund maintained hereunder which are uninvested pending disbursement or receipt of proper investment directions or as directed herein, may be deposited to and held in a non-interest bearing demand deposit account established with the commercial banking department of the Bond Trustee or with any bank affiliated with the Bond Trustee, without the pledge of securities to or other collateralization of such deposit accounts. The Bond Trustee may invest in Investment Securities through its own trust department and such moneys may be deposited in time deposits, or certificates of deposit issued by the Bond Trustee or its affiliates.

## ARTICLE VI

### GENERAL COVENANTS

**SECTION 6.01 *No General Obligation, Pecuniary Liability, Or Charge Against General Credit Or Taxing Powers Of County.*** Each and every covenant herein made, including all covenants made in the various sections of this Article VI, is predicated upon the condition that any obligation for the payment of money incurred by the County shall not be the general obligation of the County and shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers, but shall be payable solely from the Receipts and Revenues of the County from the Financing Agreement, which are required to be set apart and transferred to the Bond Fund, and which, along with the balance of the Trust Estate, are hereby specifically pledged to the payment thereof in the manner and to the extent in this Indenture specified, and nothing in the Bonds or in this Indenture shall be considered as pledging any other funds or assets of the County.

The Bonds shall not constitute an indebtedness of the County within the meaning of the Constitution of Kentucky, but shall be payable as to principal and interest solely from the revenues derived from the payments made by Big Rivers under the Note and from the other Receipts and Revenues of the County from the Financing Agreement.

The County will promptly cause to be paid solely from the sources stated herein the principal of and interest on every Bond issued under this Indenture at the place, on the dates and in the manner provided herein and in said Bond, according to the true intent and meaning thereof.

**SECTION 6.02 *County Will Perform Obligations; Due Authorization And Enforceability Thereof.*** The County will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder, and in all proceedings pertaining thereto. The County covenants that it is duly authorized under the Constitution and laws of the Commonwealth of Kentucky to issue the Bonds authorized hereby, to enter into the Financing Agreement, and to pledge to the Bond Trustee the Receipts and Revenues of the County from the Financing Agreement and to pledge and assign to the Bond Trustee all the County's right, title and interest under the Financing Agreement, and that the Bonds in the hands of the Owners thereof are and will be valid and enforceable obligations of the County according to the import thereof.

**SECTION 6.03 *Corporate Existence Of County; Compliance With Laws.*** The County will at all times maintain its corporate existence or assure the assumption of its obligations under this Indenture by any public body succeeding to its powers under the Act, and it will use its best efforts to maintain, preserve and renew all the rights and powers provided to it by the Act; and it will comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the Financing Agreement.

**SECTION 6.04 *County Will Enforce And Not Amend Obligations Of Big Rivers.*** So long as any Bonds are Outstanding, upon receipt of written notification from the Bond Trustee the County will enforce the obligation of Big Rivers to pay, or cause to be paid, all the payments and other costs and charges payable by Big Rivers under the Financing Agreement and the Note. The County will not enter into any agreement with Big Rivers amending the Financing Agreement or the Note without the prior written consent of the Bond Trustee and compliance with Sections 11.06 and 11.07 hereof.

**SECTION 6.05 *Execution And Delivery Of Instruments By County.*** The County will, upon the reasonable request of the Bond Trustee, from time to time execute and deliver such further instruments and take such further action as may be reasonable and as may be required to carry out the purpose of this Indenture; *provided, however,* that no such instruments or actions shall pledge the credit or taxing power of the Commonwealth of Kentucky, the County, or any other political subdivision of said State.

**SECTION 6.06 *No Other Disposition Of Receipts And Revenues.*** Except for the pledge and assignment to the Bond Trustee, the County will not sell, lease, pledge, assign or otherwise dispose of or encumber its interest in the Receipts and Revenues of the County from the Financing Agreement or any interest in the Note, or its rights and interest under the Financing Agreement or the Note; and will promptly pay or cause to be discharged or make adequate provision to satisfy and discharge any lien or charge on any part thereof.

**SECTION 6.07 *Bond Trustee's Access To County Books.*** All books and documents in the possession of the County relating to the Facilities and the Financing Agreement and the moneys, revenues and receipts derived from the Financing Agreement shall at all reasonable times be open to inspection by such accountants or other agencies as the Bond Trustee may from time to time designate.

**SECTION 6.08 *Filing Of Financing Statements By County.*** In order to perfect the interest of the Bond Trustee in the Receipts and Revenues of the County from the Financing Agreement, the County will cause appropriate financing statements, naming the Bond Trustee as pledgee of the Receipts and Revenues of the County from the Financing Agreement and of the other moneys pledged under this Indenture for the payment of the principal of and interest on the Bonds, and as pledgee and assignee of certain of the County's rights and interest under the Financing Agreement, to be duly filed and recorded in the appropriate state and county offices as required by the provisions of the Uniform Commercial Code or other similar law as adopted in the Commonwealth of Kentucky and any other applicable jurisdiction, as from time to time amended. The Bond Trustee, at the sole expense of Big Rivers, will file and record, with such assistance as necessary from the County, such necessary continuation statements from time to time as may be required pursuant to the provisions of said Uniform Commercial Code or other similar law to protect the interest of the Bond Trustee.

**SECTION 6.09 *Tax Covenants Of The County.***

(a) The County covenants to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103(a) of the 1954 Code, and will take, or require to be taken, such acts as may from time to time be required under applicable law and regulation to continue the exclusion of the interest on the Bonds from gross income for federal income tax purposes; and in furtherance of such covenants, the County agrees to comply with the Tax Certificate and Agreement executed in connection with the Bonds and the provisions of the 1954 Code as amended by the 1986 Act.

(b) The County covenants that it will not take any action or fail to take any action with respect to the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of such term as used in Section 148 of the 1986 Code, as incorporated into the 1954 Code by the 1986 Act.

(c) The County shall make any and all payments required to be made to the United States Department of the Treasury in connection with the Bonds pursuant to Section 148(f) of the 1986 Code, as incorporated into the 1954 Code by the 1986 Act, from amounts on deposit in the funds and accounts established under this Indenture and available therefor.

(d) The County covenants that it will not use or permit the use of any property financed or refinanced with the proceeds of the Bonds by any person (other than a state or local governmental unit) in such manner or to such extent as would result in a loss of exclusion of the interest on the Bonds from gross income for federal income tax purposes (other than during the period the Bonds are held by a "substantial user" of the facilities financed or refinanced with proceeds of the Bonds or a "related person" within the meaning of Section 103(b)(6)(C) of the 1954 Code).

(e) Notwithstanding any other provisions of this Indenture to the contrary, so long as necessary in order to maintain the exclusion of interest on the Bonds from gross income under Section 103(a) of the 1954 Code, the covenants in this Section 6.09 shall survive the

payment of the Bonds and the interest thereon, including any payment or defeasance thereof pursuant to Section 7.01 hereof.

**SECTION 6.10 *Supplemental Indentures; Recordation Of Indenture And Supplemental Indentures.*** The County will execute and deliver all Supplemental Indentures, and will cause this Indenture, the Financing Agreement and all supplements thereto as well as all security instruments as may be required at all times to be recorded, registered, filed and to be kept recorded, registered and filed in such manner and in such places as may be required by law in order fully to preserve and protect the security of the Bondowners and all rights of the Bond Trustee hereunder.

**SECTION 6.11 *Notices By Bond Trustee.*** The Bond Trustee shall give the same notices to the County that it is required to give to Big Rivers pursuant to any of the terms of this Indenture.

## **ARTICLE VII**

### **DEFEASANCE**

#### **SECTION 7.01 *Defeasance.***

(a) If and when the Bonds secured hereby shall become due and payable in accordance with their terms or through redemption proceedings as provided in this Indenture, or otherwise, and the whole amount of the principal of, premium, if any, and interest so due and payable upon all of the Bonds shall be paid, or provision shall have been made for the payment of the same, together with all other sums payable hereunder by the County, including the payment of the fees and expenses of the Bond Trustee, then and in that case, the right, title and interest of the Bond Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the County to the Bondowners shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, upon request of the County or Big Rivers, the Bond Trustee shall assign and transfer to Big Rivers all property and funds then held by the Bond Trustee pursuant to this Indenture and shall execute and deliver such documents as may be reasonably required by the County or Big Rivers for such purpose. If and when the Bond Trustee shall hold sufficient moneys hereunder to provide for payment of the whole amount of the principal of, premium, if any, and interest due and payable and thereafter to become due and payable upon all the Bonds, together with all other sums payable or which may thereafter become payable hereunder by the County, notwithstanding that all the Bonds have not yet become due and payable and that consequently the right, title and interest of the Bond Trustee in and to the Trust Estate shall not have ceased, terminated and become void pursuant to the foregoing provisions of this Section 7.01, the Bond Trustee, on demand of the County or Big Rivers, shall turn over to Big Rivers any surplus in the Bond Fund and in any other fund created under this Indenture in excess of the sum sufficient to pay the whole amount of the principal of, premium, if any, and interest due and payable and thereafter to become due and payable upon all the Bonds, together with all other sums payable or which may thereafter become payable hereunder by the County, including the payment of the fees and expenses of the Bond Trustee.

(b) Any Bond shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in this Section 7.01 if (i) in case such Bond is to be redeemed on any date prior to its maturity, Big Rivers and the County shall have given to the Bond Trustee in form satisfactory to it unconditional and irrevocable instructions and notice to give on a date in accordance with the provisions of Section 3.03 hereof notice of redemption of such Bond on said redemption date, such notice to be given in accordance with the provisions of Section 3.03 hereof, (ii) there shall have been deposited with the Bond Trustee either moneys in an amount which shall be sufficient, or obligations of or guaranteed as to principal and interest by the United States of America, or certificates of an ownership interest in the principal of or interest on obligations of or guaranteed as to principal and interest by the United States of America, which shall not contain provisions permitting the redemption thereof at the option of the issuer, the principal of, premium, if any, and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Bond Trustee or any Co-Paying Agent at the same time, shall be sufficient to pay when due the principal of and interest due and to become due on such Bond on and prior to the redemption date or maturity date thereof, as the case may be, and (iii) in the event such Bond does not mature or is not by its terms subject to redemption within the next succeeding 60 days, Big Rivers and the County shall have given the Bond Trustee in form satisfactory to it irrevocable instructions to give, as soon as practicable in the same manner as a notice of redemption is given pursuant to Section 3.03 hereof, a notice to the Owners of such Bond that the deposit required by (ii) above has been made with the Bond Trustee and that said Bond is deemed to have been paid in accordance with this Section 7.01 and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of and interest on such Bond. Neither the obligations nor moneys deposited with the Bond Trustee pursuant to this Section 7.01 nor principal or interest payments on any such obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, premium, if any, and interest on such Bond; provided that any cash received from such principal or interest payments on such obligations deposited with the Bond Trustee, (x) to the extent such cash will not be required at any time for such purpose, shall be paid over to Big Rivers as received by the Bond Trustee, free and clear of any trust, lien or pledge, and (y) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in obligations or certificates of the type described in clause (ii) of this subsection (b) maturing at times and in amounts sufficient to pay when due the principal of and interest to become due on such Bond on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to Big Rivers, as received by the Bond Trustee, free and clear of any trust, lien or pledge.

(c) Any release of the obligations of the County under this Section 7.01 shall be without prejudice to the right of the Bond Trustee to be paid reasonable compensation for all services rendered by it hereunder and all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees, incurred on and about the administration of the trusts hereby created and the performance of its powers and duties hereunder.

## ARTICLE VIII

### DEFAULTS AND REMEDIES

**SECTION 8.01 “Events Of Default” Enumerated; Acceleration.** Each of the following events shall constitute and is referred to in this Indenture as an “Event of Default”:

(a) payment of the principal of any of the Bonds (whether by maturity, upon a call for redemption or otherwise) or interest on any of the Bonds shall not be made within one Business Day of when due with the result that such principal or interest remains unpaid as of such date; or

(b) an “event of default” as defined in Section 9.1(a) of the Financing Agreement shall have occurred and be continuing; or

(c) acceleration of payment of any Obligation (as defined in the Big Rivers Indenture) secured by the Big Rivers Indenture pursuant to an “event of default” as such term is defined in Section 8.1 of Article VIII of the Big Rivers Indenture; or

(d) Big Rivers shall file a petition in bankruptcy or is adjudicated as bankrupt or insolvent, or makes an assignment for the benefit of its creditors, or consents to the appointment of a receiver of itself or of its property, or institutes proceedings for its reorganization, or proceedings instituted by others for its reorganization are not dismissed within thirty (30) days after the institution thereof, or a receiver or liquidator of Big Rivers or of any substantial portion of its property is appointed and the order appointing such receiver or liquidator shall not be vacated within thirty (30) days after the entry thereof.

Upon the occurrence and continuance of an Event of Default described in clause (c) of this Section 8.01, and subject to Section 9.05 hereof, the Bond Trustee shall, and upon the occurrence and continuance of any other Event of Default, the Bond Trustee may, and upon the written request of the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding, the Bond Trustee shall, declare the principal amount of all Bonds then Outstanding and the interest accrued thereon to be immediately due and payable and said principal and interest shall thereupon become immediately due and payable, and the Bond Trustee shall give notice thereof in writing to the County and Big Rivers, and notice to Bondowners in the same manner as a notice of redemption under Section 3.03 hereof. Upon any declaration of acceleration hereunder, the County and the Bond Trustee shall immediately declare all payments due on the Note to be immediately due and payable as provided in Section 9.2 of the Financing Agreement.

If at any time after such declaration, but before the Bonds shall have matured by their terms, all overdue installments of principal and interest upon the Bonds, together with interest on such overdue installments of principal and interest to the extent permitted by law and the reasonable and proper charges, expenses and liabilities of the Bond Trustee, and all other sums then payable by the County under this Indenture (except the principal of and interest accrued since the next preceding Interest Payment Date on the Bonds due and payable solely by virtue of such declaration) shall either be paid by or for the account of the County or provision satisfactory

to the Bond Trustee shall be made for such payment, and all defaults under the Bonds or under this Indenture (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be made good or be secured to the satisfaction of the Bond Trustee or provision deemed by the Bond Trustee to be adequate shall be made therefor, then by written notice of the Owners of 50% in aggregate principal amount of the Bonds Outstanding to the County and to the Bond Trustee, the Bond Trustee shall rescind such declaration and annul such default in its entirety. In such event, the Bond Trustee shall rescind any declaration of acceleration of the maturity of the Note and the interest thereon as provided in Section 9.5 of the Financing Agreement.

As set forth in Section 9.7 of the Financing Agreement, if at any time following a declaration of acceleration pursuant to an Event of Default under Section 8.01(c) hereof, and prior to payment of the Bonds pursuant to such acceleration, the Bond Trustee shall receive written notice that the acceleration of the Obligations under the Big Rivers Indenture has been rescinded, then the Bond Trustee shall rescind any declaration of acceleration of the maturity of principal of and interest on the Bonds. In the event of such rescission of a declaration of acceleration of the Bonds, the Bond Trustee shall also rescind any declaration of acceleration of the maturity of the Note.

In case of any rescission, then and in every such case the County, the Bond Trustee and the Bondowners shall be restored to their former positions and rights hereunder respectively, but no such rescission shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon, nor shall such rescission extend to any instance in which the holder of any Obligation under the Big Rivers Indenture other than the Note has subsequent to a request for rescission declared all unpaid principal of and accrued interest on such other Obligation to be due and payable immediately.

**SECTION 8.02 *Exercise Of Remedies By Bond Trustee.*** Upon the happening of any Event of Default or upon the failure by the County to observe and perform any covenant, condition, agreement or provision contained in the Bonds or this Indenture, then and in every such case the Bond Trustee in its discretion may, and upon the written request of the Bondowners of not less than 25% in principal amount of the Bonds then Outstanding and receipt of indemnity to its satisfaction, shall, in its own name and as the Bond Trustee of an express trust:

(i) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondowners, and require the County or Big Rivers to carry out any agreements with or for the benefit of the Bondowners and to perform its or their duties under the Act, the Financing Agreement, the Note and this Indenture;

(ii) bring suit upon the Bonds;

(iii) by action or suit in equity require the County to account as if it were the trustee of an express trust for the Bondowners; or

(iv) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondowners.

**SECTION 8.03 *Restoration To Former Position.*** In case any proceeding taken by the Bond Trustee to enforce any right under this Indenture shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Bond Trustee, then and in every case the County, the Bond Trustee and the Bondowners shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Bond Trustee shall continue as though no such proceeding had been taken.

**SECTION 8.04 *Bondowner Direction Of Remedial Proceedings.*** Anything in this Indenture to the contrary notwithstanding, the Holders of a majority in aggregate principal amount of the Bonds then Outstanding hereunder shall have the right, by an instrument in writing executed and delivered to the Bond Trustee, to direct the time, method and place of conducting all remedial proceedings available to the Bond Trustee under this Indenture or exercising any trust or power conferred on the Bond Trustee by this Indenture.

**SECTION 8.05 *Limitations On Proceedings By Bondowners.*** No Bondowner shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust or power hereunder, or any other remedy hereunder or on said Bonds, unless such Bondowner previously shall have given to the Bond Trustee written notice of an Event of Default as hereinabove provided and unless the Bondowners of not less than 25% in principal amount of the Bonds then Outstanding shall have made written request of the Bond Trustee so to do, after the right to institute said suit, action or proceeding shall have accrued, and shall have afforded the Bond Trustee a reasonable opportunity to proceed to institute the same in either its or their name, and unless there also shall have been offered to the Bond Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Bond Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Bond Trustee, to be conditions precedent to the institution of said suit, action or proceeding; it being understood and intended that no one or more of the Bondowners shall have any right in any manner whatever by its or their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right hereunder or under the Bonds, except in the manner herein provided, and that all suits, actions and proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Bondowners.

**SECTION 8.06 *No Impairment Of Certain Rights Of Bondowners.*** Notwithstanding any other provision in this Indenture, the right of any Bondowner to receive payment of the principal of and interest on any Bond on or after the respective due dates expressed therein, or to institute suit for the enforcement of any such payment on or after such respective date, shall not be impaired or affected without the consent of such Bondowner.

**SECTION 8.07 *Bond Trustee May Act Without Possession Of Bonds.*** All rights of action under this Indenture or under any of the Bonds secured hereby which are enforceable by the Bond Trustee may be enforced by it without the possession of any of the Bonds, or the production thereof on the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Bond Trustee shall be brought in its name for the equal and ratable benefit of the Bondowners, subject to the provisions of this Indenture.

**SECTION 8.08 *No Remedy Exclusive.*** No remedy herein conferred upon or reserved to the Bond Trustee or to Bondowners is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

**SECTION 8.09 *No Waiver Of Remedies.*** No delay or omission of the Bond Trustee or of any Bondowner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this Article VIII to the Bond Trustee and to the Bondowners may be exercised from time to time and as often as may be deemed expedient.

**SECTION 8.10 *Application Of Moneys Recovered.*** Any moneys received by the Bond Trustee, by any receiver or by any Bondowner pursuant to any right given or action taken under the provisions by this Article VIII, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Bond Trustee, shall be deposited in the Bond Fund and all moneys so deposited in the Bond Fund during the continuance of an Event of Default (other than moneys for the payment of Bonds that have matured or otherwise become payable prior to such Event of Default or for the payment of interest due prior to such Event of Default) shall be applied as follows:

(i) Unless the principal of all the Bonds shall have become due and payable, all such moneys shall be applied (i) first, to the payment to the persons entitled thereto of all installments of interest then due on the Bonds, with interest on overdue installments, if lawful, at the same rate or rates per annum as specified in the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment with such interest, then to the payment ratably, according to the amounts due on such installment, and (ii) second, to the payment to the persons entitled thereto of the unpaid principal of the Bonds which shall have become due at maturity (other than Bonds called for redemption for the payment of which money is held pursuant to the provisions of this Indenture), in the order of their due dates, with interest on such Bonds at their respective rates from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, in each case to the persons entitled thereto, without any discrimination or privilege.

(ii) If the principal of all the Bonds shall have become due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, with interest on overdue interest and principal, as aforesaid, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(iii) If the principal of all the Bonds shall have become due and payable, and if such event shall thereafter have been rescinded and annulled under the provisions of this

Article VIII then, subject to the provisions of paragraph (ii) of this Section 8.10 which shall be applicable in the event that the principal of all the Bonds shall later become due and payable, the moneys shall be applied in accordance with the provisions of paragraph (i) of this Section 8.10.

Whenever moneys are to be applied pursuant to the provisions of this Section 8.10, such moneys shall be applied at such times, and from time to time, as the Bond Trustee shall determine having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Bond Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal, premium and interest to be paid on such dates shall cease to accrue. The Bond Trustee shall give such notice by mailing as it may deem appropriate of the deposit with it of any such moneys and of the filing of any such date to any Bondowner until such Bond shall be presented to the Bond Trustee for appropriate endorsement or for cancellation if fully paid.

**SECTION 8.11 *Severability Of Remedies.*** It is the purpose and intention of this Article VIII to provide rights and remedies to the Bond Trustee and Bondowners which may be lawfully granted under the provisions of the Act, but should any right or remedy herein granted be held to be unlawful, the Bond Trustee and the Bondowners shall be entitled, as above set forth, to every other right and remedy provided in this Indenture and by law.

## ARTICLE IX

### TRUSTEE AND CO-PAYING AGENTS

**SECTION 9.01 *Acceptance Of Trusts By Bond Trustee.*** By executing the certificate of authentication endorsed upon the Bonds, the Bond Trustee shall signify its acceptance and agree to execute the trusts hereby created, but only upon the additional terms set forth in this Article IX, to all of which the County agrees and the respective Bondowners agree by their acceptance of delivery of any of the Bonds. The Bond Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Bond Trustee.

**SECTION 9.02 *Bond Trustee Not Responsible For Recitals, Statements And Representations In Indenture.*** The recitals, statements and representations contained in this Indenture or in the Bonds, other than the Bond Trustee's authentication upon the Bonds, shall be taken and construed as made by and on the part of the County, and not by the Bond Trustee and the Bond Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof. The Bond Trustee makes no representations as to the validity or condition of the Trust Estate or any part thereof, or as to the title of the County thereto or as to the security afforded thereby or hereby, or as to the validity or genuineness of any securities at any time pledged and deposited with the Bond Trustee hereunder or as to the validity or sufficiency of this Indenture or any of the Bonds. The Bond Trustee shall not be accountable for the Issuer's or Big Rivers' use of the proceeds from the sale of the Bonds. The Bond Trustee shall not be responsible for or charged with knowledge of the use or application of any money

received by any Paying Agent other than the Bond Trustee. The Bond Trustee, in its role as Bond Trustee, is not charged with responsibility for or knowledge of the terms of the Big Rivers Indenture.

**SECTION 9.03 *Bond Trustee Not Liable Except For Own Negligence Or Bad Faith.*** The Bond Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, receivers or employees, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, and the Bond Trustee shall not be answerable for the default or misconduct of any such attorney, agent, or employee selected by it with reasonable care and the written advice of such counsel selected by the Trustee with due care or any Opinion of Bond Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon. The Bond Trustee shall not be answerable for the exercise of any discretion or power under this Indenture or for anything whatever in connection with the trust except only for its own negligence or bad faith.

**SECTION 9.04 *Compensation And Reimbursement Of Bond Trustee.*** The Bond Trustee shall be entitled to reasonable compensation for its services rendered hereunder and to reimbursement for its actual out-of-pocket expenses (including counsel fees) necessarily incurred in connection therewith as the Bond Trustee and Big Rivers shall agree in writing from time to time, except as a result of its negligence or bad faith. The Bond Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. In the Financing Agreement, Big Rivers has agreed that it will pay to the Bond Trustee such compensation and reimbursement but Big Rivers may, without creating a default hereunder, contest in good faith the necessity for and reasonableness of any such fees or expenses.

**SECTION 9.05 *Limitations On Required Notice By Bond Trustee.*** The Bond Trustee shall not be required to take notice, or be deemed to have notice, of any Event of Default under subsection (c) of Section 8.01 hereof, unless specifically notified in writing of such Event of Default by the Bondowners of at least 25% in principal amount of the Bonds then Outstanding. The Bond Trustee shall be required to take notice, or be deemed to have notice, of any Event of Default under subsections (a) of Section 8.01 hereof, unless the County has appointed a Co-Paying Agent under this Article IX. If a Co-Paying Agent is appointed, the Bond Trustee shall not be required to take notice, or be deemed to have notice, of any Event of Default under subsection (a) or (b) of Section 8.01 hereof, unless specifically notified in writing of such Event of Default by Big Rivers or by the Bondowners of at least 25% in principal amount of the Bonds then Outstanding. The Bond Trustee may (but shall have no duty to) require of the County full information and advice as to the performance of any of the covenants, conditions and agreements contained herein.

In the event the Issuer has not appointed a Co-Paying Agent and the Bond Trustee does not timely receive any payment on the Note in accordance with Section 5.1 of the Financing Agreement, the Bond Trustee shall immediately give telephonic or electronic notice thereof to Big Rivers, but the Bond Trustee shall incur no liability for failure to give such notice and such failure shall have no effect on the rights of the Bond Trustee or the Bondowners set forth in this Indenture or any Bond.

**SECTION 9.06 *Limitations On Obligations Of Bond Trustee.*** The Bond Trustee shall be under no obligation to take any action in respect of any default, Event of Default or otherwise, or toward the execution or enforcement of any of the trusts hereby created, or to institute, appear in or defend any suit or other proceeding in connection therewith, unless requested so to do by Owners of at least 25% in principal amount of the Bonds then Outstanding, and if in its opinion such action may tend to involve it in expense or liability, unless furnished, from time to time as often as it may require, with security and indemnity satisfactory to it; but the foregoing provisions are intended only for the protection of the Bond Trustee, and shall not affect any discretion or power given by any provisions of this Indenture to the Bond Trustee to take action in respect of any default without such notice or request from the Bondowners, or without such security or indemnity.

**SECTION 9.07 *Bond Trustee Protected In Relying Upon Communications And Actions Believed Genuine.*** The Bond Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board, body or person or to have been prepared and furnished pursuant to any of the provisions of this Indenture or the Financing Agreement, and the Bond Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Bond Trustee shall not be bound to recognize any person as a Bondowner or to take any action at its request unless such person's Bond shall be deposited with the Bond Trustee or satisfactory evidence of the ownership of such Bond shall be furnished to the Bond Trustee.

**SECTION 9.08 *Bond Trustee May Deal In Bonds And With County And Big Rivers.*** The Bond Trustee may in good faith buy, sell, own, hold and deal in any of the Bonds issued hereunder and secured by this Indenture, and may join in any action which any Bondowner may be entitled to take with like effect as if the Bond Trustee were not a party to this Indenture. The Bond Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the County or Big Rivers, and may act as depository, trustee or agent for any committee or body of Bondowners secured hereby or other options of the County as freely as if it were not Bond Trustee hereunder.

**SECTION 9.09 *Construction Of Indenture By Bond Trustee.*** The Bond Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision hereof, and any construction of any such provisions hereof by the Bond Trustee in good faith shall be binding upon the Bondowners.

**SECTION 9.10 *Resignation Of Bond Trustee.*** No resignation of the Bond Trustee will be effective until the appointment of, and acceptance of such appointment by, a successor Bond Trustee. The Bond Trustee may resign and be discharged of the trusts created by this Indenture at any time by executing any instrument in writing resigning such trust, and filing the same with the Clerk of the County, and by giving notice of such resignation mailed by first class mail, postage prepaid, to Big Rivers and the Bondowners at their addresses as they appear on the registration books maintained by the Registrar. If an instrument of acceptance by a successor

Bond Trustee is not delivered to the resigning Bond Trustee with 45 days after the giving of such notice of resignation, the resigning Bond Trustee may petition any court of competent jurisdiction for the appointment of a successor Bond Trustee.

**SECTION 9.11 *Removal Of Bond Trustee.*** (a) The Bond Trustee may be removed at any time by filing with the Bond Trustee so removed, with the County and with Big Rivers an instrument in writing, appointing a successor, executed by the Bondowners of not less than a majority in principal amount of the Bonds then Outstanding.

(b) At any time other than during the continuance of an Event of Default, the Bond Trustee may be removed for any reason by an instrument in writing, executed by an authorized officer of the County, removing the Bond Trustee and appointing a successor, filed with the Bond Trustee so removed and Big Rivers, provided that prior to the appointment of such successor Bond Trustee, the County shall consult in good faith with Big Rivers regarding such appointment. Other than during the continuance of an Event of Default, the Bond Trustee may also be removed for any reason by Big Rivers with the approval of the County (which consent shall not be unreasonably withheld), by an instrument in writing, executed by a Big Rivers Representative, removing the Bond Trustee and designating a successor Bond Trustee, filed with the Bond Trustee so removed and the County.

**SECTION 9.12 *Appointment Of Successor Bond Trustee.*** In case at any time the Bond Trustee shall be removed, or be dissolved, or if its property or affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or for any other reason, then a vacancy shall forthwith and ipso facto exist in the office of Bond Trustee and a successor may be appointed, and in case at any time the Bond Trustee shall resign, then or may be appointed, by filing with the County and Big Rivers an instrument in writing, executed by the Bondowners of not less than a majority in principal amount of Bonds then outstanding. Copies of such instrument shall be promptly delivered by the County to the predecessor Bond Trustee and to the Bond Trustee so appointed.

Until a successor Bond Trustee shall be appointed by the Bondowners as herein authorized, Big Rivers may appoint a successor Bond Trustee. After any appointment by Big Rivers, it shall cause notice of such appointment to be mailed by first class mail, postage paid, to the County and the Bondowners at their addresses as they appear on the registration books maintained by the Registrar. Any successor Bond Trustee so appointed by Big Rivers shall immediately and without further act be superseded by a Bond Trustee appointed by the Bondowners in the manner above provided.

**SECTION 9.13 *Qualifications Of Successor Bond Trustee.*** Every successor Bond Trustee shall be a bank or trust company or a national bank with trust powers, having a combined capital stock, undivided profits and surplus of at least \$100,000,000 if there be such a trust company, bank and trust company or national bank willing and able to accept the trust on reasonable and customary terms.

**SECTION 9.14 *Acceptance Of Trusts By Successor Bond Trustee.*** Any successor appointed hereunder shall execute, acknowledge and deliver to the County an instrument accepting such appointment hereunder, and thereupon such successor Bond Trustee, without any

further act, deed or conveyance, shall become duly vested with all the estates, property, rights, powers, trusts, duties and obligations of its predecessor in the trust hereunder, with like effect as if originally named Bond Trustee herein. Upon request of such Bond Trustee, such predecessor Bond Trustee and the County shall execute and deliver an instrument transferring to such successor Bond Trustee all the estates, property, rights, powers and trusts hereunder of such predecessor Bond Trustee and such predecessor Bond Trustee shall pay over to the successor Bond Trustee all moneys and other assets at the time held by it hereunder.

**SECTION 9.15 *Successor Bond Trustee Upon Merger, Consolidation Or Succession.*** Any corporation into which any Bond Trustee hereunder may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which any Bond Trustee hereunder shall be a party or any corporation succeeding to all or substantially all of the corporate trust business of the Bond Trustee, shall be the successor Bond Trustee under this Indenture, without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding.

**SECTION 9.16 *Standard Of Care In Exercise Of Rights And Power.*** Notwithstanding any other provisions of this Article IX, the Bond Trustee shall, during the existence of an Event of Default as to which the Bond Trustee has actual notice, exercise such of the rights and powers vested in it by this Indenture and use the same degree of skill and care in their exercise as a prudent man would use and exercise under the circumstances in the conduct of his own affairs.

**SECTION 9.17 *Bond Trustee To Notify Registered Owners Of Event Of Default.*** If an Event of Default occurs of which the Bond Trustee by Section 9.05 hereof is required to take notice and deemed to have notice, or any other Event of Default as so defined occurs of which the Bond Trustee has been specifically notified in accordance with Section 9.05 hereof, and any such Event of Default shall continue for at least two Business Days after the Bond Trustee acquires actual notice thereof, the Bond Trustee shall promptly give written notice thereof by first-class mail to the last known Owners of all registered Bonds then Outstanding addressed to such Owners at their addresses appearing on the registration books maintained by the Registrar.

**SECTION 9.18 *Intervention By Bond Trustee In Certain Litigation.*** In any judicial proceeding to which the County is a party and which in the opinion of the Bond Trustee and its counsel has a substantial bearing on the interests of Bondowners, the Bond Trustee may intervene on behalf of the Bondowners, and shall, upon receipt of indemnity satisfactory to it, do so if requested in writing by the Owners of at least 25% in principal amount of Bonds then Outstanding if permitted by the court having jurisdiction in the premises.

**SECTION 9.19 *Bond Trustee; The Paying Agent; Co-Paying Agents.*** The Bond Trustee shall be the Paying Agent for the Bonds. The County may at any time or from time to time, with the approval of Big Rivers, appoint one or more Co-Paying Agents for the Bonds, in the manner and subject to the conditions set forth in Section 9.20 hereof for the appointment of a Co-Paying Agent. Each Co-Paying Agent shall designate to the Bond Trustee its Principal Office and signify its acceptance of the duties and obligations imposed upon it by written instrument of acceptance deposited with the County and the Bond Trustee under which such Co-Paying Agent will agree with the Bond Trustee that such Co-Paying Agent will:

(i) hold all sums held by it for the payment of the principal of and premium, if any, or interest on Bonds in trust for the benefit of the Bondowners until such sums shall be paid to such Bondowners or otherwise disposed of as herein provided; and

(ii) upon the written request of the Bond Trustee, forthwith pay to the Bond Trustee all sums so held in trust by such Co-Paying Agent.

The County hereby covenants and agrees to cooperate with the Bond Trustee to cause the necessary arrangements to be made through the Bond Trustee and to be thereafter continued whereby funds derived from the sources specified in Section 4.03 hereof will be made available for the payment of such of the Bonds as are presented when due at the appropriate offices of the Co-Paying Agents.

**SECTION 9.20 *Qualifications Of Co-Paying Agent; Resignation; Removal.*** Any Co-Paying Agent appointed by the County, with the approval of Big Rivers, shall be a bank or trust company duly organized under the laws of the United States of America or any state or territory thereof, having a combined capital stock, surplus and undivided profits of at least \$100,000,000 and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture. Any Co-Paying Agent may at any time resign and be discharged of the duties and obligations created by Indenture by giving at least sixty (60) days written notice to the County, Big Rivers and the Bond Trustee. Any Co-Paying Agent may be removed at any time with the consent of Big Rivers by an instrument filed with such Co-Paying Agent and the Bond Trustee and signed by the County. In the event of the resignation or removal of any Co-Paying Agent, such Co-Paying Agent shall pay over, assign and deliver any moneys held by it as Co-Paying Agent to its successor, or if there be no successor, to the Bond Trustee.

**SECTION 9.21 *Moneys Held by Trustee.*** Money and investments held in trust by the Bond Trustee or any paying agent hereunder shall be held in one or more trust accounts hereunder but need not be segregated from other funds except to the extent required in this Indenture or required by law. The Bond Trustee or any paying agent shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the County or otherwise specifically provided in this Indenture.

## ARTICLE X

### EXECUTION OF INSTRUMENTS BY BONDOWNERS AND PROOF OF OWNERSHIP OF BONDS

**SECTION 10.01 *Execution Of Instruments By Bondowners And Proof Of Ownership Of Bonds.***

(a) Any request, direction, consent or other instrument in writing whether or not required or permitted by this Indenture to be signed or executed by Bondowners, may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondowners in person or by agent appointed by an instrument in writing. Proof of the execution of any such instrument shall be sufficient for any purpose of this Indenture and shall be

conclusive in favor of the Bond Trustee with regard to any action taken by it under such instrument if the fact and date of the execution by any person of any such instrument shall be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution. Nothing contained in this Article X shall be construed as limiting the Bond Trustee to such proof, it being intended that the Bond Trustee may accept any other evidence of matters herein stated which to it may seem sufficient.

(b) The ownership of Bonds, the amount, number and other identification thereof and the date of ownership shall be proved by the registration books maintained by the Registrar.

(c) Any request or consent of any Bondowner shall bind every future Owner of the same Bond or any Bond or Bonds issued in lieu thereof in respect of anything done by the Bond Trustee or the County in pursuance of such request or consent.

## ARTICLE XI

### MODIFICATION OF THIS INDENTURE, THE FINANCING AGREEMENT, THE BIG RIVERS INDENTURE AND THE NOTE

**SECTION 11.01 *No Modification Except Pursuant To Article XI.*** Neither this Indenture, the Financing Agreement, nor the Note shall be modified or amended in any respect subsequent to the first issuance of the Bonds except as provided in and in accordance with and subject to the provisions of this Article XI.

#### **SECTION 11.02 *Supplemental Indenture Without Bondowner Consent.***

(a) The County and the Bond Trustee may, from time to time and at any time, without the consent of or notice to Bondowners, enter into Supplemental Indentures as follows:

(i) To specify and determine any matters and things relative to the Bonds which are not contrary to or inconsistent with this Indenture and which shall not adversely affect the interests of the Bondowners; or

(ii) To cure any ambiguity, or to cure, correct or supplement any defect, omission or inconsistent provisions contained in this Indenture, the Financing Agreement, the Big Rivers Indenture or the Note or to make any provisions with respect to matters arising under this Indenture or for any other purpose if such provisions are necessary or desirable and if such action does not in the sole opinion of the Bond Trustee adversely affect the interests of the Bondowners; or

(iii) To grant to or confer upon the Bond Trustee for the benefit of the Bondowners any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with this Indenture as theretofore in effect; or

(iv) To add to the covenants and agreements of the County in this Indenture, other covenants and agreements to be observed by the County which are not contrary to or inconsistent with this Indenture as theretofore in effect; or

(v) To add to the limitations and restrictions in this Indenture, other limitations and restrictions to be observed by the County which are not contrary to or inconsistent with this Indenture as theretofore in effect; or

(vi) To confirm, as further assurance, any pledge under, and the subjection to any claim, lien or pledge created or to be created by, this Indenture, of the Receipts and Revenues of the County from the Financing Agreement or of any other moneys, securities or funds; or

(vii) To comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended; or

(viii) To subject to this Indenture additional revenues; or

(ix) To make any other changes which do not in the sole opinion of the Bond Trustee materially adversely affect the interests of the Bondowners.

The Bond Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment the interests of any Bondowners would be adversely affected by any modification or amendment of this Indenture and any such determination shall be binding and conclusive on the County, Big Rivers and all Bondowners, and the Bond Trustee shall have no liability as a result of any such determination made in good faith. The interests of a Bondowner shall be deemed to be adversely affected by any modification or amendment of this Indenture if such modification or amendment adversely affects or diminishes the rights of such Bondowner.

(b) Before the County shall enter into any Supplemental Indenture pursuant to this Section 11.02 there shall have been filed with the Bond Trustee an Opinion of Bond Counsel stating that such Supplemental Indenture is authorized or permitted by this Indenture and complies with its terms, and that it will be valid and binding upon the County in accordance with its terms; *provided, however*, that such opinion may take exception for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganization or other similar laws, judicial decisions and principles of equity relating to or affecting creditors' rights or contractual obligations generally.

### **SECTION 11.03 *Supplemental Indentures With Bondowner Consent.***

(a) Except for any Supplemental Indenture entered into pursuant to Section 11.02 hereof, subject to the terms and provisions contained in this Section 11.03 and not otherwise, (i) the Bondowners of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, and (ii) in case of a change in the terms of any sinking fund installment (except as provided in clause (A) of the proviso of this Section 11.03(a) below), the Bondowners of not less than a majority in aggregate principal amount of each maturity of Bonds so affected and Outstanding shall have the right, from time to time, to consent

to and approve the execution by the County and the Bond Trustee of any Supplemental Indenture as shall be deemed necessary or desirable by the County for the purposes of modifying, altering, amending, supplementing or rescinding in any particular, any of the terms or provisions contained in this Indenture; *provided, however,* that, unless approved in writing by the Bondowners of all affected Bonds then Outstanding, nothing herein contained shall permit, or be construed as permitting, (A) a change in the times, amounts or currency of payment of the principal of and interest on any Outstanding Bond, or a reduction in the principal amount or redemption price of any Outstanding Bond or the rate of interest thereon or in any maturity with respect thereto or any sinking fund payment with respect to any Bond, or (B) the creation of a claim or lien upon, or a pledge of, the Receipts and Revenues of the County from the Financing Agreement ranking prior to or on a parity with the claim, lien or pledge created by this Indenture, or (C) a preference or priority of any Bonds over any other Bonds, or (D) a reduction in the aggregate principal amount of Bonds the consent of the Bondowners of which is required for any such Supplemental Indenture.

(b) If at any time the County shall determine to enter into any Supplemental Indenture for any of the purposes of this Section 11.03, it shall cause notice of the proposed Supplemental Indenture to be mailed, postage prepaid, to all Owners of the Bonds. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that a copy thereof is on file at the Principal Office of the Bond Trustee for inspection by all Bondowners.

(c) Within one year after the date of such notice, the County may enter into such Supplemental Indenture in substantially the form described in such notice only if there shall have first been filed with the Bond Trustee (i) the written consents of Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding or, if required hereunder, all Bondowners and (ii) an Opinion of Bond Counsel stating that such Supplemental Indenture is authorized or permitted by this Indenture and complies with its terms, and that upon execution and delivery it will be valid and binding upon the County in accordance with its terms; *provided, however,* that such opinion may take exception for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganization or other similar laws, judicial decisions and principles of equity relating to or affecting creditors' rights or contractual obligations generally.

(d) If the Bondowners of not less than the percentage of Bonds required by this Section 11.03 shall have consented to and approved the execution thereof as herein provided, no Bondowner shall have any right to object to the execution and delivery of such Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution and delivery thereof, or to enjoin or restrain the County from executing and delivering the same or from taking any action pursuant to the provisions thereof.

**SECTION 11.04 *Effect Of Supplemental Indenture.*** Upon the execution and delivery of any Supplemental Indenture pursuant to the provisions of this Article XI, this Indenture shall be, and be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the County, the Bond Trustee and all Owners of Bonds then Outstanding shall thereafter be determined, exercised, and enforced under this Indenture subject in all respects to such modifications and amendments.

**SECTION 11.05 *When Big Rivers Consent Required.*** Anything herein to the contrary notwithstanding, any Supplemental Indenture under this Article XI which affects any rights, powers and authority of Big Rivers under this Indenture or the Financing Agreement or the Note or requires a revision of the Financing Agreement, the Note or the Big Rivers Indenture shall not become effective unless and until Big Rivers shall have consented in writing to such Supplemental Indenture.

**SECTION 11.06 *Amendment Of Financing Agreement Or The Note without Bondowner Consent.*** Without the consent of or notice to the Bondowners, the County and the Bond Trustee may consent to any amendment, change or modification of the Financing Agreement or the Note as may be required (i) by the provisions of the Financing Agreement, the Note and this Indenture, (ii) for the purpose of curing any ambiguity or formal defect or omission, (iii) to conform to any modifications to or alterations permitted by the Big Rivers Indenture or this Indenture, if such provisions are necessary or desirable and do not in the sole opinion of the Bond Trustee materially adversely affect the interests of the Bondowners, or (iv) in connection with any other change therein which, in the judgment of the Bond Trustee, is not to the prejudice of the Bond Trustee, or materially adverse to the interests of the Bondowners. The Bond Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment the interests of the Owners of the Bonds would be adversely affected by any such modification or amendment, and any such determination by the Bond Trustee shall be binding and conclusive on the County, Big Rivers and all Bondowners; and the Bond Trustee shall have no liability as a result of any such determination made in good faith.

**SECTION 11.07 *Other Amendments Of Financing Agreement.*** Except in the case of amendments, changes or modifications referred to in Section 11.06 hereof, the County and the Bond Trustee shall not consent to any amendment, change or modification of the Financing Agreement, without first giving notice and receipt of the written approval or consent of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding given and procured as in Section 11.03 hereof provided. If at any time the County or Big Rivers shall request the consent of the Bond Trustee to any such proposed amendment, change or modification of the Financing Agreement, the Bond Trustee shall cause notice of such proposed amendment, change or modification to be given in the same manner as provided by Section 11.03 hereof with respect to Supplemental Indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the Principal Office of the Bond Trustee for inspection by all Bondowners.

**SECTION 11.08 *Amendments To Big Rivers Indenture.*** The Bond Trustee shall not exercise any of the rights of a holder of the Note under the Big Rivers Indenture to permit any amendment, modification, supplement or consolidation of the Big Rivers Indenture or said Note, whereby any such amendment, modification, supplement or consolidation results in changing the times, amounts or currency of payment of the payments due, on the Note, without the prior consent of the Bondowners adversely affected thereby. The Bond Trustee may otherwise consent to the amendment or modification of the Big Rivers Indenture or exercise any other rights thereunder of a holder of the Note either (i) without notice to or consent of any Bondowner if the Bond Trustee, in its sole discretion, deems the effects of such exercise, taken as a whole, to

be not materially adverse to the interests of the Bondowners or (ii) in any event, upon notice by the Bond Trustee to the Bondowners of the action proposed to be taken and the consent thereto of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding; *provided, however*, that no such notice to or consent of the Bondowners shall be required in connection with any supplemental Indenture or other instrument as may be required by the provisions of the Big Rivers Indenture. The Bond Trustee hereby agrees to execute and deliver all such further instruments as may be required by the provisions of the Big Rivers Indenture. The Bond Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment the interests of the Owners of the Bonds would be adversely affected by any such modification or amendment, and any such determination by the Bond Trustee shall be binding and conclusive on the County, Big Rivers and all Bondowners; and the Bond Trustee shall have no liability as a result of any such determination made in good faith.

## ARTICLE XII

### RESERVED

## ARTICLE XIII

### MISCELLANEOUS

#### **SECTION 13.01 *Indenture To Bind and Inure To Benefit Of Successors To County.***

In the event of the termination of the existence of the County, all the covenants, stipulations, promises and agreements contained in this Indenture, by or on behalf of, or for the benefit of, the County, shall bind or inure to the benefit of the successors of the County from time to time and any entity, officer, board, commission, agency or instrumentality to whom or to which any power or duty of the County shall be transferred.

#### **SECTION 13.02 *Indenture To Benefit Only County, Bond Trustee And Bondowners.***

Except as herein otherwise specifically provided, nothing in this Indenture expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the County, the Bond Trustee and the Bondowners, any right, remedy or claim under or by reason of this Indenture, this Indenture being intended to be for the sole and exclusive benefit of the County, the Bond Trustee and the Bondowners.

**SECTION 13.03 *Severability.*** In case any one or more of the provisions of this Indenture or of the Financing Agreement or of the Bonds issued hereunder shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Indenture or of the Financing Agreement or of said Bonds and this Indenture and the Financing Agreement and the Bonds shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein.

**SECTION 13.04 *No Personal Liability Of County Officials Under Indenture.*** No covenant or agreement contained in the Bonds or in this Indenture shall be deemed to be the covenant or agreement of any official, officer, agent, or employee of the County in its individual

capacity, and neither the members of the Board of County Commissioners of the County nor any official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

**SECTION 13.05 *Bonds Owned By County Or Big Rivers Disregarded For Certain Purposes.*** In determining whether the Bondowners of the requisite aggregate principal amount of Bonds have concurred in any direction, consent or waiver under this Indenture, Bonds which are owned by the County or Big Rivers or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with Big Rivers shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, except that for the purpose of determining whether the Bond Trustee shall be protected in relying on any such direction, consent or waiver, only Bonds which the Bond Trustee knows are so owned shall be so disregarded. Bonds so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Bond Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not the County or Big Rivers or any person directly or indirectly controlling or controlled by or under direct or indirect common control with Big Rivers. In case of a dispute as to such right, any decision by the Bond Trustee taken upon the advice of counsel shall be full protection to the Bond Trustee.

**SECTION 13.06 *Counterparts.*** This Indenture may be executed simultaneously in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

**SECTION 13.07 *Kentucky Law to Govern.*** **THE LAWS OF THE COMMONWEALTH OF KENTUCKY SHALL GOVERN THE CONSTRUCTION OF THIS INDENTURE AND OF ALL BONDS, WITHOUT REFERENCE TO THE CHOICE OF LAW PROVISIONS OF THE COMMONWEALTH OF KENTUCKY.**

**SECTION 13.08 *Notices.*** Except as otherwise provided in this Indenture, all notices, certificates, requests or other communications by the County, the Bond Trustee or Big Rivers pursuant to this Indenture shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, addressed as follows: If to the County, to: Ohio County Fiscal Court, 301 South Main, Hartford, Kentucky 42347, Attention: County Judge/Executive; if to Big Rivers, to: Big Rivers Electric Corporation, 201 Third Street, Henderson, Kentucky 42420, Attention: President and Chief Executive Officer, Facsimile No. (270) 827-2558; if to the Bond Trustee, to: U.S. Bank National Association, 225 Asylum Street, 23rd Floor, Hartford, Connecticut 06103, Attention: Philip G. Kane, Jr. (Big Rivers 2013A Indenture). A duplicate copy of each notice, certificate, request or other communication given hereunder by the County or the Bond Trustee shall also be given to Big Rivers. Any of the foregoing may, by notice given hereunder to each of the others, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent hereunder.

**SECTION 13.09 *Holidays.*** If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, shall be a legal holiday or a day on which banking institutions in the city in which is located the Principal Office of the Bond Trustee are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on

which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in this Indenture, and no interest shall accrue for the period after such nominal date.

**SECTION 13.10 Captions.** The captions or headings in this Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Indenture.

**ARTICLE XIV  
FORMS OF BONDS AND TRUSTEE'S CERTIFICATE  
OF AUTHENTICATION**

Subject to the provisions of this Indenture, the Bonds and the certificate of authentication to be executed thereon by the Bond Trustee are to be in substantially the following forms, with necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture.

(Form of Legends for All Bonds)

THIS BOND IS NOT A GENERAL OBLIGATION OF THE COUNTY AND DOES NOT CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE COUNTY OR A CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWERS.

THIS BOND SHALL NOT CONSTITUTE AN INDEBTEDNESS OF THE COUNTY WITHIN THE MEANING OF THE CONSTITUTION OF KENTUCKY, BUT SHALL BE PAYABLE AS TO PRINCIPAL AND INTEREST SOLELY FROM THE REVENUES DERIVED FROM THE PAYMENTS MADE BY BIG RIVERS ELECTRIC CORPORATION UNDER THE NOTE (AS DEFINED HEREIN) AND FROM THE OTHER RECEIPTS AND REVENUES OF THE COUNTY FROM THE FINANCING AGREEMENT (AS DEFINED HEREIN). THE BONDS ARE ISSUED UNDER THE PROVISIONS OF SECTIONS 103.200 THROUGH 103.285, INCLUSIVE, OF THE KENTUCKY REVISED STATUTES, AS AMENDED.

[Until such time as the Bonds are no longer restricted to being registered in the registration books kept by the Registrar in the name of a Securities Depository, each Bond shall contain or have endorsed thereon the following legends:]

AS PROVIDED IN THE INDENTURE REFERRED TO HEREIN, UNTIL THE TERMINATION OF THE SYSTEM OF BOOK-ENTRY ONLY TRANSFERS THROUGH THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK, TOGETHER WITH ANY SUCCESSOR SECURITIES DEPOSITORY APPOINTED PURSUANT TO THE INDENTURE ("DTC"), AND NOTWITHSTANDING ANY OTHER PROVISION OF THE INDENTURE TO THE CONTRARY, (A) THIS BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO A NOMINEE OF DTC, OR BY A NOMINEE OF DTC TO DTC OR NOMINEE THEREOF AND (B) A PORTION OF THE PRINCIPAL AMOUNT OF THIS BOND MAY BE PAID OR REDEEMED WITHOUT SURRENDER HEREOF TO THE TRUSTEE. DTC OR A NOMINEE, TRANSFEREE OR ASSIGNEE OF DTC OF THIS BOND MAY NOT RELY UPON THE PRINCIPAL AMOUNT INDICATED HEREON AS THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID. THE

PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID SHALL FOR ALL PURPOSES BE THE AMOUNT NOT THERETOFORE PAID AS DETERMINED IN THE MANNER PROVIDED IN THE INDENTURE.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED OFFICER OF DTC (A) TO THE REGISTRAR FOR REGISTRATION OF TRANSFER OR EXCHANGE OR (B) TO THE PAYING AGENT FOR PAYMENT OF PRINCIPAL OR REDEMPTION PRICE, AND ANY BOND ISSUED IN REPLACEMENT HEREOF OR SUBSTITUTION HEREFOR IS REGISTERED IN THE NAME OF DTC OR ITS NOMINEE OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC AND ANY PAYMENT IS MADE TO DTC OR ITS NOMINEE, ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL BECAUSE ONLY THE REGISTERED OWNER HEREOF, CEDE & CO., AS NOMINEE OF DTC, HAS AN INTEREST HEREIN.

[FORM OF BOND]

No. R-

§

**COUNTY OF OHIO, KENTUCKY  
POLLUTION CONTROL REFUNDING REVENUE BONDS, SERIES 2013A  
(BIG RIVERS ELECTRIC CORPORATION PROJECT)**

**REGISTERED OWNER:**

**PRINCIPAL AMOUNT:**

**BOND DATE:**

**INTEREST RATE:**

**CUSIP:**

**DOLLARS**

County of Ohio, Kentucky, a public body corporate and politic duly created and existing as a county and political subdivision under the Constitution and laws of the Commonwealth of Kentucky, United States of America (together with any successor to its duties and functions, the "County"), for value received hereby promises to pay (but only out of the "Receipts and Revenues of the County from the Financing Agreement" as herein defined and out of the other security pledged therefor) to the registered owner named above or registered assigns, on \_\_\_\_\_, \_\_\_\_\_ upon the presentation and surrender hereof, the principal sum set forth above and to pay (but only out of the Receipts and Revenues of the County from the Financing Agreement and out of the other security pledged therefor) interest on said principal sum from the date hereof until payment of said principal sum has been made or duly provided for, at the rate of \_\_\_\_\_% per annum (computed on the basis of a 360-day year consisting of twelve 30-day months), semiannually on [\_\_\_\_\_ and \_\_\_\_\_] each year, commencing on \_\_\_\_\_, 201[\_\_\_]. The principal of and interest on this Bond are payable at the principal corporate trust office of U.S. Bank National Association (the "Bond Trustee"), or of its successor as Bond Trustee, or, at the option of the owner of this Bond, at the principal office of any co-paying agent appointed in accordance with the Indenture (as hereinafter defined); *provided, however,* that, subject to the

next succeeding paragraph, interest may be payable, at the option of the Bond Trustee, by check or draft drawn upon the Bond Trustee and mailed to the registered address of the registered owner of this Bond as of the close of business on the fifteenth (15th) day prior to the applicable interest payment date, or, at the written request of the registered owner of Bonds (as defined herein) in an aggregate principal amount greater than or equal to \$1,000,000 delivered to the Bond Trustee on or prior to such fifteenth (15th) day prior to such payment date, by wire transfer per the instructions of such registered owner as set forth in such request. Payment of the principal of and interest on this Bond shall be in any coin or currency of the United States of America as, at the respective times of payment, shall be legal tender for the payment of public and private debts.

Notwithstanding any other provision of this Bond to the contrary, so long as this Bond shall be restricted to being registered on the registration on books of the County kept by the Registrar in the name of the Securities Depository (as defined in the hereinafter defined Indenture) for this Bond, the provisions of the Indenture governing Book Entry Bonds (as defined in the Indenture) shall govern the manner of payment of the principal of and interest on this Bond.

This Bond is one of a duly authorized series of the County's revenue bonds designated as "Pollution Control Refunding Revenue Bonds, Series 2013A (Big Rivers Electric Corporation Project)" (the "Bonds") aggregating in outstanding principal amount upon original issuance of \$58,800,000 issued or to be issued under and pursuant to the Constitution and laws of the Commonwealth of Kentucky, particularly the Industrial Building Revenue Bond Act (Sections 103.200 through 103.285, inclusive) of the Kentucky Revised Statutes, as amended (the "Act"), and the Trust Indenture, dated as of \_\_\_\_\_, 2013 (the "Indenture"; capitalized terms used herein and not otherwise defined herein are as defined in the Indenture) between the County and the Bond Trustee. The Bonds are being issued to refund bonds previously issued by the County to finance certain pollution control facilities (the "Facilities") for Big Rivers Electric Corporation, a nonprofit rural electric cooperative corporation organized and existing under the laws of the Commonwealth of Kentucky ("Big Rivers"). The Facilities are located at Big Rivers' D.B. Wilson Plant Unit No. 1, a coal-fired steam electric generating plant located within the geographic boundaries of the County and wholly-owned by Big Rivers (the "Plant").

The Bonds are equally and ratably secured, to the extent provided in the Indenture, by the pledge thereunder of the "Receipts and Revenues of the County from the Financing Agreement," which term is used herein as defined in the Indenture and which as therein defined means all payments to the County by Big Rivers under the Loan Agreement, dated as of \_\_\_\_\_, 2013, between the County and Big Rivers (the "Financing Agreement") and the corresponding note (the "Note") of Big Rivers delivered pursuant to the Financing Agreement to the County, and all receipts of the Bond Trustee credited by the provisions of the Indenture against such payments and by the other security pledged therefor under the Indenture. The County has also pledged and assigned to the Bond Trustee as security for the Bonds other rights and interests of the County under the Financing Agreement. The Note is secured, on a parity basis with certain outstanding indebtedness of Big Rivers, by assets of Big Rivers under the Indenture, dated as of July 1, 2009, between Big Rivers and U.S. Bank National Association, as trustee, as supplemented and amended.

As more fully provided in the Indenture, this Bond does not constitute an obligation to which the full faith and credit of the County is pledged but is a limited obligation of the County, which is obligated to pay the principal of and interest on this Bond only out of the Receipts and Revenues of the County from the Financing Agreement and the other security pledged therefor under the Indenture. No holder of this Bond shall ever have the right to compel any exercise of the taxing power of the County to pay this Bond or interest thereon, nor to enforce payment thereon against any property of the County. This Bond shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the County. This Bond, including interest hereon, is payable solely from the revenue pledged to the payment hereof, as authorized in the Act, and does not constitute a debt of the County within the meaning of any constitutional or statutory limitation.

The Bonds shall not constitute an indebtedness of the County within the meaning of the Constitution of Kentucky, but shall be payable as to principal and interest solely from the revenues derived from the payments made by Big Rivers under the Note and from the other Receipts and Revenues of the County from the Financing Agreement.

Reference is hereby made to the Indenture and the Financing Agreement, copies of which are on file with the Bond Trustee, for the provisions, among others, with respect to the nature and extent of the rights, duties and obligations of the County, Big Rivers, the Bond Trustee and the owner of this Bond, the terms upon which this Bond is issued and secured, and the modification or amendment of the Indenture or the Financing Agreement, to all of which the registered owner of this Bond assents by the acceptance of this Bond.

This Bond is transferable, as provided in the Indenture, only upon the registration books maintained by the Registrar, which shall be the Bond Trustee, kept at its principal office, upon presentation at said office of this Bond with the written request of the registered owner hereof or its attorney duly authorized in writing, and a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its duly authorized attorney. The Registrar shall not be obliged to make any exchange or transfer of this Bond during the fifteen (15) days next preceding an interest payment date or, in the case of any proposed redemption of the Bonds, next preceding the date of the mailing of the notice of such redemption. The Registrar shall not be required to make any exchange or transfer of this Bond if it has been called for redemption.

The Bonds are issuable in the form of fully registered Bonds without coupons in minimum denominations of \$5,000 each or integral multiples thereof. Upon payment of any required tax or other governments charge and subject to such conditions, Bonds, upon the surrender thereof at the principal office of the Registrar, with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its duly authorized attorney, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same interest rate and in any other authorized denominations.

The Bonds are subject to redemption in whole or in part (and if less than all of the Bonds are to be redeemed, by lot or in such manner as shall be determined by the Bond Trustee) prior to maturity at any time on or after \_\_\_\_\_, \_\_\_\_ by the County, upon the exercise by Big Rivers of its option to prepay all or a part of the unpaid balance of the Note, at a redemption price of 100 percent of the principal amount thereof, together with interest accrued thereon to the

date fixed for redemption. The Bonds are subject to mandatory sinking fund redemption as more particularly set forth in the Indenture.

In the manner and with the effect provided in the Indenture, upon any prepayment of the Note by Big Rivers under the provisions of Article X of the Financing Agreement, the Bonds shall be redeemed out of the amounts received in prepayment of the Note, prior to maturity as a whole, or in part, at any time at the principal amount thereof plus accrued interest to the redemption date.

In the event any Bonds are called for redemption, the Bond Trustee shall give notice, in the name of the County, of the redemption of such Bonds, which notice shall specify the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable, which shall be the principal corporate trust office of the Bond Trustee as paying agent for the Bonds, and the principal office of any co-paying agent for such Bonds, and, if less than all of the Bonds are to be redeemed, the numbers of such Bonds to be redeemed. Such notice shall be given by mailing a copy of the redemption notice by first-class mail, postage prepaid, at least thirty (30) days prior to the date fixed for redemption to the owners of the Bonds to be redeemed at the addresses shown on the registration books maintained by the Bond Trustee, as Registrar; *provided, however*, that failure duly to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of such Bonds. All Bonds so called for redemption shall be deemed not to be outstanding under the provisions of the Indenture from the date upon which there shall have been deposited with the Bond Trustee moneys or obligations as specified by the Indenture sufficient to pay when due the principal of, premium, if any, and interest due and to become due on or prior to the redemption date. All Bonds so deemed to be not outstanding will cease to bear interest on the specified redemption date. On presentation and surrender of Bonds so called for redemption at the place or places of payment, such Bonds shall be paid and redeemed.

The Bonds may be redeemed by the County only at the direction of Big Rivers. In the case of an optional redemption of the Bonds, Big Rivers may elect to exercise such direction on a conditional and revocable basis, or on an unconditional and irrevocable basis. In the case of an optional redemption of the Bonds, if the direction and call for redemption is on a conditional and revocable basis, then Big Rivers is under no obligation to provide the funds necessary to effect such redemption and, if it elects not to do so, then the Bonds called for redemption will not be redeemed, and neither Big Rivers nor the County shall be liable to any Bondowner for this failure to redeem, all as provided for in the Indenture.

Pursuant to the Financing Agreement, payments sufficient for the prompt payment when due of the principal of and interest on the Bonds are to be paid to the Bond Trustee for the account of the County and deposited in a special account created by the County and have been pledged for that purpose.

The registered owner of this Bond shall have no right to enforce the provisions of the Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to any default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

All acts, conditions and things required by the Constitution and statutes of the Commonwealth of Kentucky, the governing rules and procedures of the County and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, do exist, have happened and have been performed.

No covenant or agreement contained in this Bond or the Indenture shall be deemed to be a covenant or agreement of any official, officer, agent or employee of the County in his or her individual capacity, and neither the members of the Board of County Commissioners of the County nor any official executing this Bond shall be liable personally on this Bond or be subject to any personal liability or accountability by reason of the issuance of this Bond.

This Bond shall not be entitled to any benefit under the Indenture or be valid until this Bond shall have been manually authenticated by the execution by the Bond Trustee, or its successor as Bond Trustee, of the Certificate of Authentication inscribed hereon.

**IN WITNESS WHEREOF**, County of Ohio, Kentucky, has caused this Bond to be executed by the Judge/Executive of the County by his or her signature, and has caused the corporate seal of the County to be affixed, impressed or reproduced hereon and attested by the Court Clerk of the County with his or her signature.

COUNTY OF OHIO, KENTUCKY

By: \_\_\_\_\_  
County Judge/Executive

[SEAL]

ATTEST:

By: \_\_\_\_\_  
Court Clerk

(Form of Bond Trustee's Certificate of Authentication)

This is to certify that this Bond is one of the Bonds described in the within mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION,  
as Bond Trustee

By: \_\_\_\_\_  
*Authorized Officer*

Date of Authentication:

**IN WITNESS WHEREOF**, as of \_\_\_\_\_, 2013, County of Ohio, Kentucky, has caused these presents to be signed in its name and behalf by the Judge/Executive of the County and its official seal to be hereunto affixed and attested by the Court Clerk, and to evidence its acceptance of the trusts hereby created, U.S. Bank National Association has caused these presents to be signed in its name and on its behalf by one of its Trust Officers and the same to be attested by its Secretary or an Assistant Secretary.

(SEAL)

COUNTY OF OHIO, KENTUCKY

By: \_\_\_\_\_  
David Johnston  
*Judge/Executive*

Attest:

By: \_\_\_\_\_  
Bess Ralph  
*Court Clerk, County of Ohio, Kentucky*

U.S. BANK NATIONAL ASSOCIATION

By: \_\_\_\_\_  
*Authorized Officer*



STATE OF CONNECTICUT        )  
  ) SS.  
COUNTY OF HARTFORD        )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2013,  
by Philip G. Kane, Jr., as Authorized Officer of U.S. Bank National Association.

(SEAL)

\_\_\_\_\_  
*Notary Public for the State of New York*

My Commission Expires: \_\_\_\_\_



**\$58,800,000**  
**County of Ohio, Kentucky**  
**Pollution Control Refunding Revenue Bonds, Series 2013A**  
**(Big Rivers Electric Corporation Project)**

**PURCHASE CONTRACT**

\_\_\_\_\_, 2013

Fiscal Court of the County of Ohio  
Hartford, Kentucky

Ladies and Gentlemen:

1. Goldman, Sachs & Co. (the “**Underwriter**”) hereby offers to enter into this Purchase Contract with the County of Ohio, Kentucky (the “**Issuer**”), for the purchase by the Underwriter, and the sale by the Issuer, of \$58,800,000 aggregate principal amount of County of Ohio, Kentucky Pollution Control Refunding Revenue Bonds, Series 2013A (Big Rivers Electric Corporation Project) (the “**Bonds**”). This offer is made subject to the acceptance of this Purchase Contract by the Issuer by (i) due adoption of a resolution of the Issuer authorizing and approving the execution and delivery of this Purchase Contract and (ii) execution and delivery of this Purchase Contract by authorized representatives of the Issuer, in each case on the date hereof. Upon such acceptance, this Purchase Contract shall be in full force and effect in accordance with its terms and binding upon the Issuer and the Underwriter. Delivered to the Issuer herewith is a Letter of Representation, dated the date hereof, substantially in the form of Appendix A hereto, under which Big Rivers Electric Corporation (the “**Company**”) undertakes certain obligations in order to induce the Underwriter and the Issuer to enter into this Purchase Contract (the “**Letter of Representation**”). Capitalized terms used herein, if not otherwise defined herein, shall have the meanings assigned to such terms in the Preliminary Offering Statement as defined and described in Section 2 hereof.

2. Upon the terms and conditions and in reliance on the representations, warranties and covenants set forth herein and in the Letter of Representation, the Underwriter hereby agrees to purchase from the Issuer for offering to the public, and the Issuer hereby agrees to sell to the Underwriter for such purpose, all, but not less than all, of the Bonds. The purchase price for the Bonds shall be \$58,800,000 (equal to the par amount of the Bonds), payable by the Underwriter at the time and in the manner set forth in Section 8 hereof.

The Bonds shall be dated their date of delivery. The Bonds shall mature on the date, and shall bear interest at the rate, set forth in the Pricing Supplement (as hereinafter defined).

The Company and the Issuer have caused to be prepared the following information: (i) a Preliminary Offering Statement, dated \_\_\_\_\_, 2013 (together with the appendices thereto, the “**Preliminary Offering Statement**”), (ii) the Pricing Supplement attached as Appendix B hereto (the “**Pricing Supplement**”) and (iii) the electronic road show made

available to investors via the Internet (not including telephone question and answer sessions with investors) (the “**Electronic Road Show**”). The Preliminary Offering Statement, together with the Pricing Supplement, is referred to herein as the “**Disclosure Package**.” The Company agrees to furnish the Underwriter with a final Offering Statement in form and substance satisfactory to the Underwriter (the “**Offering Statement**”) within seven (7) business days of the date hereof but in no event later than three (3) business days prior to the Closing Date (as defined in Section 8 hereof). The Company, on behalf of the Issuer, “deemed final” the Preliminary Offering Statement as of the date thereof for purposes of Rule 15c2-12 (“**Rule 15c2-12**”) promulgated by the Securities and Exchange Commission (the “**SEC**”) under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”).

3. The Bonds shall be as described in, and shall be issued and secured under and pursuant to, a Trust Indenture, dated as of \_\_\_\_\_, 2013 (the “**Bond Indenture**”), by and between the Issuer and U.S. Bank National Association, as trustee (the “**Bond Trustee**”). The Bond proceeds shall be paid by the Issuer to Dexia Credit Local, assignee of Credit Suisse, First Boston, as liquidity provider (the “**1983 Credit Provider**”) together with funds from the Company to purchase the Issuer’s \$58,800,000 aggregate principal amount of Pollution Control Floating Rate Demand Bonds, Series 1983 (Big Rivers Electric Corporation Project) (the “**Refunded Bonds**”) from the 1983 Credit Provider and submit the Refunded Bonds to U.S. Bank National Association, successor to Bank of America Illinois (successor to Continental Illinois National Bank and Trust Company), as trustee for the Refunded Bonds for cancellation.

The payment by the Issuer of the proceeds of the Bonds to the Company is provided for by the provisions of the Loan Agreement, dated as of \_\_\_\_\_, 2013 (the “**Financing Agreement**”), between the Issuer and the Company, and the obligations thereunder to repay the principal amount of the Bonds when due at maturity and interest on the Bonds when due shall be evidenced by a note of the Company dated the date of issuance of the Bonds (the “**Note**”). The Note will be in the form specified in the Supplemental Indenture (as hereinafter defined) and the Financing Agreement and will be an Obligation secured under the Indenture, dated as of July 1, 2009, between the Company and U.S. Bank National Association, as trustee (the “**Mortgage Indenture Trustee**”) as heretofore supplemented and as supplemented by the Fourth Supplemental Indenture, dated as of \_\_\_\_\_, 2013 (the “**Supplemental Indenture**”), between the Company and the Mortgage Indenture Trustee (as supplemented, the “**Mortgage Indenture**”).

In order to enable the Underwriter to comply with paragraph (b)(5) of Rule 15c2-12, the Company and the Bond Trustee will enter into a Continuing Disclosure Agreement, effective as of the Closing Date, substantially in the form set forth as Appendix \_\_\_ to the Preliminary Offering Statement (the “**Continuing Disclosure Agreement**”).

The Bond Indenture, this Purchase Contract, the Bonds, the Financing Agreement and the Tax Certificate and Agreement, dated \_\_\_\_\_, 2013, between the Issuer and the Company (the “**Tax Certificate and Agreement**”), are hereinafter collectively referred to as the “**Issuer Documents**.” The Issuer Documents, the Letter of Representation, the Continuing Disclosure Agreement, the Mortgage Indenture, the Supplemental Indenture and the Note are hereinafter collectively referred to as the “**2013 Financing Documents**.”

4. The Underwriter shall make a bona fide public offering of all of the Bonds at not in excess of the initial public offering price set forth in the Pricing Supplement, plus accrued interest, if any. The Underwriter reserves the right to change such initial public offering price as the Underwriter deems necessary in the marketing of the Bonds. The Bonds may be offered and sold by the Underwriter to certain dealers (including dealers depositing such Bonds into investment trusts) at a price lower than such initial public offering price.

5. As soon as practicable after the execution of this Purchase Contract by the Issuer, but no later than the Closing Date, the Issuer shall deliver or cause to be delivered to the Underwriter manually executed originals of the documents listed below (provided, however, that the final Offering Statement will not be executed and shall be delivered no later than the earlier of seven (7) business days from the date hereof or three (3) business days prior to the Closing Date and that the documents set forth in paragraphs (j) and (k) of this Section 5 shall have been provided prior to the date of execution of this Purchase Contract):

(a) the Offering Statement, containing as part of the appendices thereto the financial statements of the Company, which shall be provided in such quantity as described below in order for the Underwriter to comply with the rules of the Municipal Securities Rulemaking Board (the “MSRB”) and paragraph (b)(4) of Rule 15c2-12 and which the Underwriter agrees to file promptly upon receipt by the Underwriter with the MSRB’s Electronic Municipal Market Access system (“EMMA”);

(1) *Quantity of Offering Statements to be Delivered.* The Company shall supply to the Underwriter no later than seven (7) business days from the date hereof and, in any event, not later than three (3) business days prior to the Closing Date, an amount of conformed copies of a final Offering Statement and an electronic version in “designated electronic format” (as defined by MSRB Rule G-32) sufficient to permit the Underwriter to comply with Rule 15c2-12, and other applicable rules of the SEC and the MSRB. The Issuer and the Company shall supply (upon at least three (3) business days prior written notice from the Underwriter) additional copies and a conformed electronic version of the Offering Statement in an amount sufficient to enable the Underwriter (X) to send a single copy of the Offering Statement to any potential customer upon request until the earlier of (1) ninety (90) days following the End of the Underwriting Period (as defined below) or (2) the time when the Offering Statement is available from the MSRB, but in the case of this clause (2) no less than twenty-five (25) days following the End of the Underwriting Period and (Y) to comply with any applicable rules of the SEC or the MSRB. The Issuer and the Company hereby authorize the Underwriter to file the Offering Statement with EMMA, and the Underwriter agrees to file the Offering Statement with EMMA.

(2) *Amendments and Notifications by the Issuer.* During the period commencing on the date hereof and ending on the earlier of (i) ninety (90) days following the End of the Underwriting Period or (ii) the time when the Offering Statement is available to any person from the MSRB, but in the case of this clause (ii) no less than twenty-five (25) days following the End of the Underwriting Period, if any event shall occur as a result of which it may be necessary to supplement the Offering Statement so that it does not contain any untrue

statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, the Issuer shall forthwith notify the Underwriter of any such event of which it has knowledge, and the Issuer will amend or supplement the Offering Statement or cause the Offering Statement to be amended or supplemented in such a manner so that the Offering Statement, as so supplemented or amended, does not contain any untrue statement of a material fact or omit to state a material fact necessary to be stated therein, in the light of the circumstances under which they were made, not misleading, and will furnish the Underwriter as many written and electronic copies as the Underwriter may from time to time reasonably request of the Offering Statement as amended or supplemented; provided, however, that all expenses incurred in connection with any such supplement or amendment will be paid by the Company.

The “**End of the Underwriting Period**” means the later of: (i) the delivery of the Bonds by the Issuer to the Underwriter or (ii) such time when the Underwriter no longer retains an unsold balance of the Bonds for sale to the public; *provided*, that the “End of the Underwriting Period” shall be deemed to be the Closing Date, *unless* the Underwriter otherwise notifies the Issuer and the Company in writing prior to such date that there is an unsold balance of the Bonds, in which case the End of the Underwriting Period shall be deemed to be extended for thirty (30) days. The deemed End of the Underwriting Period may be extended for two additional periods of thirty (30) days each upon receipt of an additional written notification from the Underwriter containing the same information as required in the initial written notice.

(b) the resolutions of the Issuer authorizing the issuance of the Bonds and the execution and delivery of the other Issuer Documents, certified by the County Judge/Executive of the Issuer as having been duly adopted by the Issuer, as being in full force and effect and as constituting a valid and binding action of the Issuer (collectively, the “**Resolution**”);

(c) the Bond Indenture;

(d) the Financing Agreement;

(e) the Note;

(f) the Mortgage Indenture;

(g) the Supplemental Indenture;

(h) the Continuing Disclosure Agreement;

(i) the Tax Certificate and Agreement;

(j) a letter, with regard to certain procedures performed through a specified date not more than five (5) business days prior to the date of such letter, dated the date of delivery thereof and addressed to the Underwriter, from KPMG LLP (“**KPMG**”), the

Company's independent auditor, in the form agreed to by KPMG and the Underwriter; and **[To confirm Deloitte does not need to speak to 2009.]**

(k) a letter from KPMG, dated a date not more than three (3) business days prior to the date of the Preliminary Offering Statement, stating that KPMG consents to the use in the Preliminary Offering Statement and the Offering Statement of its reports on the financial statements of the Company for the fiscal years ended December 31, 2010 and December 31, 2011.

By its execution of this Purchase Contract, the Issuer consents to the use by the Underwriter of the Issuer Documents, the Disclosure Package and the Offering Statement in connection with the public offering and sale of the Bonds and ratifies the Company having deemed final the Preliminary Offering Statement on its behalf.

6. During the period commencing on the date hereof and ending twenty-five (25) days following the End of the Underwriting Period, the Issuer shall not modify, amend or supplement in any respect, or permit any modification, amendment or supplement to, any Issuer Document without the prior written consent of the Underwriter.

7. The Issuer represents and warrants to the Underwriter that:

(a) The Issuer is a political subdivision and body politic and corporate duly created and validly existing within the State of Kentucky under the laws and Constitution of the State of Kentucky and is authorized and empowered by law, including particularly the provisions of the Industrial Building Revenue Bond Act (*Sections 103.200 through 103.285, inclusive*) of the Kentucky Revised Statutes, as amended, and all acts supplemental thereto or amendatory thereof (the "**Act**");

(i) to adopt the Resolution;

(ii) to issue, sell and deliver the Bonds to the Underwriter;

(iii) to execute and deliver each of the Issuer Documents;

(iv) to pay the proceeds of the sale of the Bonds together with moneys provided by the Company to the 1983 Credit Provider to refund the Refunded Bonds by purchase and cancellation;

(v) to accept and confirm the Letter of Representation;

(vi) to assign to the Bond Trustee, pursuant to the Financing Agreement, its interest in the Note; and

(vii) to carry out and consummate all other transactions contemplated by each of the aforesaid documents.

(b) The Issuer has duly authorized by all appropriate action, and complied (and at the Closing Date will have complied) with all provisions of law with respect to, each of the actions set forth in clauses (i) through (vii) of paragraph (a) of this Section 7.

(c) When delivered to and paid for by the Underwriter in accordance with the terms of this Purchase Contract and the Bond Indenture and authenticated in accordance with the terms of the Bond Indenture, the Bonds will have been duly and validly authorized, executed, authenticated, issued and delivered and will constitute legal, valid and binding limited obligations of the Issuer enforceable in accordance with their terms (except as the enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting enforcement of creditors' rights and by equitable rights where equitable remedies are sought), and will be entitled to the benefits of the Bond Indenture. This Purchase Contract does, and the other Issuer Documents when executed and delivered will, constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms (except as the enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting enforcement of creditors' rights and by equitable rights where equitable remedies are sought). This Purchase Contract has been duly and validly authorized, executed and delivered by the Issuer.

(d) The acceptance of the Letter of Representation and the execution and delivery of the Issuer Documents and compliance with the provisions thereof, do not and will not conflict with, or constitute on the part of the Issuer a violation of, breach of or default under, any constitutional provision or statute of the State of Kentucky or the United States or any indenture, mortgage, deed of trust, resolution, note agreement or other agreement or instrument to which the Issuer is a party or by which the Issuer is bound, or, to the knowledge of the Issuer, any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Issuer or any of its activities or properties; and all consents, approvals, authorizations, and orders of or filings or registrations with any governmental authority, board, agency or commission of the State of Kentucky or the United States having jurisdiction required in connection with, or the absence of which would materially adversely affect, the execution and delivery by the Issuer of the Issuer Documents, the performance by the Issuer of its obligations thereunder, or the issuance or sale of the Bonds by the Issuer have been obtained or made and are in full force and effect; provided, however, that no representation is made concerning compliance with the federal securities laws or the securities or "blue sky" laws of the various jurisdictions of the United States of America.

(e) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any judicial or administrative court or governmental agency or body, state, federal or other, pending or, to the best of its knowledge, threatened against or affecting the Issuer or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds, or the application of the proceeds thereof in accordance with the Bond Indenture, or the collection and pledge of the Trust Estate (as defined in the Bond Indenture) to pay the principal of, redemption premium, if any, and interest on the Bonds, or in any way contesting or affecting the validity of the Bonds or the Bond Indenture, or contesting the powers of the Issuer to issue the Bonds or to enter into the Bond Indenture, or contesting or affecting the validity of any of the Issuer Documents or contesting the powers of the Issuer to enter into or to execute and deliver or to accept the Letter of Representation or any of the Issuer Documents, or contesting the completeness or accuracy of the Disclosure Package, nor to the best of its knowledge is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely

affect the transactions contemplated by each of the Issuer Documents, or which, in any way, would adversely affect the validity or enforceability of any of the Issuer Documents, or any agreement or instrument to which the Issuer is a party, used or contemplated for use in the consummation of the transactions contemplated by each of the Issuer Documents.

(f) The Issuer will cause the proceeds from the sale of the Bonds to be applied as provided for in the Bond Indenture and the Financing Agreement. The facilities financed with the proceeds of the Refunded Bonds constitute and will constitute “pollution control facilities” within the meaning of the Act.

(g) The Issuer has reviewed the statements made in the Preliminary Offering Statement under the caption “SUMMARY–County of Ohio” and under the caption “COUNTY OF OHIO, KENTUCKY” and such statements under such captions solely as they relate to the Issuer are, and at all times from the date hereof to and including the Closing Date will be, true and correct and fairly summarize the matters encompassed thereby to the extent such matters are described therein.

8. (a) At [10:00] A.M., New York time, on \_\_\_\_\_, 2013, or on such other date and time as shall have been mutually agreed upon by the Issuer, the Company and the Underwriter (the “**Closing Date**”), the Issuer, subject to the terms and conditions hereof, shall deliver the Bonds to the Underwriter at The Depository Trust Company (the “**Securities Depository**”), 55 Water Street, New York, New York, or such other place as may be mutually agreed upon by the Issuer, the Company and the Underwriter, in typewritten form, bearing CUSIP numbers, duly executed and authenticated, registered in the name of Cede & Co., as nominee for the Securities Depository, and shall deliver to the Underwriter the documents set forth in Section 9 at the offices of Bond Counsel. The Underwriter shall, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Bonds as set forth in Section 2 hereof by wire transfer of federal funds to the order of the Company. This payment and delivery is herein called the “**Closing**.”

9. The Underwriter has entered into this Purchase Contract in reliance upon the representations, warranties and agreements of the Issuer contained herein, in reliance upon the representations, warranties and agreements of the Company contained in the Letter of Representation, in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer of its obligations hereunder and upon the performance by the Company of its obligations under the Letter of Representation, in each case as of the date hereof and as of the Closing Date. Accordingly, the Underwriter’s obligation under this Purchase Contract to purchase, to accept delivery of and to pay for the Bonds shall be subject to the performance by the Issuer of its obligations to be performed by it hereunder at or prior to the Closing, to the performance by the Company of the obligations and agreements to be performed by it under the Letter of Representation at or prior to the Closing, and to the accuracy in all respects of the representations and warranties of the Issuer and of the Company contained herein and in the Letter of Representation, respectively, as of the date hereof and to the accuracy in all material respects of such representations and warranties as of the Closing as if made on the Closing Date, and shall also be subject to the following additional conditions:

(a) At the time of the Closing, (i) the Resolution shall be in full force and effect and each of the 2013 Financing Documents (other than the Bonds) shall have been duly authorized, executed and delivered and shall not have been amended, modified, or supplemented, except as may have been agreed to in writing by the Underwriter; and (ii) the Issuer shall perform or have performed all of its obligations required under or specified in this Purchase Contract and the Offering Statement to be performed at or prior to the Closing.

(b) The Bonds shall have been duly authorized, executed, authenticated and delivered in accordance with the provisions of the Bond Indenture. The Note shall have been authenticated by the Mortgage Indenture Trustee in accordance with the provisions of the Mortgage Indenture.

(c) The Underwriter may terminate this Purchase Contract by notification to the Issuer and the Company if at any time subsequent to the date hereof and at or prior to the Closing (i) legislation shall have been introduced in or enacted by the Congress of the United States or introduced in or reported out of a committee of or adopted by either House thereof, or legislation pending in the Congress of the United States shall have been amended, or legislation shall have been recommended to the Congress of the United States or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairmen or Ranking Members of the U.S. Senate Committee on Finance or the U.S. House of Representatives Committee on Ways and Means, or legislation shall have been proposed for consideration by either such Committee by any member thereof, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision by a court of the United States of America or the Tax Court of the United States shall be rendered, or a ruling, regulation or official statement by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed to be made, with respect to federal taxation of revenues or other income of the general character expected to be derived by the Issuer under the Financing Agreement or upon interest received on securities of the general character of the Bonds or which would have the effect of changing directly or indirectly the federal income tax consequences of interest on securities of the general character of the Bonds in the hands of the holders thereof, which, in the reasonable opinion of the Underwriter, would materially adversely affect the market price or marketability of the Bonds; (ii) there shall have occurred any outbreak of hostilities or escalation of existing hostilities involving the United States or the declaration by the United States of a national emergency or war, any material disruption in financial markets, or any national or international calamity or crisis or an escalation thereof or any change in financial, political or economic conditions in the United States or elsewhere, the effect of such outbreak, escalation, disruption, declaration, calamity, crisis, escalation or change, or the effect of the continuations of any such event existing on the date hereof, being such as, in the reasonable judgment of the Underwriter, would make it impracticable for the Underwriter to market any of the Bonds or to enforce contracts for the sale of any of the Bonds on the terms and in the manner contemplated by the Offering Statement; (iii) there shall be in force a suspension or material limitation in trading in the Company's or the

Issuer's securities or a general suspension or material limitation in trading in securities generally on or by the New York Stock Exchange or other national securities exchange as a result of an event affecting the national economy, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on or by, as the case may be, the foregoing entity, whether by virtue of a determination by such exchange or by order of the SEC or any other governmental authority having jurisdiction; (iv) a general banking moratorium shall have been declared by federal, New York or Kentucky authorities having jurisdiction or a material disruption in commercial banking or securities settlement or clearance services in the United States shall have occurred; (v) there shall have been a material adverse change in the general affairs or in the financial position or net assets of the Company as a whole, as described in the Offering Statement, except as set forth in or contemplated by the Offering Statement which, in the reasonable judgment of the Underwriter, materially adversely affects the market price or marketability of the Bonds; (vi) a stop order, ruling or regulation by the SEC shall hereafter be issued or made, or legislation shall be enacted, or a decision by a court of competent jurisdiction shall be rendered, the reasonable effect of which is that the issuance, offering or sale of the Bonds, as contemplated herein or in the Offering Statement, or of obligations of the general character of the Bonds, is in violation of any provisions of the Securities Act of 1933, as amended and as then in effect (the "**Securities Act**"), the Exchange Act, the Trust Indenture Act of 1939, as amended and as then in effect (the "**Trust Indenture Act**"), or any rule or regulation promulgated under any such Acts; (vii) (A) a withdrawal or downgrading shall have occurred in the rating accorded any of the Company's debt securities by any "nationally recognized statistical rating organization," as that term is defined by the SEC for purposes of Rule 436(g)(2) under the Securities Act, or (B) any such organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any of the Company's debt securities; or (viii) in the reasonable judgment of the Underwriter, the market for the Bonds or of obligations of the general character of the Bonds shall be adversely affected because: (A) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental issuer or by any national securities exchange or (B) the New York Stock Exchange or other national securities exchange, or any governmental issuer, shall have imposed, as to the Bonds or similar obligations, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge of the net capital requirements of underwriters or broker-dealers; (ix) any litigation shall be instituted, pending or to the Company's or the Issuer's knowledge, threatened to restrain or enjoin the issuance or sale of the Bonds or the validity thereof or materially adversely affecting the existence or powers of the Issuer; (x) any event shall have occurred or shall exist which, in the reasonable opinion of the Underwriter, causes the Offering Statement to contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading; or (xi) a supplement or amendment shall have been made to the Offering Statement subsequent to the date hereof which, in the reasonable judgment of the Underwriter, materially adversely affects the marketability of the Bonds or the market price thereof. For purposes of clauses (x) and (xi) of the immediately preceding sentence, "Offering Statement" shall mean the Offering Statement as initially prepared in

definitive form and delivered on the date thereof and prior to any amendments or supplements thereto.

(d) At or prior to the Closing, no decision of any federal or state court and no ruling or regulation (final, temporary or proposed) of the SEC or any other governmental agency shall have been made or issued, and no legislation shall be enacted or actively considered for enactment, to the effect that (i) the Bonds or any other securities of the Issuer or of any similar body of the type contemplated by this Purchase Contract, the Letter of Representation or the Note are subject to the registration requirements of the Securities Act (and there is no applicable exemption); or (ii) the qualification of the Bond Indenture or any other agreement in respect of the Bonds or any such securities is required under the Trust Indenture Act.

(e) At or prior to the Closing, the Underwriter shall receive the following documents:

(1) The documents identified in Section 5 hereof;

(2) An opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel ("**Bond Counsel**"), addressed to the Issuer and accompanied by a letter to the Underwriter stating that the Underwriter may rely upon such opinion as if it were addressed to the Underwriter, dated the Closing Date, substantially in the form attached as Appendix \_\_ to the Preliminary Offering Statement;

(3) Opinions, dated the Closing Date and addressed to the Underwriter, of (i) [**Gregory Hill**], Counsel to the Issuer; (ii) Sullivan, Mountjoy, Stainback & Miller, P.S.C., Counsel to the Company; (iii) Bond Counsel; and (iv) Sutherland Asbill & Brennan LLP, Counsel to the Underwriter ("**Counsel to the Underwriter**"), in each case in form and substance satisfactory to the Underwriter and covering such matters incident to the transactions contemplated hereby as such Underwriter or Counsel to the Underwriter may reasonably request;

(4) A certificate, dated the Closing Date, executed by the County Judge/Executive of the Issuer to the effect that:

(i) each of the representations and warranties set forth in Section 7 hereof is true, accurate and complete in all material respects on and as of the Closing Date as if made on the Closing Date;

(ii) each of the agreements of the Issuer, as set forth in this Purchase Contract to be complied with at or prior to the Closing, has been complied with;

(iii) the Resolution has not been amended, modified, superseded or repealed, except for any amendments thereto that were approved in writing by the Underwriter, and is in full force and effect on the Closing Date; and

(iv) to the best of his knowledge, no event affecting the Issuer has occurred since the date of the Disclosure Package which would cause the Disclosure Package or the final Offering Statement to contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements, in light of the circumstances under which they were made, not misleading;

(5) A certificate, dated the Closing Date, of the President & CEO and the Vice President Accounting and Interim Chief Financial Officer of the Company, providing as follows:

(i) certifying that each of the representations and warranties set forth in paragraph 1 of the Letter of Representation is true, accurate and correct as if made on the Closing Date and that the Company has complied with all its agreements therein contained to be performed at or prior to the Closing Date;

(ii) certifying that as of the Closing Date there has been no material adverse change in the general affairs or in the financial position or net assets of the Company as a whole, as shown in the Preliminary Offering Statement, other than changes disclosed by or contemplated in the Preliminary Offering Statement or in an amendment or supplement thereto; and

(iii) stating that they have examined the Disclosure Package and the final Offering Statement and that, in their opinion, the Disclosure Package and the final Offering Statement as of their respective dates did not, and the final Offering Statement as of the Closing Date does not, include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(6) A “bring-down” letter with regard to certain procedures performed through a specified date not more than five (5) business days prior to the date of such letter, dated the Closing Date and addressed to the Underwriter, from KPMG, as the Company’s auditor, in the form agreed to by KPMG and the Underwriter;

(7) A certificate of a duly authorized officer of the Bond Trustee, dated the Closing Date and in form and substance satisfactory to the Underwriter, to the effect that:

(i) it is duly organized and validly existing in good standing under the laws of the United States and has full corporate right, power and authority to execute the Bond Indenture;

(ii) the Bond Indenture has been duly authorized, executed and delivered by the Bond Trustee;

(iii) the Bond Indenture is a valid, legal and binding obligation of the Bond Trustee, enforceable in accordance with its terms; and

(iv) the Bonds have been duly authenticated and delivered by the Bond Trustee;

(8) An opinion, dated the Closing Date, addressed to the Underwriter and the Company, of Shipman & Goodwin LLP, Counsel to the Bond Trustee, in form and substance satisfactory to the Underwriter and covering such matters incident to the transactions contemplated hereby as such Underwriter or Counsel to the Underwriter may reasonably request;

(9) An executed counterpart or photocopy thereof of the Issuer's Blanket Issuer Letter of Representations (the "**DTC Letter of Representation**");

(10) Evidence satisfactory to the Underwriter that, as of the Closing Date, the Bonds are rated "\_\_\_\_" by Moody's Investors Service, Inc., "\_\_\_\_-" by Standard & Poor's Rating Service, a division of The McGraw-Hills Companies, and "\_\_\_\_-" by Fitch Ratings; and

(11) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Bond Counsel or Counsel to the Underwriter may reasonably request to evidence compliance by the Issuer and the Company with legal requirements, the truth and accuracy, as of the Closing Date, of all representations herein contained and the due performance or satisfaction by the Issuer and the Company at or prior to such date of all agreements then to be performed and all conditions then to be satisfied as contemplated under this Purchase Contract.

10. If the Issuer or the Company shall be unable to satisfy on the Closing Date the conditions to the obligations of the Underwriter contained in this Purchase Contract in Section 9, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract may be terminated by the Underwriter, and upon such termination, the Underwriter and the Issuer shall not have any further obligations hereunder, except for the respective obligations set forth in Section 12 hereof.

11. The Issuer covenants with the Underwriter to cooperate with it and the Company in qualifying the Bonds for offer and sale under the securities or "blue sky" laws of such jurisdictions of the United States of America as the Underwriter may request; provided that in no event shall the Issuer be obligated to take any action which would subject it to general service of process in any jurisdiction where it is not now so subject. It is understood that the Issuer is not responsible for compliance with or the consequences of failure to comply with applicable "blue sky" laws.

12. The Underwriter shall be under no obligation to pay any fees or expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to, (i) the cost of printing and preparation for printing or other reproduction of each of the 2013 Financing Documents, the Disclosure Package, the Offering Statement and the cost of preparing the

definitive Bonds; (ii) the fees and disbursements of Bond Counsel, Counsel to the Underwriter, accountants, and any other experts, attorneys or consultants retained by the Issuer or the Company; (iii) the fees of bond rating agencies in connection with the Bonds; (iv) the fees and expenses of the Bond Trustee and any agent of the Bond Trustee and the fees and disbursements of counsel for the Bond Trustee in connection with the Bond Indenture and the Bonds; and (v) all other costs and expenses incident to the performance of the Company's obligations hereunder which are not otherwise specifically provided for in this Section. The fees, costs and expenses set forth in the immediately preceding sentence will be paid by the Company pursuant to the Letter of Representation. The Underwriter shall pay all advertising expenses in connection with the public offering of the Bonds, and all other expenses incurred by it in connection with the public offering and distribution of the Bonds.

13. Any notice or other communication to be given to the Issuer under this Purchase Contract may be given by delivering the same in writing, in person or by certified or registered mail, return receipt requested, (such notice or communication to be deemed effective when received), to Ohio County Fiscal Court, 301 South Main, Hartford, Kentucky 42347, Attention: County Judge/Executive, and any such notice or other communication to be given to the Underwriter may be given by delivering the same in writing, in person or by certified or registered mail, return receipt requested (such notice or communication to be deemed effective when received) to Goldman, Sachs & Co. at 200 West Street, 33<sup>rd</sup> Floor, New York, New York 10282-2198, or by facsimile (such notice to be deemed effective when sent) to the attention of Mark Glotfelty at 646-835-3244. All notices or communications hereunder by any party shall be given and served upon each other party. Any notice or communication to be given to the Company under this Purchase Contract may be given by delivering the same in writing, in person or by certified or registered mail, return receipt requested, (such notice or communication to be deemed effective when received), to the Company at 201 Third Street, Henderson, Kentucky 42420, Attention: Vice President of Accounting and Chief Financial Officer or by facsimile (such notice to be deemed effective when sent) to the attention of the Vice President of Accounting and Chief Financial Officer at **[270-827-2101]**.

14. This Purchase Contract shall constitute the entire agreement between the Issuer and the Underwriter and is made solely for the benefit of the Issuer, the Underwriter (including the successors or assigns of the Underwriter) and the Company. The Company is an intended third-party beneficiary hereof and shall have any rights afforded to a party hereof. No person, partnership or corporation other than the Issuer, the Underwriter and the Company shall acquire or have any right hereunder or by virtue hereof. All representations and agreements of the Issuer in this Purchase Contract shall survive the Closing and shall remain operative and in full force and effect, regardless of (a) any investigation made by or on behalf of the Underwriter, (b) delivery of and payment for the Bonds pursuant to this Purchase Contract, and (c) any termination of this Purchase Contract but only to the extent provided by Section 12 hereof.

15. The Issuer acknowledges and agrees that: (i) the primary role of Goldman Sachs, as underwriter, is to purchase securities, for resale to investors, in an arm's-length commercial transaction between the Company and the Issuer on one hand, and the Underwriter on the other hand, and that the Underwriter has financial and other interests that differ from those of the Issuer; (ii) the Underwriter is not acting as a municipal advisor, financial advisor, or fiduciary to the Issuer and has not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading

thereto (irrespective of whether Goldman, Sachs & Co. has provided other services or is currently providing other services to the Issuer on other matters); (iii) the only obligations the Underwriter has to the Issuer with respect to the transaction contemplated hereby expressly are set forth in this Purchase Contract and the Letter of Representation; and (iv) the Issuer has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate. If the Issuer would like a municipal advisor in this transaction that has legal fiduciary duties to the Issuer, then the Issuer is free to engage a municipal advisor to serve in that capacity.

16. This Purchase Contract may not be amended without the written consent of the Company, the Issuer and the Underwriter.

17. This Purchase Contract may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be one and the same instrument.

18. Each of the Issuer and the Underwriter hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Purchase Contract or the transactions contemplated hereby.

19. The validity, interpretation and performance of this Purchase Contract shall be governed by the laws of the State of New York.

[Signatures begin on the following page.]

**Goldman, Sachs & Co.**

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_

Accepted by County of Ohio, Kentucky pursuant to a resolution  
of the County of Ohio, Kentucky adopted at  
Hartford, Kentucky on \_\_\_\_\_, 2013.

By: \_\_\_\_\_  
*County Judge/Executive  
of County of Ohio, Kentucky*

**\$58,800,000**  
**County of Ohio, Kentucky**  
**Pollution Control Refunding Revenue Bonds, Series 2013A**  
**(Big Rivers Electric Corporation Project)**

**LETTER OF REPRESENTATION**

\_\_\_\_\_, 2013

Fiscal Court of the County of Ohio  
Hartford, Kentucky

Goldman, Sachs & Co.  
200 West Street, 33<sup>rd</sup> Floor  
New York, New York 10282-2198

Ladies and Gentlemen:

1. Big Rivers Electric Corporation (the “**Company**”), in order to induce Goldman, Sachs & Co. (the “**Underwriter**”) and County of Ohio, Kentucky (the “**Issuer**”) to enter into a Purchase Contract dated the date hereof (the “**Purchase Contract**”) relating to the purchase by the Underwriter from the Issuer of \$58,800,000 aggregate principal amount of County of Ohio, Kentucky Pollution Control Refunding Revenue Bonds, Series 2013A (Big Rivers Electric Corporation Project) (the “**Bonds**”) does hereby execute and deliver this Letter of Representation.

The Bonds will be issued under and pursuant to a Trust Indenture dated as of \_\_\_\_\_, 2013 (the “**Bond Indenture**”), by and between the Issuer and U.S. Bank National Association, as trustee (the “**Bond Trustee**”). The Bond proceeds shall be paid by the Issuer to Dexia Credit Local, assignee of Credit Suisse, First Boston, as liquidity provider (the “**1983 Credit Provider**”) together with funds from the Company to purchase the Issuer’s \$58,800,000 aggregate principal amount of Pollution Control Floating Rate Demand Bonds, Series 1983 (Big Rivers Electric Corporation Project) (the “**Refunded Bonds**”) from the 1983 Credit Provider and submit the Refunded Bonds to U.S. Bank National Association, successor to Bank of America Illinois (successor to Continental Illinois National Bank and Trust Company), as trustee for the Refunded Bonds for cancellation.

The payment by the Issuer of a portion of the proceeds of the Bonds to the Company is provided for by the provisions of the Loan Agreement, dated as of \_\_\_\_\_, 2013 (the “**Financing Agreement**”), between the Issuer and the Company, and the obligations thereunder to repay the principal amount of the Bonds when due at maturity and interest on the Bonds when due shall be evidenced by a note of the Company dated the date of issuance of the Bonds (the “**Note**”). The Note will be in the form specified in the Supplemental Indenture (as hereinafter

defined) and the Financing Agreement and will be an Obligation secured under the Indenture, dated as of July 1, 2009, between the Company and U.S. Bank National Association, as trustee (the “**Mortgage Indenture Trustee**”) as heretofore supplemented and as supplemented by the Fourth Supplemental Indenture, dated as of \_\_\_\_\_, 2013 (the “**Supplemental Indenture**”), between the Company and the Mortgage Indenture Trustee (as supplemented, the “**Mortgage Indenture**”).

The Company and the Issuer have caused to be prepared the following information: (i) a Preliminary Offering Statement, dated \_\_\_\_\_, 2013 (together with the appendices thereto, the “**Preliminary Offering Statement**”), (ii) the Pricing Supplement attached as Appendix B to the Purchase Contract (the “**Pricing Supplement**”), and (iii) the electronic road show made available to investors via the Internet (not including telephone question and answer sessions with investors) (the “**Electronic Road Show**”). The Preliminary Offering Statement, together with the Pricing Supplement, is referred to herein as the “**Disclosure Package**.”

Capitalized terms used herein, if not otherwise defined herein, shall have the meanings assigned to such terms in the Purchase Contract, and, if not defined therein, in the Preliminary Offering Statement.

In consideration of the execution and delivery of the Purchase Contract, the Company represents, warrants and covenants to and with the Underwriter and the Issuer as follows:

(a) The Preliminary Offering Statement, as of its date, and the Disclosure Package, as of \_\_\_\_:00 p.m., New York city time, on \_\_\_\_\_, 2013 (the “**Initial Sale Time**”), did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; as of the Initial Sale Time, the Electronic Road Show, when considered together with the Disclosure Package, did not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The representations or warranties in this Section 2(a) shall not apply to information contained in or omitted from the Disclosure Package (or any supplement or amendment thereto) in reliance upon information furnished to the Company in writing by or on behalf of the Underwriter expressly for use in the Preliminary Offering Statement under the heading “**UNDERWRITING**.” The Company authorizes the Underwriter to use the Disclosure Package and the Offering Statement as well as the Bond Indenture, the Financing Agreement, the Note, the Mortgage Indenture and the Continuing Disclosure Agreement (as defined in the Preliminary Offering Statement) in connection with the public offering and sale of the Bonds.

(b) The Company has full legal right, power and authority to execute and deliver this Letter of Representation, the Mortgage Indenture, the Supplemental Indenture, the Financing Agreement, the Continuing Disclosure Agreement (in substantially the form attached as an Appendix \_\_\_ to the Preliminary Offering Statement), the Tax Certificate and Agreement and the Note. As of the date hereof, this Letter of Representation is, and as of the Closing, the Mortgage Indenture, the Supplemental Indenture, the Financing Agreement, the Continuing Disclosure Agreement

(in substantially the form attached as an Appendix \_\_\_ to the Preliminary Offering Statement), the Tax Certificate and Agreement and the Note will have been, duly authorized, executed and delivered by the Company and will be in or are in full force and effect and will or do constitute the valid and binding obligations of the Company enforceable in accordance with their respective terms (except as to enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting enforcement of creditors' rights and by equitable rights where equitable remedies are sought and except that rights to indemnity and remedies for breach of representations and warranties relating to the Disclosure Package or the Offering Statement may be limited under the federal securities laws or other applicable laws), and performance by the Company thereunder will not violate, or result in a breach of any of the provisions of, or constitute a default under (i) the Company's Articles of Incorporation, as amended, or its Bylaws, as amended, or (ii) any agreement or instrument to which, or any law, administrative regulation or court decree by which, the Company is bound, except in the case of clause (i) above, for any such violation, breach or default that would not individually or in the aggregate, be reasonably expected to have a material adverse effect on the business or operations or current or future financial position, patronage capital, margins or results of operations of the Company or on the performance by the Company of its obligations under the 2013 Financing Documents (a "**Material Adverse Effect**").

(c) The Company agrees to assist the Issuer in providing to the Underwriter the Offering Statement in the quantities and in the electronic format at the times required by Section 5(a)(1) of the Purchase Contract.

(d) During the period commencing on the date hereof and ending on the earlier of (i) ninety (90) days following the End of the Underwriting Period (as defined in the Purchase Contract), or (ii) the time when the Offering Statement is available to any person from the MSRB, but in the case of this clause (ii), no less than twenty-five (25) days following the End of the Underwriting Period, if any event shall occur which in the reasonable opinion of the Underwriter would cause the Offering Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and if in the reasonable opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Offering Statement, the Company will assist in amending or supplementing the Offering Statement in a form and manner approved by the Issuer, the Underwriter and Bond Counsel so that the Offering Statement will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading; provided, however, that all expenses incurred in connection with any such supplement or amendment will be paid by the Company. The Company agrees to notify the Underwriter of any event of the type described in this paragraph of which it has knowledge.

(e) Except as contemplated herein or as contemplated or set forth in the Disclosure Package, or as the result of operations in the ordinary course of business as described in the Disclosure Package, the Company, subsequent to the dates as of which information is given in the Disclosure Package and as of the date on which the

representation with respect to this paragraph is being made (being the date of this Letter of Representation and, pursuant to clause 5(ii) of paragraph (e) of Section 9 of the Purchase Contract, the Closing Date), has not incurred any material liabilities or obligations, direct or contingent; and, except as contemplated or set forth in the Disclosure Package, subsequent to the dates as of which information is given in the Disclosure Package and as of the date on which the representation with respect to this paragraph is being made, there has been no material adverse change in the condition, financial or otherwise, of the Company.

(f) The Company has been duly incorporated and is now validly existing and in good standing as a rural electric cooperative corporation under the laws of the State of Kentucky. The Company has been duly qualified as a foreign corporation in each jurisdiction in which such qualification is required and is in good standing under the laws of each such jurisdiction or is not subject to any material liability or disability by reason of the failure to be so qualified in any such jurisdiction.

(g) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any judicial or administrative court or governmental agency or body, state, federal or other, pending, other than as described in the Disclosure Package, or known to the Company to be threatened against or affecting the Company, nor to the best of the Company's knowledge is there any basis therefor, wherein an unfavorable decision, ruling or finding would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(h) The Company will cause the proceeds from the sale of the Bonds to be applied as provided for in the Bond Indenture and the Financing Agreement.

(i) All consents, approvals, authorizations and orders of any governmental authority, board, agency or commission or filings or registrations with any governmental authority of the State of Kentucky or the United States of America required in connection with, or the absence of which would materially adversely affect the execution and delivery by the Company of, the Financing Agreement, the Continuing Disclosure Agreement, the Mortgage Indenture, the Supplemental Indenture, the Tax Certificate and Agreement, the Note and this Letter of Representation, the performance by the Company of its obligations thereunder and hereunder and of the transactions contemplated in the Disclosure Package, except as described in the Disclosure Package, and the issuance and sale of the Bonds, have been obtained or made and are in full force and effect; provided, however, that no representation is made concerning compliance with the federal securities laws or the securities or "blue sky" laws of the various jurisdictions of the United States of America.

(j) The Company will notify the Underwriter if, prior to the Closing Date, any event occurs which, in the judgment of the Company, makes the Disclosure Package or the Offering Statement contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading, and the Company will change the Disclosure Package or the Offering Statement so that it does not contain any

untrue statement of material fact or omit to state a material fact necessary to make the statements, in light of the circumstances under which they were made, not misleading.

(k) The Company will diligently cooperate with the Underwriter to qualify the Bonds for offer and sale under the securities or “blue sky” laws of such jurisdictions as the Underwriter may request; provided that in no event shall the Company be obligated to qualify to do business in any jurisdictions where it is not now so qualified or to take any action which would subject it to the general service of process in any jurisdictions where it is not now so subject. The Company will not be responsible for compliance with or the consequences of failure to comply with applicable “blue sky” laws.

(l) The Company will pay the reasonable expenses to be paid by it pursuant to Section 12 of the Purchase Contract (subject to the terms and conditions set forth therein). In addition, as compensation to the Underwriter for its commitments and obligations under the Purchase Contract, the Company will pay to the Underwriter by wire transfer or a check or checks payable in immediately available funds, an amount equal to \$\_\_\_\_\_ (such fee being inclusive of the Underwriter’s out-of-pocket expenses). Such payment shall be made simultaneously with the payment by the Underwriter of the purchase price of the Bonds as provided in the Purchase Contract.

(m) The Preliminary Offering Statement was, as of its date, deemed “final,” within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (“**Rule 15c2-12**”), by the Company on behalf of the Issuer as of the date thereof and as of the date hereof, and is deemed to be a “final official statement” within the meaning of Rule 15c2-12.

(n) The Company is in compliance with all of its continuing disclosure undertakings entered into pursuant to Rule 15c2-12 and has not failed to comply with such undertakings during the last five years.

(o) The consolidated audited financial statements of the Company for the fiscal years ended December 31, 2010 and December 31, 2011 contained in Appendix A to the Preliminary Offering Statement present fairly the consolidated financial position of the Company as of the dates indicated and the results of operations and changes in cash flows for the periods specified, and such financial statements have been prepared in conformity with generally accepted accounting principles. There has been no material adverse change in the condition, financial or otherwise, of the Company since December 31, 2011, from that set forth in the financial statements, as of and for the period ended that date, except as disclosed in the Disclosure Package.

(p) The Company has taken all action required to perfect the security interest created by the Mortgage Indenture wherever such security interest can be perfected by the filing of financing statements under the Uniform Commercial Codes of the jurisdictions where such filings are made, including any recording or re-recording of the Mortgage Indenture in all counties where the Company owns substantial assets, as security for the Obligations referred to therein, including the Note.

(q) The Company has good and marketable title to the mortgaged property (as described and defined in the Mortgage Indenture) subject to Permitted Exceptions and Prior Liens permitted by Section 13.6 the Mortgage Indenture, all as such terms are defined in the Mortgage Indenture.

(r) Each of the Wholesale Power Contracts (each, a “**Wholesale Power Contract**” and, collectively, the “**Wholesale Power Contracts**”), between the Company and those Members identified in the Preliminary Offering Statement as parties to such Wholesale Power Contracts, have been duly authorized, executed and delivered by the Company and constitute legal, valid and binding obligations of the Company enforceable in accordance with their respective terms, subject, as to enforcement, to bankruptcy, insolvency reorganization and other laws of general applicability relating to or affecting creditors’ rights and to general equity principles.

(s) Except as disclosed in the Preliminary Offering Statement, each of the agreements listed on Schedule 1 hereto (each, a “**Smelter Agreement**” and, collectively, the “**Smelter Agreements**”) has been duly authorized, executed and delivered by the Company and constitute legal, valid and binding obligations of the Company enforceable in accordance with their respective terms, subject, as to enforcement, to bankruptcy, insolvency reorganization and other laws of general applicability relating to or affecting creditors’ rights and to general equity principles.

2. The acceptance and confirmation of this Letter of Representation on behalf of the Issuer shall constitute a representation and warranty by the Issuer to the Company that the representations and warranties contained in Section 7 of the Purchase Contract are true as of the date hereof and will be true in all material respects as of the Closing Date, as if made on the Closing Date.

3. (a) The Company agrees to indemnify and hold harmless the Underwriter, and each person, if any, who controls the Underwriter within the meaning of Section 15 of the Securities Act of 1933, as amended (the “**Securities Act**”), and the Issuer, to the extent permitted under applicable law, against any and all losses, claims, damages, liabilities and expenses (including reasonable costs of investigation) arising out of or based on (i) the failure to register any security under the Securities Act or to qualify any indenture under the Trust Indenture Act of 1939, as amended, in connection with the offering of the Bonds or (ii) any untrue statement or alleged untrue statement of a material fact contained in the Disclosure Package or the Offering Statement, or in any amendment or supplement thereto, arising out of or based on any omission or alleged omission to state therein a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except insofar as such losses, claims, damages, liabilities or expenses arising out of or based on any such untrue statement or omission or allegation thereof in reliance upon and in conformity with written information furnished to the Company by the Underwriter expressly for use in the Disclosure Package and the Offering Statement under the heading “**UNDERWRITING.**”

(b) If any action or claim (including any governmental investigation) shall be brought or asserted against the Underwriter or any person so controlling the Underwriter,

or the Issuer, based upon the Disclosure Package or Offering Statement or any amendment or supplement thereto, and in respect of which indemnity may be sought from the Company pursuant to subsection (a) hereof, the Underwriter or such controlling person or the Issuer, as the case may be, shall promptly notify the Company in writing, and the Company shall assume the defense thereof, including the employment of counsel and the payment of all expenses. The Underwriter or any such controlling person or the Issuer, as the case may be, shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the Underwriter or such controlling person or the Issuer, as the case may be, unless (i) the employment thereof has been specifically authorized by the Company, (ii) the Company has failed to assume the defense and employ counsel or (iii) the named parties to any such action (including any impleaded parties) include both the Underwriter or such controlling person or the Issuer and the Company, and representation of the Underwriter or such controlling person or the Issuer and the Company by counsel representing the Company would be inappropriate due to actual or potential differing interests between the Company and the other named party (in which case the Company shall not have the right to assume the defense of such action on behalf of the Underwriter or such controlling person or the Issuer, it being understood, however, that the Company shall not, in connection with any one such action or separate but substantially similar or related actions arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys at any point in time for the Underwriter and such controlling persons, and one separate firm of attorneys for the Issuer, which respective firms shall be designated in writing by the Underwriter and the Issuer). The Company shall not be liable for any settlement of any such action effected without its consent, but if settled with the consent of the Company or if there is a final judgment for the plaintiff in any such action, the Company will indemnify and hold harmless any indemnified person from and against any loss or liability by reason of such settlement or judgment. The Company shall not, without the prior written consent of the Underwriter, effect any settlement of any pending or threatened proceeding in respect of which the Underwriter is or could have been a party and indemnity could have been sought hereunder by the Underwriter, unless such settlement (i) includes an unconditional release of the Underwriter from any liability or claims that are the subject matter of such proceeding and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of the Underwriter.

(c) The Underwriter agrees to indemnify and hold harmless the Company and the Issuer to the same extent as the foregoing indemnity from the Company to the Underwriter and the Issuer, but only with respect to written information furnished by the Underwriter to the Company expressly for use in the Disclosure Package and the Offering Statement under the heading "UNDERWRITING." If any action or claim shall be brought against the Company or the Issuer based upon the Disclosure Package and the Offering Statement and in respect of which indemnity may be sought against the Underwriter, the Underwriter shall have the rights and duties given to the Company; and the Company or the Issuer, as the case may be, shall have the rights and duties given to the Underwriter by subparagraph (b) hereof. The indemnity agreement of this subparagraph (c) shall extend upon the same terms and conditions to each officer and director of the Company or the Issuer, as applicable, and to each person, if any, who

controls the Company or the Issuer, as applicable, within the meaning of Section 15 of the Securities Act.

(d) If the indemnification provided for in this Section is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (c) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company, on the one hand, and the Underwriter, on the other, from the offering of the Bonds. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under subsection (b), then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company, on the one hand, and the Underwriter, on the other, in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company, on the one hand, and the Underwriter, on the other, shall be deemed to be in the same proportion as the total net proceeds from the sale of the Bonds (before deducting expenses) received by the Company to the total fee received by the Underwriter. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company, on the one hand, or the Underwriter, on the other, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Underwriter agree that it would not be just and equitable if contribution pursuant to this subsection (d) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim (which shall be limited as provided in subsection (b) above if the indemnifying party has assumed the defense of any such action in accordance with the provisions thereof). Notwithstanding the provisions of this subsection (d), the Underwriter shall not be required to contribute any amount in excess of the amount by which the total price at which the Bonds were offered to the public exceeds the amount of any damages which the Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(e) The indemnity agreements contained in this Section 3 shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Underwriter or any person so controlling the Underwriter or by or on behalf of the Company or by or on behalf of the Issuer. A successor of the Underwriter or the

Company or of the Issuer, as the case may be, shall be entitled to the benefits of the indemnity and reimbursement agreements contained in this Section 3; the term "successor" shall not include any purchaser of Bonds from the Underwriter merely because of such purchase.

4. The Underwriter agrees that, if the Purchase Contract is terminated pursuant to Section 10 thereof, the Company shall not have any further obligations to the Underwriter under this Letter of Representation other than as set forth in clause (l) of Section 1 hereof.

5. This Letter of Representation is made solely for the benefit of the Issuer and its directors, officers and agents, the Underwriter, persons controlling the Underwriter, and the Company and its directors and officers or any person who controls the Company within the meaning of Section 15 of the Securities Act, and their respective successors and assigns, and no other person, partnership, association or corporation shall acquire or have any right under or by virtue hereof. The terms "successors" and "assigns" shall not include any purchaser of Bonds from the Underwriter merely because of such purchase.

6. The execution and delivery of this Letter of Representation by the Company shall constitute the Company's approval of and consent to the Issuer's entering into, acceptance and execution of the Purchase Contract and performance thereunder.

7. Any notice or other communication to be given to the Company under this Letter of Representation may be given by delivering the same in writing, in person or by certified or registered mail, return receipt requested (such notice or communication to be deemed effective when received) to the Company at 201 Third Street, Henderson, Kentucky 42420, Attention: Vice President of Accounting and Chief Financial Officer, or by facsimile (such notice to be deemed effective when sent) to the attention of the Vice President of Accounting and Chief Financial Officer of the Company at [270-827-2101]. Any notice or other communication to be given to the Underwriter under this Letter of Representation may be given by delivering the same in writing, in person or by certified or registered mail, return receipt requested (such notice or communication to be deemed effective when received) to Goldman, Sachs & Co. at 200 West Street, 33<sup>rd</sup> Floor, New York, New York 10282-2198, Attention: Mark Glotfelty, or by facsimile (such notice to be deemed effective when sent) to the attention of Mark Glotfelty at 646-835-3244, and any notice or communication to be given to the Issuer under this Letter of Representation may be given by delivering the same in writing, in person or by certified or registered mail, return receipt requested (such notice or communication to be deemed effective when received), at Ohio County Fiscal Court, 301 South Main, Hartford, Kentucky 42347, Attention: County Judge/Executive. The Company, the Issuer and the Underwriter shall each be fully entitled to rely upon notice given pursuant to this Paragraph and to act thereon.

8. This Letter of Representation shall become effective upon execution hereof and the effectiveness of the Purchase Contract referred to herein. It shall terminate upon termination of the Purchase Contract. The Company's representations and warranties contained herein shall survive the Closing and shall remain operative and in full force and effect, regardless of (a) any investigation made by or on behalf of the Underwriter, (b) delivery of and payment for the Bonds, and (c) any termination of the Purchase Contract or this Letter of Representation but only to the extent provided by subsection (l) of Section 1 hereof.

9. The Company acknowledges and agrees that: (i) the primary role of Goldman Sachs, as underwriter, is to purchase securities, for resale to investors, in an arm's-length commercial transaction between the Company and the Issuer on one hand, and the Underwriter on the other hand, and that the Underwriter has financial and other interests that differ from those of the Company; (ii) the Underwriter is not acting as a municipal advisor, financial advisor, or fiduciary to the Company and has not assumed any advisory or fiduciary responsibility to the Company with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether Goldman, Sachs & Co. has provided other services or is currently providing other services to the Company on other matters); (iii) the only obligations the Underwriter has to the Company with respect to the transaction contemplated hereby expressly are set forth in this Letter of Representation and the Purchase Contract; and (iv) the Company has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate. If the Company would like a municipal advisor in this transaction that has legal fiduciary duties to the Company, then the Company is free to engage a municipal advisor to serve in that capacity.

10. The Company and the Underwriter hereby irrevocably waive, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Letter of Representation, the Purchase Contract or the transactions contemplated hereby.

11. The validity, interpretation and performance of this Letter of Representation shall be governed by the laws of the State of New York.

[Signatures begin on the following page.]

Very truly yours,

**BIG RIVERS ELECTRIC CORPORATION**

By: \_\_\_\_\_  
Mark A. Bailey  
President and Chief Executive Officer

Accepted and confirmed as of the  
date first above written

**GOLDMAN, SACHS & CO.**

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_

Accepted by County of Ohio, Kentucky pursuant to a resolution  
of the County of Ohio, Kentucky adopted at  
Hartford, Kentucky on \_\_\_\_\_, 2013.

By: \_\_\_\_\_  
*County Judge/Executive  
of County of Ohio, Kentucky*

## **Schedule 1**

### **Smelter Agreements**

1. Coordination Agreement, dated as of July 1, 2009, by and between the Company and Alcan Primary products Corporation
2. Wholesale Electric Service Agreement (Alcan), dated as of July 1, 2009, by and between the Company and Kenergy Corp.
3. Coordination Agreement, dated as of July 1, 2009, by and between the Company and Century Aluminum of Kentucky General Partnership
4. Wholesale Electric Service Agreement (Century), dated as of July 1, 2009, by and between the Company and Kenergy Corp.

**[To Confirm No Updates]**

## Pricing Supplement

<b>Issuer:</b>	County of Ohio, Kentucky
<b>Obligor:</b>	Big Rivers Electric Corporation
<b>Date:</b>	
<b>Security Type:</b>	Pollution Control Refunding Revenue Bonds, Series 2013A (Big Rivers Electric Corporation Project)
<b>Principal Amount:</b>	\$58,800,000
<b>Maturity Date:</b>	
<b>Interest Rate:</b>	
<b>Price:</b>	100.000
<b>CUSIP Number:</b>	
<b>Optional Redemption</b>	After _____, 2023, the Bonds may be redeemed, in whole or in part, prior to their stated maturity at Big Rivers Electric's option.
<b>Ratings on the Bonds:</b>	The Bonds have ratings of "____" from Moody's, "____-" from S&P and "____-" from Fitch.
<b>Total Underwriters' Compensation:</b>	\$
<b>Underwriter:</b>	Goldman, Sachs & Co.



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AMENDED

ARTICLES OF INCORPORATION

OF

BIG RIVERS ELECTRIC CORPORATION

RECEIVED & FILED

\$2.00

98 JUL 10 PM 2:33

SECRETARY OF STATE  
COMMONWEALTH OF KENTUCKY

BY Adt

The Board of Directors of Big Rivers Electric Corporation having approved the amendment of the Articles of Incorporation as herein contained at a special meeting called for that purpose on June 29, 1998 by the margin required by KRS 279.050 and the Members of Big Rivers Electric Corporation having approved the amendment of the Articles of Incorporation as herein contained at a special meeting called for that purpose on July 10, 1998 by the margin required by KRS 279.050:

Pursuant to KRS 279.050, Big Rivers Electric Corporation does hereby amend Articles I-X of its Articles of Incorporation in their entirety as follows:

ARTICLE I

The name of the corporation shall be "BIG RIVERS ELECTRIC CORPORATION".

ARTICLE II

The purpose or purposes for which the corporation is formed are to promote and encourage the fullest possible use of electric energy in the Commonwealth of Kentucky, by making electric energy available by production,

*Book 26 Page 202*

transmission, distribution, or by otherwise securing the same for inhabitants of and persons, including natural persons, firms, associations, corporations, business trusts, partnerships and bodies politic and corporate, in rural areas of the Commonwealth of Kentucky, at the lowest cost consistent with sound business methods and prudent management of the business of the corporation and also by making available to the said inhabitants and persons, including natural persons, firms, associations, corporations, business trusts, partnerships and bodies politic and corporate, electrical devices, equipment, wiring, appliances, fixtures, supplies and machinery (including any fixtures or property, or both, which may by its use be conducive to a more complete use of electricity or electric energy) operated by electricity or electric energy, and accounting services, forms and supplies, bargaining services, business counsel and advice, engineering services, supervisory services, investment counsel, general purchasing services of all kinds, and any other services that are requested or deemed advisable or desirable in the conduct of the business of the corporation or in the business of any natural persons, firms,

associations, corporations, business trusts, partnerships and bodies politic and corporate, in rural areas of the Commonwealth of Kentucky. In addition, the purpose or purposes for which the corporation is formed are, without limiting the generality of the foregoing:

(a) to generate, manufacture, purchase, transport, acquire and accumulate electric energy for its members and non-members to the extent permitted by the Act under which the Corporation is formed and to transmit, distribute, furnish, sell, and dispose of such electric energy to its members and non-members to the extent permitted by the Act under which the Corporation is formed, and to construct, erect, purchase, lease as lessee and in any manner acquire, own, hold, maintain, operate, sell, dispose of, lease as lessor, exchange and mortgage plants, buildings, works, machinery, supplies, apparatus, equipment and electric transmission and distribution lines or systems necessary, convenient or useful for carrying out and accomplishing any or all of the foregoing purposes;

(b) to acquire, own, hold, use, exercise and, to the extent permitted by law, to sell, mortgage, pledge, hypothecate and in any manner dispose of franchises, rights,

*Book 26 Page 204*

privileges, licenses, rights of way and easements necessary, useful or appropriate to accomplish any or all of the purposes of the Corporation;

(c) to purchase, receive, lease as lessee, or in any other manner acquire, own, hold, maintain, use, convey, sell, lease as lessor, exchange, mortgage, pledge or otherwise dispose of any and all real and personal property or any interest therein necessary, useful or appropriate to enable the Corporation to accomplish any or all of its purposes;

(d) to assist its members to wire their premises and install therein electrical and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character (including, without limiting the generality of the foregoing, such as are applicable to water supply and sewage disposal) and, in connection therewith and for such purposes, to purchase, acquire, lease, sell, distribute, install and repair electrical and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character (including, without limiting the generality of the foregoing, such as are applicable to water supply and sewage

*Book 26 Page 205*

disposal) and to receive, acquire, endorse, pledge, guarantee, hypothecate, transfer or otherwise dispose of notes and other evidences of indebtedness and all security therefor;

(e) to borrow money, to make and issue bonds, notes and other evidences of indebtedness, secured or unsecured, for monies borrowed or in payment for property acquired, or for any of the other objects or purposes of the Corporation; to secure the payment of such bonds, notes or other evidences of indebtedness by mortgage or mortgages, or deed or deeds of trust upon, or by the pledge of or other lien upon, any or all of the property, rights, privileges or permits of the Corporation, wheresoever situated, acquired or to be acquired;

(f) to do and perform, either for itself or its members, any and all acts and things, and to have and exercise any and all powers, as may be necessary or convenient to accomplish any or all of the foregoing purposes or as may be permitted by the Act under which the Corporation is formed, and to exercise any of its power anywhere.

*Book 26 Page 206*

ARTICLE III

The principal office of the Corporation shall be located at Henderson, Kentucky.

ARTICLE IV

The operations of the Corporation may be conducted in any state in the United States of America and in such other places as may be provided from time to time in the Bylaws of the Corporation.

ARTICLE V

The number of directors of the Corporation shall be not less than five (5) nor more than sixteen (16). Unless otherwise provided in the Bylaws, the number of directors shall be five (5).

ARTICLE VI

The duration of the Corporation is perpetual.

ARTICLE VII

Section 1: The Corporation shall have no capital stock and the property, rights and interests of each member shall be equal. The corporation shall not be authorized to issue any non-voting equity securities.

Section 2: Any person, firm, corporation, body politic, or other organization may become a member in the Corporation by:

- (a) paying the membership fee specified in the Bylaws;
- (b) agreeing to purchase from the Corporation electric energy as specified in the Bylaws; and
- (c) agreeing to comply with and be bound by these articles of incorporation and the Bylaws of the Corporation and any amendments thereto, and such rules and regulations as may from time to time be adopted by the Board of Directors;

provided, however, that no such firm, person, corporation, body politic or other organization shall become a member unless and until he or it has been accepted for membership by the Board of Directors or the members in the manner provided in the Bylaws. No person, firm, corporation, body politic or other organization may own more than one (1) membership in the corporation.

Section 3: Membership in the Corporation shall be terminated by cessation of existence, expulsion, or withdrawal of a member as provided in the Bylaws of the Corporation. Subject to any capital credits provision

*Book 26 Page 208*

contained in the Bylaws, termination of membership in any manner shall operate as a release of all right, title and interest of the member in the property and assets of the Corporation; provided, however, that such termination of membership shall not release the member from the debts or liabilities of such member of the Corporation.

Section 4: The private property of the members of the Corporation shall be exempt from execution for the debts of the Corporation and no member or incorporator shall be individually liable or responsible for any debts or liabilities of the Corporation.

Section 5: The Bylaws of the Corporation may fix other terms and conditions upon which other persons shall be admitted to and retain membership in the Corporation not inconsistent with these articles of incorporation or the Act under which the Corporation is organized.

#### ARTICLE VII

The Board of Directors shall have the power to make and adopt such rules and regulations not inconsistent with these articles of incorporation or the Bylaws of the Corporation as it may deem advisable for the management, administration

and regulation of the business and affairs of the Corporation.

ARTICLE IX

The Corporation may amend, alter, change or repeal any provision contained in these Articles of Incorporation in the manner now or hereafter prescribed by law.

ARTICLE X

No director of the corporation shall be personally liable to the corporation or its members for monetary damages for breach of his duties as a director, except for liability (i) for any transaction in which the director's personal financial interest is in conflict with the financial interests of the corporation or its members, or (ii) for acts or omissions not in good faith or which involve intentional misconduct or are known to the director to be a violation of law, or (iii) for the types of liability set forth in KRS 271B.8-330, or (iv) for any transaction from which the director derived an improper personal benefit. If the general corporation laws of Kentucky are amended after the effective date of this article to authorize corporate action further limiting the personal liability of directors, then the liability of a

*Book 26 Page 210*

director of the corporation shall be limited to the fullest extent permitted by such general corporation laws as so amended. Any repeal or modification of this Article by the members of the corporation shall not adversely affect any right or protection of a director of the corporation existing at the time of such repeal or modification.

IN WITNESS WHEREOF, the Board of Directors of Big Rivers Electric Corporation have executed these AMENDED ARTICLES OF INCORPORATION of the said Corporation for and on behalf of the said Corporation as of this 10th day of July, 1998.

BIG RIVERS ELECTRIC CORPORATION

*Sandra B Wood*  
Sandra B. Wood, Board Chair

ATTEST:

*Johnny L. Hamm*  
Johnny L. Hamm,  
Secretary Treasurer

Book 26 Page 211

STATE OF KENTUCKY )  
COUNTY OF DAVIESS )

SUBSCRIBED AND SWORN TO before me, by Sandra B. Wood  
and Johnny L. Hamm, this 10th day of July, 1998.

Johnny M. Miller  
Notary Public KY STATE AT LARGE  
My Commission Expires: April 30, 2002

STATE OF KENTUCKY  
COUNTY OF HENDERSON. . . . . Sect.

I, Wilma G. Martin, Clerk of Henderson County, certify that the  
foregoing agreement was this day at 10:24 O'clock A. M.  
lodged in my said office for record and that I have recorded it, the  
foregoing and this certificate in my said office.

Given under my hand this 7 day October 1998

BY: Penny Matthews WILMA G. MARTIN  
D.C.

RECEIVED  
WILLIAM G. MARTIN  
HENDERSON CO. CLERK

63/20

OCT 7 10 24 AM '98

Recorded this the 7 day of Oct 1998  
A.D. 1998 Recorded in Sec Book 76 Page 202  
Henderson County Clerk WILLIAM G. MARTIN  
By: RICHARD STANBOL D.C.  
S, M, S, M

*William G. Martin*  
100 St. v. St. 25. 10/20/98  
Enclosed \$ 12503



EXHIBIT 15

BIG RIVERS ELECTRIC CORPORATION'S  
DESCRIPTION OF PROPERTY

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Big Rivers Electric Corporation is a generation and transmission cooperative (G&T) headquartered in Henderson, Kentucky. The Corporation meets the electric power needs of three member distribution cooperatives, which, in turn, sell electricity to approximately 113,000 residential, commercial, and industrial consumers in 22 western Kentucky counties.

1. Big Rivers' utility plant in service, materials and supplies inventory, and fuel inventory as of September 30, 2012, consisted of intangible plant, electric power generating plants, land right-of-ways, transmission stations and lines, land, buildings, office furniture and equipment, transportation equipment, storage equipment, tools, shop and garage equipment, laboratory equipment, power operated equipment, communication equipment, materials and supplies inventory, and fuel inventory. The original cost of these properties as of September 30, 2012 is \$2,055,993,884.

2. As of September 30, 2012, Big Rivers' intangible plant included organizational and franchise costs of \$66,895.

3. Big Rivers owns and operates electric generating units Reid, Coleman, Green and Wilson and has certain rights to HMP&L Station Two. As of September 30, 2012, Big Rivers' generation assets original cost was \$1,714,128,053 with a net (depreciated) value of \$883,600,489.

- a. The Coleman Station is a multiple unit plant consisting of three coal-fired units designed to burn Illinois Basin coal. The units were commercialized in 1969, 1970, and 1972, respectively, with a combined net output rating of 443 MW.
- b. The Robert Reid Station is a multiple unit plant consisting of one coal-fired unit designed to burn Illinois Basin coal and one combustion turbine with the ability to burn either fuel oil or natural gas. The units

EXHIBIT 15

BIG RIVERS ELECTRIC CORPORATION'S  
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were commercialized in 1966 and 1976, respectively, with a combined net output rating of 130 MW.

c. The Robert D. Green facility is a multiple unit plant consisting of two coal-fired units designed to burn Illinois Basin coal. The units were commercialized in 1979 and 1981, respectively, with a combined net output rating of 454 MW.

d. The D.B. Wilson Station is a single coal-fired unit designed to burn Illinois Basin coal. The unit was commercialized in 1986 with a net output rating of 417 MW.

4. Big Rivers has interconnections with seven utilities: HMP&L, Southern Illinois Power Cooperative, Louisville Gas & Electric, Kentucky Utilities, Vectren, Hoosier Energy Cooperative, and the Tennessee Valley Authority. Big Rivers, however, cannot purchase power from the Tennessee Valley Authority.

5. Transmission Facilities as of September 30, 2012, included land, right-of-ways, station equipment and lines costing \$248,249,826 with a net (depreciated) value of \$131,740,640. The miles of transmission line by size are as follows: 833 miles of 69 kV, 14 miles of 138 kV, 350 miles of 161 kV, and 68 miles of 345 kV. The substation capacity consists of 1,879,800 kVA step-up at generating plants and 3,540,000 kVA transmission.

6. Big Rivers owns general plant assets costing \$35,179,694 as of September 30, 2012, with a net (depreciated) value of \$26,361,503. General plant consists of land, structures and improvements, office furniture and equipment, transportation equipment, storage equipment, tools, shop and garage equipment, laboratory equipment, power operated equipment, communication equipment, and other miscellaneous equipment used to provide service to member cooperatives.

EXHIBIT 15

BIG RIVERS ELECTRIC CORPORATION'S  
DESCRIPTION OF PROPERTY

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7. As of September 30, 2012 Big Rivers had materials and supplies inventory of \$26,016,994 and fuel inventory of \$32,352,421.

8. Big Rivers' investment in construction work in progress as of September 30, 2012 was \$44,936,428.

9. As of September 30, 2012, Big Rivers did not own any non-utility property.



EXHIBIT 16

**BIG RIVERS ELECTRIC CORPORATION  
FINANCIAL EXHIBIT  
AS OF SEPTEMBER 30, 2012**

Big Rivers states that:

1. No amounts or kinds of stock have been authorized.
2. No amounts or kinds of stock have been issued and none is outstanding.
3. No preferred stock has been authorized or is outstanding.
4. Effective with the close of the “Unwind” Transaction on July 16, 2009, all previously existing mortgages were permanently extinguished with the Third Restated Mortgage and Security Agreement (successor to the Restated Mortgage and Security Agreement [the New RUS Mortgage] and Second Restated Mortgage and Security Agreement) being replaced with Big Rivers’ Mortgage Indenture (the “Indenture”). The Indenture secures on a *pro rata, pari passu* basis all of the indebtedness owed to Big Rivers’ existing senior secured creditors as well as future senior secured creditors. A principal feature of the Indenture is the use of a lien and security interest in favor of an institutional trustee rather than in favor of each individual creditor as mortgagee. The Indenture creates a lien and security interest on most of Big Rivers’ real and personal property. Additional debt can be issued under the Indenture on a *pari passu* basis with Big Rivers’ existing senior creditors without obtaining the existing senior creditors approval, provided such debt issue meets certain objective tests.

The Indenture, dated July 1, 2009, was made by and between Big Rivers Electric Corporation, as Grantor, and U.S. Bank National Association, as Trustee. As of September 30, 2012 the Indenture secured the following Obligations:

- AMBAC Municipal Bond Insurance Policy Series 1983 Note, dated July 16, 2009, made by Big Rivers (the “Company”) to Ambac Assurance Corporation, (“Ambac”), issued in an aggregate principal amount not to exceed \$216,207,600. This is an Existing Obligation under the Indenture.
- Big Rivers Electric Corporation Standby Bond Purchase Agreement Note (Series 1983 Bonds), dated July 16, 2009, made by the Company to Dexia Credit Local, issued in an aggregate principal amount not to exceed \$216,207,600. This is an Existing Obligation under the Indenture.
- Big Rivers Electric Corporation First Mortgage Note, Series 2010A, dated July 8, 2010, made by the Company to U.S. Bank Trust National Association, as trustee, in an amount equal to the principal and interest due on the \$83,300,000 County of Ohio, Kentucky, Pollution Control

## EXHIBIT 16

Refunding Revenue Bonds, Series 2010A. This is an Additional Obligation under the Indenture.

- RUS 2009 Promissory Note Series A, dated July 16, 2009, made by the Company to the United States of America, in the principal amount of \$602,573,536, maturing on July 1, 2021. This is an Existing Obligation under the Indenture.
- RUS 2009 Promissory Note Series B, dated July 16, 2009, made by the Company to the United States of America, in the amount at final maturity of \$245,530,257.30, maturing on December 31, 2023. This is an Existing Obligation under the Indenture.
- Big Rivers Electric Corporation First Mortgage Notes, Series 2012A, dated July 27, 2012, made by the Company to CoBank, ACB, in the principal amount of \$235,000,000, maturing on June 30, 2032. This is an Additional Obligation under the Indenture.
- Big Rivers Electric Corporation First Mortgage Notes, Series 2012B, dated July 27, 2012, made by the Company to National Rural Utilities Cooperative Finance Corporation, in the principal amount of \$302,000,000, maturing on May 31, 2032. This is an Additional Obligation under the Indenture.

The Indenture provides that a maximum of \$3,000,000,000 of Additional Obligations may be issued and secured. As noted above, the Big Rivers Electric Corporation First Mortgage Notes, Series 2010A, 2012A, and 2012B, are Additional Obligations under the Indenture.

5. Big Rivers has financed certain pollution control facilities at the D.B. Wilson Station with pollution control bonds issued by the County of Ohio, Kentucky. Big Rivers Electric Corporation has two issues outstanding.

On June 30, 1983, the County of Ohio, Kentucky, issued \$58,800,000 of Pollution Control Floating Rate Demand Bonds, Series 1983 (Series 1983 Bonds), with a stated maturity date of June 1, 2013. These bonds bear interest at a variable rate and, prior to July 15, 1998, were supported by an irrevocable standby letter of credit. On July 15, 1998 the standby letter of credit was replaced by a liquidity facility issued by Credit Suisse First Boston (assigned to Dexia Credit Local effective May 1, 2006) and municipal bond insurance and security policies issued by Ambac Assurance Corporation. A Remarketing Agent is responsible for determining the stated rate (Base Rate) of interest to be applied to the Series 1983 Bonds necessary to remarket the bonds at par plus accrued interest in a secondary market transaction. The Base Rate so determined may not be less than 40 percent or more than 110 percent of a variable interest index. This variable interest index is the weighted average per annum discount rate for direct obligations of the United States with maturities of 13 weeks, expressed as a bond equivalent on the basis of a 365 or 366 day year, as appropriate, and applied on a daily basis, set on

## EXHIBIT 16

the latest auction of such obligations. The Base Rate cannot exceed 13 percent and is subject to Big Rivers' approval.

If the Remarketing Agent is unable to remarket the Bonds they are tendered to the Liquidity Provider (Dexia Credit Local) under the terms of the Standby Bond Purchase Agreement and become "Bank Bonds" with interest paid at the "Bank Rate." The Bank Rate is the higher of (a) the base commercial lending rate announced from time to time by the Liquidity Provider in effect on such date, or (b) the rate quoted by the Liquidity Provider on such date to dealers in the New York Federal funds market for the overnight offering of dollars by the Liquidity Provider for deposit, plus one half of one percent. The Bank Rate may not exceed the lesser of 18 percent per annum and the maximum rate of interest permitted by applicable law. As of September 30, 2012 all Bonds were held as Bank Bonds and the Bank Rate was 3.25%.

The Series 1983 Bonds are supported by two promissory notes (AMBAC Municipal Bond Insurance Policy Series 1983 Note and Standby Bond Purchase Agreement Note) from Big Rivers, which bear the same interest rate as the bonds. Big Rivers' Indenture secures the promissory notes issued in support of the Series 1983 Bonds equally and ratably with all other Obligations issued under the Indenture.

The interest paid on the Series 1983 Bonds for the fiscal year ending December 31, 2011 was \$1,937,541.67.

On October 31, 1985, the County of Ohio, Kentucky, issued \$83,300,000 of Variable Rate Demand Pollution Control Refunding Bonds, Series 1985 (Series 1985 Bonds), with a stated maturity date of October 1, 2015. On August 1, 2001, Big Rivers refunded the Series 1985 Bonds with the Series 2001A, Periodic Auction Reset Securities (Series 2001A Bonds), effectively eliminating a \$5 million annual sinking fund requirement of the Series 1985 Bonds and extending the maturity date from October 1, 2015 to October 1, 2022. On June 8, 2010, the County of Ohio, Kentucky, Pollution Control Refunding Revenue Bonds, Series 2010A (Series 2010A Bonds), with a maturity date of July 15, 2031 were issued in the amount of \$83,300,000. Proceeds from the Series 2010A Bonds were used to refund the Series 2001A Bonds. The Series 2010A Bonds bear interest at a fixed rate of 6.00%.

The Series 2010A Bonds are supported by a promissory note from Big Rivers, which bear the same interest rate as the bonds. Big Rivers' Indenture secures the promissory note issued in support of the Series 2010A Bonds equally and ratably with all other Obligations issued under the Indenture.

The interest paid on the Series 2010A Bonds for the fiscal year ending December 31, 2011 was \$5,511,683.33.

6. As of September 30, 2012, Big Rivers' notes outstanding, on which amounts were due and owing, consisted of RUS 2009 Promissory Note Series A

## EXHIBIT 16

(RUS 2009 Series A Note); RUS 2009 Promissory Note Series B (RUS 2009 Series B Note); Big Rivers Electric Corporation AMBAC Municipal Bond Insurance Policy Series 1983 Note; Big Rivers Electric Corporation Standby Bond Purchase Agreement Note (Series 1983 Bonds); Big Rivers Electric Corporation First Mortgage Notes, Series 2010A, Series 2012A, and Series 2012B ; Capital Term Certificates Promissory Note – Unsecured (associated with borrowings secured by Big Rivers Electric Corporation First Mortgage Notes, Series 2012B); and the CoBank Senior Unsecured Revolving Credit Facility Note.

The RUS 2009 Series A Note, dated July 16, 2009, was issued in favor of the United States of America, acting through the United States Department of Agriculture, Rural Utilities Services, (the “RUS”), in the original principal amount of \$602,573,536, with a maturity of July 1, 2021. The RUS 2009 Series A Note has a stated interest rate of 5.75% and an outstanding stated amount of \$80,456,000 as of September 30, 2012. Interest paid during fiscal year ending December 31, 2011 was \$23,632,939.36.

The RUS 2009 Series B Note, dated July 16, 2009, was issued in favor of the United States of America, acting through the United States Department of Agriculture, Rural Utilities Services, (the “RUS”), in the original principal amount of \$245,530,257.30, with a maturity of December 31, 2023. The RUS 2009 Series B Note has no stated interest rate and an outstanding stated amount of \$245,530,257.30 as of September 30, 2012. There is no interest amount to be paid on this note.

Big Rivers Electric Corporation AMBAC Municipal Bond Insurance Policy Series 1983 Note (“AMBAC Note”), dated July 16, 2009, was issued in favor of Ambac Assurance Corporation, (“Ambac”), in an aggregate principal amount not to exceed \$216,207,600, with a maturity of June 1, 2013. The AMBAC Note bears the same interest as the Series 1983 Bonds and the outstanding principal amount was \$58,800,000 as of September 30, 2012. The interest paid on the Series 1983 Bonds for the fiscal year ending December 31, 2011 was \$1,937,541.67.

Big Rivers Electric Corporation Standby Bond Purchase Agreement Note (Series 1983 Bonds) (“Dexia Note”), dated July 16, 2009, was issued in favor of Dexia Credit Local, (“Dexia”), in an aggregate principal amount not to exceed \$216,207,600, with a maturity of June 1, 2013. The Dexia Note bears the same interest as the Series 1983 Bonds and the outstanding principal amount was \$58,800,000 as of September 30, 2012. The interest paid on the Series 1983 Bonds for the fiscal year ending December 31, 2011 was \$1,937,541.67.

Big Rivers Electric Corporation First Mortgage Note, Series 2010A (associated with the Series 2010A Bonds), dated June 1, 2010, was issued in favor of U.S. Bank National Association, as trustee, in the original principal amount of \$83,300,000, with a maturity of July 15, 2031. The First Mortgage Note, Series 2010A, has a fixed interest rate of 6.00% and an outstanding principal amount of \$83,300,000 as of

## EXHIBIT 16

September 30, 2012. The interest paid on the Series 2010A Bonds for the fiscal year ending December 31, 2011 was \$5,511,683.33.

Big Rivers Electric Corporation First Mortgage Notes, Series 2012A, dated July 27, 2012, was issued in favor of CoBank, ACB, in the original principal amount of \$235,000,000, with a maturity of June 30, 2032. The First Mortgage Notes, Series 2012A, has a fixed interest rate of 4.30% and an outstanding principal amount of \$233,223,979 as of September 30, 2012. There was no interest paid during the fiscal year ending December 31, 2011.

Big Rivers Electric Corporation First Mortgage Notes, Series 2012B, dated July 27, 2012, was issued in favor of National Rural Utilities Cooperative Finance Corporation, in the original principal amount of \$302,000,000, with a maturity of May 31, 2032. The First Mortgage Notes, Series 2012B, bears serial interest rate pricing, with interest rates ranging from 3.05% up to 5.35%, and an outstanding principal amount of \$302,000,000 as of September 30, 2012. There was no interest paid during the fiscal year ending December 31, 2011.

The “Capital Term Certificates (CTCs)” Promissory Note (the “Equity Note” – an unsecured note associated with the financing of the CTCs Big Rivers was obligated to purchase in connection with the borrowings secured by Big Rivers Electric Corporation First Mortgage Notes, Series 2012B), dated July 27, 2012, was issued in favor of National Rural Utilities Cooperative Finance Corporation, in the original principal amount of \$43,155,800, with a maturity of May 31, 2032. The Equity Note has a fixed interest rate of 5.35%, and an outstanding principal amount of \$43,155,800 as of September 30, 2012. There was no interest paid during the fiscal year ending December 31, 2011.

The “CoBank Senior Unsecured Revolving Credit Facility” Note, dated July 27, 2012, was issued in favor of CoBank, ACB, in a principal amount up to \$50,000,000, with a maturity of July 27, 2017. The CoBank Revolver Note interest rate varies based on type of loan (LIBOR Loan or Base Rate Loan) as described in the Credit Agreement. As of September 30, 2012 there were no loans outstanding under the CoBank Revolver. There was no interest paid during the fiscal year ending December 31, 2011.

7. The Company has no other indebtedness.
8. No dividends have ever been paid.
9. The income statement and balance sheet for the twelve (12) months ended September 30, 2012 are attached hereto.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE <b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC POWER SUPPLY</b> <b>PART A - FINANCIAL</b>	BORROWER DESIGNATION KY0062
	PERIOD ENDED Oct-11

INSTRUCTIONS - See help in the online application.

**SECTION A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Electric Energy Revenues	426,611,074.64	466,987,484.25	449,923,150.00	44,666,561.15
2. Income From Leased Property (Net)	0.00	0.00	0.00	0.00
3. Other Operating Revenue and Income	11,513,916.28	2,981,670.76	15,903,330.00	813,907.99
<b>4. Total Operation Revenues &amp; Patronage Capital(1 thru 3)</b>	<b>438,124,990.92</b>	<b>469,969,155.01</b>	<b>465,826,480.00</b>	<b>45,480,469.14</b>
5. Operating Expense - Production - Excluding Fuel	44,417,894.27	41,534,846.90	53,322,062.00	4,534,125.15
6. Operating Expense - Production - Fuel	172,788,539.26	190,762,094.89	172,518,679.00	17,655,109.43
7. Operating Expense - Other Power Supply	81,756,315.74	92,142,983.76	91,301,337.00	8,964,162.02
8. Operating Expense - Transmission	6,425,992.32	7,637,817.55	10,256,907.00	718,126.46
9. Operating Expense - RTO/ISO	0.00	2,055,560.20	2,368,294.00	223,077.19
10. Operating Expense - Distribution	0.00	0.00	0.00	0.00
11. Operating Expense - Customer Accounts	0.00	0.00	0.00	0.00
12. Operating Expense - Customer Service & Information	411,156.58	371,713.07	731,073.00	27,094.52
13. Operating Expense - Sales	164,468.86	131,113.08	810,098.00	1,262.60
14. Operating Expense - Administrative & General	21,411,195.31	21,871,138.00	21,666,429.00	1,891,487.52
<b>15. Total Operation Expense (5 thru 14)</b>	<b>327,375,562.34</b>	<b>356,507,267.45</b>	<b>352,974,879.00</b>	<b>34,014,444.89</b>
16. Maintenance Expense - Production	34,779,870.27	33,221,278.88	36,967,903.00	4,039,707.75
17. Maintenance Expense - Transmission	3,955,134.78	3,783,424.46	2,775,557.00	435,750.53
18. Maintenance Expense - RTO/ISO	0.00	0.00	0.00	0.00
19. Maintenance Expense - Distribution	0.00	0.00	0.00	0.00
20. Maintenance Expense - General Plant	159,935.22	117,462.49	88,125.00	24,083.76
<b>21. Total Maintenance Expense (16 thru 20)</b>	<b>38,894,940.27</b>	<b>37,122,165.83</b>	<b>39,831,585.00</b>	<b>4,499,542.04</b>
22. Depreciation and Amortization Expense	28,485,884.11	28,872,655.57	30,120,491.00	2,498,753.03
23. Taxes	197,797.98	128,389.00	207,690.00	0.00
24. Interest on Long-Term Debt	39,137,428.63	38,246,446.93	39,450,564.00	3,795,991.40
25. Interest Charged to Construction - Credit	<492,297.88>	<475,923.00>	<423,236.00>	<26,298.00>
26. Other Interest Expense	147,315.29	58,989.26	170,411.00	32.87
27. Asset Retirement Obligations	0.00	0.00	0.00	0.00
28. Other Deductions	86,266.91	171,305.63	114,433.00	12,851.19
<b>29. Total Cost Of Electric Service (15 + 21 thru 28)</b>	<b>433,832,897.65</b>	<b>460,631,296.67</b>	<b>462,446,817.00</b>	<b>44,795,317.42</b>
<b>30. Operating Margins (4 less 29)</b>	<b>4,292,093.27</b>	<b>9,337,858.34</b>	<b>3,379,663.00</b>	<b>685,151.72</b>
31. Interest Income	303,069.18	138,407.95	321,033.00	6,605.53
32. Allowance For Funds Used During Construction	0.00	0.00	0.00	0.00
33. Income (Loss) from Equity Investments	0.00	0.00	0.00	0.00
34. Other Non-operating Income (Net)	1,698,580.82	9,288.48	0.00	0.00
35. Generation & Transmission Capital Credits	0.00	0.00	0.00	0.00
36. Other Capital Credits and Patronage Dividends	20,110.30	104,653.04	96,438.00	0.00
37. Extraordinary Items	0.00	0.00	0.00	0.00
<b>38. Net Patronage Capital Or Margins (30 thru 37)</b>	<b>6,313,853.57</b>	<b>9,590,207.81</b>	<b>3,797,134.00</b>	<b>691,757.25</b>

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION KY0062	
FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY PART A - FINANCIAL		PERIOD ENDED Oct-11	
INSTRUCTIONS - See help in the online application.			
SECTION B. BALANCE SHEET			
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	1,966,495,824.41	33. Memberships	75.00
2. Construction Work in Progress	57,098,847.55	34. Patronage Capital a. Assigned and Assignable b. Retired This year c. Retired Prior years d. Net Patronage Capital (a-b-c)	0.00
3. Total Utility Plant (1 + 2)	2,023,594,671.96		
4. Accum. Provision for Depreciation and Amort.	935,129,529.02		
5. Net Utility Plant (3 - 4)	1,088,465,142.94		
6. Non-Utility Property (Net)	0.00	35. Operating Margins - Prior Years	<247,338,928.12>
7. Investments in Subsidiary Companies	0.00	36. Operating Margin - Current Year	9,442,511.38
8. Invest. in Assoc. Org. - Patronage Capital	3,644,419.37	37. Non-Operating Margins	638,985,428.97
9. Invest. in Assoc. Org. - Other - General Funds	684,993.00	38. Other Margins and Equities	<4,923,483.80>
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	0.00	39. Total Margins & Equities (33 + 34d thru 38)	396,165,603.43
11. Investments in Economic Development Projects	10,000.00	40. Long-Term Debt - RUS (Net)	570,381,249.45
12. Other Investments	5,333.85	41. Long-Term Debt - FFB - RUS Guaranteed	0.00
13. Special Funds	166,836,489.89	42. Long-Term Debt - Other - RUS Guaranteed	0.00
14. Total Other Property And Investments (6 thru 13)	171,181,236.11	43. Long-Term Debt - Other (Net)	142,100,000.00
15. Cash - General Funds	5,904.00	44. Long-Term Debt - RUS - Econ. Devel. (Net)	0.00
16. Cash - Construction Funds - Trustee	0.00	45. Payments - Unapplied	0.00
17. Special Deposits	572,585.67	46. Total Long-Term Debit (40 thru 44-45)	712,481,249.45
18. Temporary Investments	58,882,050.09	47. Obligations Under Capital Leases - Noncurrent	0.00
19. Notes Receivable (Net)	0.00	48. Accumulated Operating Provisions and Asset Retirement Obligations	20,969,910.93
20. Accounts Receivable - Sales of Energy (Net)	41,578,311.36	49. Total Other NonCurrent Liabilities (47 + 48)	20,969,910.93
21. Accounts Receivable - Other (Net)	<1,457,046.36>	50. Notes Payable	0.00
22. Fuel Stock	32,431,202.38	51. Accounts Payable	33,894,003.50
23. Renewable Energy Credits	0.00	52. Current Maturities Long-Term Debt	72,144,640.18
24. Materials and Supplies - Other	25,123,132.76	53. Current Maturities Long-Term Debt - Rural Development	0.00
25. Prepayments	1,065,579.21	54. Current Maturities Capital Leases	0.00
26. Other Current and Accrued Assets	592,946.88	55. Taxes Accrued	992,158.61
27. Total Current And Accrued Assets (15 thru 26)	158,794,665.99	56. Interest Accrued	5,223,567.24
28. Unamortized Debt Discount & Extraor. Prop. Losses	2,096,987.33	57. Other Current and Accrued Liabilities	8,251,893.97
29. Regulatory Assets	0.00	58. Total Current & Accrued Liabilities (50 thru 57)	120,506,263.50
30. Other Deferred Debits	1,850,424.36	59. Deferred Credits	172,265,429.42
31. Accumulated Deferred Income Taxes	0.00	60. Accumulated Deferred Income Taxes	0.00
32. Total Assets And Other Debits (5+14+27 thru 31)	1,422,388,456.73	61. Total Liabilities and Other Credits (39 + 46 + 49 + 58 thru 60)	1,422,388,456.73

RUS Financial and Operating Report Electric Power Supply Part A - Financial

Revision Date 2010

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE <b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC POWER SUPPLY</b> <b>PART A - FINANCIAL</b>		BORROWER DESIGNATION		
		KY0062		
INSTRUCTIONS - See help in the online application.		PERIOD ENDED		
		Nov-11		
<b>SECTION A. STATEMENT OF OPERATIONS</b>				
ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Electric Energy Revenues	467,315,771.32	510,961,044.35	494,458,461.00	43,973,560.10
2. Income From Leased Property (Net)	0.00	0.00	0.00	0.00
3. Other Operating Revenue and Income	12,681,764.64	3,237,001.53	17,493,663.00	255,330.77
<b>4. Total Operation Revenues &amp; Patronage Capital(1 thru 3)</b>	<b>479,997,535.96</b>	<b>514,198,045.88</b>	<b>511,952,124.00</b>	<b>44,228,890.87</b>
5. Operating Expense - Production - Excluding Fuel	48,585,824.73	45,737,497.94	58,932,705.00	4,202,651.04
6. Operating Expense - Production - Fuel	188,741,558.93	207,154,640.29	188,377,866.00	16,392,545.40
7. Operating Expense - Other Power Supply	90,859,837.01	102,532,953.50	100,536,362.00	10,389,969.74
8. Operating Expense - Transmission	7,077,013.75	8,341,720.53	11,231,069.00	703,902.98
9. Operating Expense - RTO/ISO	0.00	2,317,681.27	2,544,187.00	262,121.07
10. Operating Expense - Distribution	0.00	0.00	0.00	0.00
11. Operating Expense - Customer Accounts	0.00	0.00	0.00	0.00
12. Operating Expense - Customer Service & Information	429,001.14	438,304.90	798,228.00	66,591.83
13. Operating Expense - Sales	189,473.38	140,925.58	862,021.00	9,812.50
14. Operating Expense - Administrative & General	23,661,609.28	23,702,723.58	23,620,934.00	1,831,585.58
<b>15. Total Operation Expense (5 thru 14)</b>	<b>359,544,318.22</b>	<b>390,366,447.59</b>	<b>386,903,372.00</b>	<b>33,859,180.14</b>
16. Maintenance Expense - Production	39,048,093.14	39,001,742.46	44,525,801.00	5,780,463.58
17. Maintenance Expense - Transmission	4,230,614.98	4,116,732.03	3,009,289.00	333,307.57
18. Maintenance Expense - RTO/ISO	0.00	0.00	0.00	0.00
19. Maintenance Expense - Distribution	0.00	0.00	0.00	0.00
20. Maintenance Expense - General Plant	171,918.99	133,524.06	95,994.00	16,061.57
<b>21. Total Maintenance Expense (16 thru 20)</b>	<b>43,450,627.11</b>	<b>43,251,998.55</b>	<b>47,631,084.00</b>	<b>6,129,832.72</b>
22. Depreciation and Amortization Expense	31,385,392.66	32,154,621.93	33,173,694.00	3,281,966.36
23. Taxes	197,797.98	128,389.00	228,459.00	0.00
24. Interest on Long-Term Debt	42,960,734.23	41,926,404.48	43,343,722.00	3,679,957.55
25. Interest Charged to Construction - Credit	<580,942.88>	<507,834.00>	<424,358.00>	<31,911.00>
26. Other Interest Expense	167,915.36	59,240.58	199,178.00	251.32
27. Asset Retirement Obligations	0.00	0.00	0.00	0.00
28. Other Deductions	98,690.09	202,783.38	125,726.00	31,477.75
<b>29. Total Cost Of Electric Service (15 + 21 thru 28)</b>	<b>477,224,532.77</b>	<b>507,582,051.51</b>	<b>511,180,877.00</b>	<b>46,950,754.84</b>
<b>30. Operating Margins (4 less 29)</b>	<b>2,773,003.19</b>	<b>6,615,994.37</b>	<b>771,247.00</b>	<b>&lt;2,721,863.97&gt;</b>
31. Interest Income	334,288.64	144,337.54	352,893.00	5,929.59
32. Allowance For Funds Used During Construction	0.00	0.00	0.00	0.00
33. Income (Loss) from Equity Investments	0.00	0.00	0.00	0.00
34. Other Non-operating Income (Net)	1,700,902.94	9,288.48	0.00	0.00
35. Generation & Transmission Capital Credits	0.00	0.00	0.00	0.00
36. Other Capital Credits and Patronage Dividends	20,110.30	104,653.04	96,438.00	0.00
37. Extraordinary Items	0.00	0.00	0.00	0.00
<b>38. Net Patronage Capital Or Margins (30 thru 37)</b>	<b>4,828,305.07</b>	<b>6,874,273.43</b>	<b>1,220,578.00</b>	<b>&lt;2,715,934.38&gt;</b>

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION KY0062	
FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY PART A - FINANCIAL		PERIOD ENDED Nov-11	
		INSTRUCTIONS - See help in the online application.	
<b>SECTION B. BALANCE SHEET</b>			
<b>ASSETS AND OTHER DEBITS</b>		<b>LIABILITIES AND OTHER CREDITS</b>	
1. Total Utility Plant in Service	1,977,389,613.89	33. Memberships	75.00
2. Construction Work in Progress	46,868,174.87	34. Patronage Capital a. Assigned and Assignable b. Retired This year c. Retired Prior years d. <b>Net Patronage Capital (a-b-c)</b>	0.00
3. <b>Total Utility Plant (1 + 2)</b>	<b>2,024,257,788.76</b>		
4. Accum. Provision for Depreciation and Amort.	934,427,025.60		
5. <b>Net Utility Plant (3 - 4)</b>	<b>1,089,830,763.16</b>		
6. Non-Utility Property (Net)	0.00	35. Operating Margins - Prior Years	<247,338,928.12>
7. Investments in Subsidiary Companies	0.00	36. Operating Margin - Current Year	6,720,647.41
8. Invest. in Assoc. Org. - Patronage Capital	3,644,419.37	37. Non-Operating Margins	638,991,358.56
9. Invest. in Assoc. Org. - Other - General Funds	684,993.00	38. Other Margins and Equities	<4,923,483.80>
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	0.00	39. <b>Total Margins &amp; Equities (33 + 34d thru 38)</b>	<b>393,449,669.05</b>
11. Investments in Economic Development Projects	10,000.00	40. Long-Term Debt - RUS (Net)	570,381,249.45
12. Other Investments	5,333.85	41. Long-Term Debt - FFB - RUS Guaranteed	0.00
		42. Long-Term Debt - Other - RUS Guaranteed	0.00
13. Special Funds	165,390,287.29	43. Long-Term Debt - Other (Net)	142,100,000.00
14. <b>Total Other Property And Investments (6 thru 13)</b>	<b>169,735,033.51</b>	44. Long-Term Debt - RUS - Econ. Devel. (Net)	0.00
15. Cash - General Funds	5,839.28	45. Payments - Unapplied	0.00
16. Cash - Construction Funds - Trustee	0.00	46. <b>Total Long-Term Debit (40 thru 44-45)</b>	<b>712,481,249.45</b>
17. Special Deposits	572,631.79	47. Obligations Under Capital Leases - Noncurrent	0.00
18. Temporary Investments	55,158,644.95	48. Accumulated Operating Provisions and Asset Retirement Obligations	21,282,104.98
19. Notes Receivable (Net)	0.00	49. <b>Total Other NonCurrent Liabilities (47 +48)</b>	<b>21,282,104.98</b>
20. Accounts Receivable - Sales of Energy (Net)	41,359,189.46	50. Notes Payable	0.00
21. Accounts Receivable - Other (Net)	<1,823,692.11>	51. Accounts Payable	29,192,834.21
22. Fuel Stock	32,904,494.52	52. Current Maturities Long-Term Debt	72,144,640.18
23. Renewable Energy Credits	0.00		
24. Materials and Supplies - Other	24,937,693.89	53. Current Maturities Long-Term Debt - Rural Development	0.00
25. Prepayments	824,408.12	54. Current Maturities Capital Leases	0.00
26. Other Current and Accrued Assets	743,450.14	55. Taxes Accrued	798,235.81
27. <b>Total Current And Accrued Assets (15 thru 26)</b>	<b>154,682,660.04</b>	56. Interest Accrued	8,886,445.79
28. Unamortized Debt Discount & Extraor. Prop. Losses	2,088,246.24	57. Other Current and Accrued Liabilities	8,996,044.42
29. Regulatory Assets	0.00	58. <b>Total Current &amp; Accrued Liabilities (50 thru 57)</b>	<b>120,018,200.41</b>
30. Other Deferred Debits	1,877,431.80		
31. Accumulated Deferred Income Taxes	0.00	59. Deferred Credits	170,982,910.86
32. <b>Total Assets And Other Debits (5+14+27 thru 31)</b>	<b>1,418,214,134.75</b>	60. Accumulated Deferred Income Taxes	0.00
		61. <b>Total Liabilities and Other Credits (39 + 46 + 49 + 58 thru 60)</b>	<b>1,418,214,134.75</b>

RUS Financial and Operating Report Electric Power Supply Part A - Financial

Revision Date 2010

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT          ELECTRIC POWER SUPPLY          PART A - FINANCIAL</b>	BORROWER DESIGNATION KY0062
	PERIOD ENDED December, 2011
INSTRUCTIONS - See help in the online application.	

**SECTION A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Electric Energy Revenues	514,490,437	558,372,354	544,848,212	47,411,310
2. Income From Leased Property (Net)				
3. Other Operating Revenue and Income	12,834,016	3,616,878	19,083,996	379,876
<b>4. Total Operation Revenues &amp; Patronage Capital (1 thru 3)</b>	<b>527,324,453</b>	<b>561,989,232</b>	<b>563,932,208</b>	<b>47,791,186</b>
5. Operating Expense - Production - Excluding Fuel	52,506,942	50,410,485	64,788,729	4,672,988
6. Operating Expense - Production - Fuel	207,748,520	226,229,050	206,689,669	19,074,410
7. Operating Expense - Other Power Supply	99,421,265	112,261,892	109,893,232	9,728,939
8. Operating Expense - Transmission	7,888,483	9,183,058	12,297,288	841,338
9. Operating Expense - RTO/ISO	233,099	2,529,532	2,783,040	211,850
10. Operating Expense - Distribution				
11. Operating Expense - Customer Accounts				
12. Operating Expense - Customer Service & Information	446,300	631,535	863,960	193,230
13. Operating Expense - Sales	239,803	185,004	918,500	44,078
14. Operating Expense - Administrative & General	26,461,943	26,557,242	25,728,474	2,854,518
<b>15. Total Operation Expense (5 thru 14)</b>	<b>394,946,355</b>	<b>427,987,798</b>	<b>423,962,892</b>	<b>37,621,351</b>
16. Maintenance Expense - Production	42,156,863	42,896,418	47,234,025	3,894,676
17. Maintenance Expense - Transmission	4,473,124	4,680,625	3,262,807	563,893
18. Maintenance Expense - RTO/ISO				
19. Maintenance Expense - Distribution				
20. Maintenance Expense - General Plant	250,361	140,534	103,595	7,020
<b>21. Total Maintenance Expense (16 thru 20)</b>	<b>46,880,348</b>	<b>47,717,577</b>	<b>50,600,427</b>	<b>4,465,579</b>
22. Depreciation and Amortization Expense	34,242,192	35,406,806	36,227,624	3,252,184
23. Taxes	262,798	98,389	249,228	(30,000)
24. Interest on Long-Term Debt	47,064,226	45,715,144	47,366,652	3,788,739
25. Interest Charged to Construction - Credit	(683,535)	(548,206)	(425,884)	(40,372)
26. Other Interest Expense	189,162	59,249	228,904	9
27. Asset Retirement Obligations				
28. Other Deductions	166,390	220,434	137,395	17,651
<b>29. Total Cost Of Electric Service (15 + 21 thru 28)</b>	<b>523,067,936</b>	<b>556,657,191</b>	<b>558,347,238</b>	<b>49,075,141</b>
<b>30. Operating Margins (4 less 29)</b>	<b>4,256,517</b>	<b>5,332,041</b>	<b>5,584,970</b>	<b>(1,283,955)</b>
31. Interest Income	391,494	150,516	385,669	6,179
32. Allowance For Funds Used During Construction				
33. Income (Loss) from Equity Investments				
34. Other Non-operating Income (Net)	2,321,612	9,288		
35. Generation & Transmission Capital Credits				
36. Other Capital Credits and Patronage Dividends	21,292	108,536	96,438	3,883
37. Extraordinary Items				
<b>38. Net Patronage Capital Or Margins (30 thru 37)</b>	<b>6,990,915</b>	<b>5,600,381</b>	<b>6,067,077</b>	<b>(1,273,893)</b>

RUS Financial and Operating Report Electric Power Supply - Part A - Financial

Revision Date 2010

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UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL UTILITIES SERVICE

FINANCIAL AND OPERATING REPORT  
ELECTRIC POWER SUPPLY  
PART A - FINANCIAL

BORROWER DESIGNATION

KY0062

PERIOD ENDED

December, 2011

INSTRUCTIONS - See help in the online application.

SECTION B. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	1,979,267,724	33. Memberships	75
2. Construction Work in Progress	49,150,583	34. Patronage Capital	
3. Total Utility Plant (1 + 2)	2,028,418,307	a. Assigned and Assignable	0
4. Accum. Provision for Depreciation and Amortization	936,354,953	b. Retired This year	0
5. Net Utility Plant (3 - 4)	1,092,063,354	c. Retired Prior years	0
6. Non-Utility Property (Net)	0	d. Net Patronage Capital (a - b - c)	0
7. Investments in Subsidiary Companies	0	35. Operating Margins - Prior Years	(247,338,928)
8. Invest. in Assoc. Org. - Patronage Capital	3,648,303	36. Operating Margin - Current Year	5,440,576
9. Invest. in Assoc. Org. - Other - General Funds	684,993	37. Non-Operating Margins	638,997,537
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	0	38. Other Margins and Equities	(7,278,745)
11. Investments in Economic Development Projects	10,000	39. Total Margins & Equities (33 + 34d thru 38)	389,820,515
12. Other Investments	5,334	40. Long-Term Debt - RUS (Net)	572,153,789
13. Special Funds	164,151,431	41. Long-Term Debt - FFB - RUS Guaranteed	0
14. Total Other Property And Investments (6 thru 13)	168,500,061	42. Long-Term Debt - Other - RUS Guaranteed	0
15. Cash - General Funds	5,698	43. Long-Term Debt - Other (Net)	142,100,000
16. Cash - Construction Funds - Trustee	0	44. Long-Term Debt - RUS - Econ. Devel. (Net)	0
17. Special Deposits	572,679	45. Payments - Unapplied	0
18. Temporary Investments	44,843,791	46. Total Long-Term Debt (40 thru 44 - 45)	714,253,789
19. Notes Receivable (Net)	0	47. Obligations Under Capital Leases Noncurrent	0
20. Accounts Receivable - Sales of Energy (Net)	43,114,276	48. Accumulated Operating Provisions and Asset Retirement Obligations	22,098,788
21. Accounts Receivable - Other (Net)	232,280	49. Total Other NonCurrent Liabilities (47 + 48)	22,098,788
22. Fuel Stock	33,894,014	50. Notes Payable	0
23. Renewable Energy Credits	0	51. Accounts Payable	30,324,950
24. Materials and Supplies - Other	25,295,264	52. Current Maturities Long-Term Debt	72,144,640
25. Prepayments	4,507,736	53. Current Maturities Long-Term Debt - Rural Devel.	0
26. Other Current and Accrued Assets	943,684	54. Current Maturities Capital Leases	0
27. Total Current And Accrued Assets (15 thru 26)	153,409,422	55. Taxes Accrued	956,559
28. Unamortized Debt Discount & Extraordinary Property Losses	2,079,214	56. Interest Accrued	9,898,751
29. Regulatory Assets	0	57. Other Current and Accrued Liabilities	9,423,267
30. Other Deferred Debits	1,870,225	58. Total Current & Accrued Liabilities (50 thru 57)	122,748,167
31. Accumulated Deferred Income Taxes	0	59. Deferred Credits	169,001,017
32. Total Assets and Other Debits (5+14+27 thru 31)	1,417,922,276	60. Accumulated Deferred Income Taxes	0
		61. Total Liabilities and Other Credits (39 + 46 + 49 + 58 thru 60)	1,417,922,276

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UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE <b>FINANCIAL AND OPERATING REPORT          ELECTRIC POWER SUPPLY</b>	BORROWER DESIGNATION KY0062
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December, 2011
<b>SECTION C. NOTES TO FINANCIAL STATEMENTS</b>	
<b>Footnote to RUS Financial and Operating Report Electric Power Supply - Part A</b>	
<b>Financial Ratios: 2011</b>	
<b>Margins For Interest Ratio (MFIR) 1.12</b>	

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UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE <b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC POWER SUPPLY</b> <b>PART A - FINANCIAL</b>	BORROWER DESIGNATION KY0062
	PERIOD ENDED Jan-12

INSTRUCTIONS - See help in the online application.

**SECTION A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Electric Energy Revenues	45,223,900.12	46,502,203.58	53,734,437.00	46,502,203.58
2. Income From Leased Property (Net)	0.00	0.00	0.00	0.00
3. Other Operating Revenue and Income	146,085.99	373,872.96	338,417.00	373,872.96
<b>4. Total Operation Revenues &amp; Patronage Capital (1 thru 3)</b>	<b>45,369,986.11</b>	<b>46,876,076.54</b>	<b>54,072,854.00</b>	<b>46,876,076.54</b>
5. Operating Expense - Production - Excluding Fuel	4,221,246.13	3,972,740.12	4,889,305.00	3,972,740.12
6. Operating Expense - Production - Fuel	19,908,587.88	16,903,878.80	23,892,667.00	16,903,878.80
7. Operating Expense - Other Power Supply	8,468,177.30	10,234,058.03	7,335,390.00	10,234,058.03
8. Operating Expense - Transmission	733,198.14	818,025.74	928,844.00	818,025.74
9. Operating Expense - RTO/ISO	170,420.70	208,911.34	229,704.00	208,911.34
10. Operating Expense - Distribution	0.00	0.00	0.00	0.00
11. Operating Expense - Customer Accounts	0.00	0.00	0.00	0.00
12. Operating Expense - Customer Service & Information	25,473.69	15,200.89	77,589.00	15,200.89
13. Operating Expense - Sales	5,683.23	<3,938.52>	78,422.00	<3,938.52>
14. Operating Expense - Administrative & General	1,980,788.53	2,026,264.87	2,141,486.00	2,026,264.87
<b>15. Total Operation Expense (5 thru 14)</b>	<b>35,513,575.60</b>	<b>34,175,141.27</b>	<b>39,573,407.00</b>	<b>34,175,141.27</b>
16. Maintenance Expense - Production	2,778,500.36	3,158,935.04	2,704,801.00	3,158,935.04
17. Maintenance Expense - Transmission	280,781.95	315,086.59	303,708.00	315,086.59
18. Maintenance Expense - RTO/ISO	0.00	0.00	0.00	0.00
19. Maintenance Expense - Distribution	0.00	0.00	0.00	0.00
20. Maintenance Expense - General Plant	14,661.01	17,409.28	9,385.00	17,409.28
<b>21. Total Maintenance Expense (16 thru 20)</b>	<b>3,073,943.32</b>	<b>3,491,430.91</b>	<b>3,017,894.00</b>	<b>3,491,430.91</b>
22. Depreciation and Amortization Expense	2,859,500.22	3,396,407.46	3,439,077.00	3,396,407.46
23. Taxes	0.00	0.00	0.00	0.00
24. Interest on Long-Term Debt	3,945,132.92	3,823,910.12	3,769,061.00	3,823,910.12
25. Interest Charged to Construction - Credit	<123,669.00>	<69,840.00>	<789.00>	<69,840.00>
26. Other Interest Expense	21,240.44	13.80	0.00	13.80
27. Asset Retirement Obligations	0.00	0.00	0.00	0.00
28. Other Deductions	14,133.17	13,077.18	11,683.00	13,077.18
<b>29. Total Cost Of Electric Service (15 + 21 thru 28)</b>	<b>45,303,856.67</b>	<b>44,830,140.74</b>	<b>49,810,333.00</b>	<b>44,830,140.74</b>
<b>30. Operating Margins (4 less 29)</b>	<b>66,129.44</b>	<b>2,045,935.80</b>	<b>4,262,521.00</b>	<b>2,045,935.80</b>
31. Interest Income	29,794.50	5,655.03	4,689.00	5,655.03
32. Allowance For Funds Used During Construction	0.00	0.00	0.00	0.00
33. Income (Loss) from Equity Investments	0.00	0.00	0.00	0.00
34. Other Non-operating Income (Net)	2,322.12	0.00	0.00	0.00
35. Generation & Transmission Capital Credits	0.00	0.00	0.00	0.00
36. Other Capital Credits and Patronage Dividends	0.00	0.00	0.00	0.00
37. Extraordinary Items	0.00	0.00	0.00	0.00
<b>38. Net Patronage Capital Or Margins (30 thru 37)</b>	<b>98,246.06</b>	<b>2,051,590.83</b>	<b>4,267,210.00</b>	<b>2,051,590.83</b>

RUS Financial and Operating Report Electric Power Supply Part A - Financial

Revision Date 2010

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION KY0062	
FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY PART A - FINANCIAL		PERIOD ENDED Jan-12	
		INSTRUCTIONS - See help in the online application.	
<b>SECTION B. BALANCE SHEET</b>			
<b>ASSETS AND OTHER DEBITS</b>		<b>LIABILITIES AND OTHER CREDITS</b>	
1. Total Utility Plant in Service	1,979,277,162.07	33. Memberships	75.00
2. Construction Work in Progress	52,248,462.80	34. Patronage Capital a. Assigned and Assignable b. Retired This year c. Retired Prior years d. <b>Net Patronage Capital (a-b-c)</b>	0.00
3. <b>Total Utility Plant (1 + 2)</b>	<b>2,031,525,624.87</b>		
4. Accum. Provision for Depreciation and Amort.	939,966,072.73		
5. <b>Net Utility Plant (3 - 4)</b>	<b>1,091,559,552.14</b>		
6. Non-Utility Property (Net)	0.00	35. Operating Margins - Prior Years	<241,898,352.19>
7. Investments in Subsidiary Companies	0.00	36. Operating Margin - Current Year	2,045,935.80
8. Invest. in Assoc. Org. - Patronage Capital	3,648,302.71	37. Non-Operating Margins	639,003,192.23
9. Invest. in Assoc. Org. - Other - General Funds	684,993.00	38. Other Margins and Equities	<7,278,744.80>
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	0.00	39. <b>Total Margins &amp; Equities (33 + 34d thru 38)</b>	<b>391,872,106.04</b>
11. Investments in Economic Development Projects	10,000.00	40. Long-Term Debt - RUS (Net)	574,868,736.28
12. Other Investments	5,333.85	41. Long-Term Debt - FFB - RUS Guaranteed	0.00
		42. Long-Term Debt - Other - RUS Guaranteed	0.00
13. Special Funds	162,569,758.16	43. Long-Term Debt - Other (Net)	142,100,000.00
14. <b>Total Other Property And Investments (6 thru 13)</b>	<b>166,918,387.72</b>	44. Long-Term Debt - RUS - Econ. Devel. (Net)	0.00
15. Cash - General Funds	5,785.00	45. Payments - Unapplied	0.00
16. Cash - Construction Funds - Trustee	0.00	46. <b>Total Long-Term Debit (40 thru 44-45)</b>	<b>716,968,736.28</b>
17. Special Deposits	572,679.44	47. Obligations Under Capital Leases - Noncurrent	0.00
18. Temporary Investments	46,610,515.67	48. Accumulated Operating Provisions and Asset Retirement Obligations	23,159,279.81
19. Notes Receivable (Net)	0.00	49. <b>Total Other NonCurrent Liabilities (47 +48)</b>	<b>23,159,279.81</b>
20. Accounts Receivable - Sales of Energy (Net)	42,186,036.82	50. Notes Payable	0.00
21. Accounts Receivable - Other (Net)	<307,126.06>	51. Accounts Payable	25,155,532.14
22. Fuel Stock	32,640,267.50		
23. Renewable Energy Credits	0.00	52. Current Maturities Long-Term Debt	77,025,594.12
24. Materials and Supplies - Other	25,742,244.50	53. Current Maturities Long-Term Debt - Rural Development	0.00
25. Prepayments	4,001,637.54	54. Current Maturities Capital Leases	0.00
26. Other Current and Accrued Assets	933,023.34	55. Taxes Accrued	324,116.25
27. <b>Total Current And Accrued Assets (15 thru 26)</b>	<b>152,385,063.75</b>	56. Interest Accrued	3,610,112.18
28. Unamortized Debt Discount & Extraor. Prop. Losses	2,076,451.32	57. Other Current and Accrued Liabilities	9,603,967.50
29. Regulatory Assets	0.00	58. <b>Total Current &amp; Accrued Liabilities (50 thru 57)</b>	<b>115,719,322.19</b>
30. Other Deferred Debits	1,857,470.19		
31. Accumulated Deferred Income Taxes	0.00	59. Deferred Credits	167,077,480.80
32. <b>Total Assets And Other Debits (5+14+27 thru 31)</b>	<b>1,414,796,925.12</b>	60. Accumulated Deferred Income Taxes	0.00
		61. <b>Total Liabilities and Other Credits (39 + 46 + 49 + 58 thru 60)</b>	<b>1,414,796,925.12</b>

RUS Financial and Operating Report Electric Power Supply Part A - Financial

Revision Date 2010

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE <b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC POWER SUPPLY</b> <b>PART A - FINANCIAL</b>	BORROWER DESIGNATION KY0062
	PERIOD ENDED Feb-12

INSTRUCTIONS - See help in the online application.

**SECTION A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Electric Energy Revenues	87,206,119.02	88,954,042.58	103,193,820.00	42,451,839.00
2. Income From Leased Property (Net)	0.00	0.00	0.00	0.00
3. Other Operating Revenue and Income	389,425.74	856,710.80	672,334.00	482,837.84
<b>4. Total Operation Revenues &amp; Patronage Capital(1 thru 3)</b>	<b>87,595,544.76</b>	<b>89,810,753.38</b>	<b>103,866,154.00</b>	<b>42,934,676.84</b>
5. Operating Expense - Production - Excluding Fuel	8,061,931.66	7,474,262.65	9,309,824.00	3,501,522.53
6. Operating Expense - Production - Fuel	37,978,752.02	33,211,481.67	44,070,405.00	16,307,602.87
7. Operating Expense - Other Power Supply	15,268,854.66	19,567,911.58	16,440,158.00	9,333,853.55
8. Operating Expense - Transmission	1,517,067.99	1,610,970.13	1,832,359.00	792,944.39
9. Operating Expense - RTO/ISO	373,349.89	425,677.65	436,276.00	216,766.31
10. Operating Expense - Distribution	0.00	0.00	0.00	0.00
11. Operating Expense - Customer Accounts	0.00	0.00	0.00	0.00
12. Operating Expense - Customer Service & Information	69,531.89	36,383.76	146,272.00	21,182.87
13. Operating Expense - Sales	<11,546.97>	<3,938.52>	151,408.00	0.00
14. Operating Expense - Administrative & General	4,649,795.21	4,145,694.64	4,118,199.00	2,119,429.77
<b>15. Total Operation Expense (5 thru 14)</b>	<b>67,907,736.35</b>	<b>66,468,443.56</b>	<b>76,504,901.00</b>	<b>32,293,302.29</b>
16. Maintenance Expense - Production	5,648,547.55	6,452,585.34	6,829,211.00	3,293,650.30
17. Maintenance Expense - Transmission	563,448.19	619,462.50	606,587.00	304,375.91
18. Maintenance Expense - RTO/ISO	0.00	0.00	0.00	0.00
19. Maintenance Expense - Distribution	0.00	0.00	0.00	0.00
20. Maintenance Expense - General Plant	35,948.35	29,177.93	17,570.00	11,768.65
<b>21. Total Maintenance Expense (16 thru 20)</b>	<b>6,247,944.09</b>	<b>7,101,225.77</b>	<b>7,453,368.00</b>	<b>3,609,794.86</b>
22. Depreciation and Amortization Expense	5,717,733.14	6,786,122.04	6,870,449.00	3,389,714.58
23. Taxes	<2,321.00>	0.00	0.00	0.00
24. Interest on Long-Term Debt	7,623,971.91	7,430,257.06	7,320,664.00	3,606,346.94
25. Interest Charged to Construction - Credit	<311,146.00>	<134,100.00>	<13,087.00>	<64,260.00>
26. Other Interest Expense	40,421.78	23.76	0.00	9.96
27. Asset Retirement Obligations	0.00	0.00	0.00	0.00
28. Other Deductions	24,685.72	25,125.60	22,612.00	12,048.42
<b>29. Total Cost Of Electric Service (15 + 21 thru 28)</b>	<b>87,249,025.99</b>	<b>87,677,097.79</b>	<b>98,158,907.00</b>	<b>42,846,957.05</b>
<b>30. Operating Margins (4 less 29)</b>	<b>346,518.77</b>	<b>2,133,655.59</b>	<b>5,707,247.00</b>	<b>87,719.79</b>
31. Interest Income	56,731.10	11,364.72	10,303.00	5,709.69
32. Allowance For Funds Used During Construction	0.00	0.00	0.00	0.00
33. Income (Loss) from Equity Investments	0.00	0.00	0.00	0.00
34. Other Non-operating Income (Net)	4,644.24	0.00	0.00	0.00
35. Generation & Transmission Capital Credits	0.00	0.00	0.00	0.00
36. Other Capital Credits and Patronage Dividends	0.00	0.00	0.00	0.00
37. Extraordinary Items	0.00	0.00	0.00	0.00
<b>38. Net Patronage Capital Or Margins (30 thru 37)</b>	<b>407,894.11</b>	<b>2,145,020.31</b>	<b>5,717,550.00</b>	<b>93,429.48</b>

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION KY0062	
FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY PART A - FINANCIAL		PERIOD ENDED Feb-12	
INSTRUCTIONS - See help in the online application.			
SECTION B. BALANCE SHEET			
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	1,979,275,404.53	33. Memberships	75.00
2. Construction Work in Progress	56,353,261.60	34. Patronage Capital	
3. Total Utility Plant (1 + 2)	2,035,628,666.13	a. Assigned and Assignable	
4. Accum. Provision for Depreciation and Amort.	943,223,146.05	b. Retired This year	
5. Net Utility Plant (3 - 4)	1,092,405,520.08	c. Retired Prior years	
6. Non-Utility Property (Net)	0.00	d. Net Patronage Capital (a-b-c)	0.00
7. Investments in Subsidiary Companies	0.00	35. Operating Margins - Prior Years	<241,898,352.19>
8. Invest. in Assoc. Org. - Patronage Capital	3,648,302.71	36. Operating Margin - Current Year	2,133,655.59
9. Invest. in Assoc. Org. - Other - General Funds	684,993.00	37. Non-Operating Margins	639,008,901.92
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	0.00	38. Other Margins and Equities	<7,278,744.80>
11. Investments in Economic Development Projects	10,000.00	39. Total Margins & Equities (33 + 34d thru 38)	391,965,535.52
12. Other Investments	5,333.85	40. Long-Term Debt - RUS (Net)	574,868,736.28
13. Special Funds	161,551,154.31	41. Long-Term Debt - FFB - RUS Guaranteed	0.00
14. Total Other Property And Investments (6 thru 13)	165,899,783.87	42. Long-Term Debt - Other - RUS Guaranteed	0.00
15. Cash - General Funds	5,767.04	43. Long-Term Debt - Other (Net)	142,100,000.00
16. Cash - Construction Funds - Trustee	0.00	44. Long-Term Debt - RUS - Econ. Devel. (Net)	0.00
17. Special Deposits	572,679.44	45. Payments - Unapplied	0.00
18. Temporary Investments	49,465,745.85	46. Total Long-Term Debit (40 thru 44-45)	716,968,736.28
19. Notes Receivable (Net)	0.00	47. Obligations Under Capital Leases - Noncurrent	0.00
20. Accounts Receivable - Sales of Energy (Net)	38,623,887.02	48. Accumulated Operating Provisions and Asset Retirement Obligations	23,464,061.99
21. Accounts Receivable - Other (Net)	<216,138.15>	49. Total Other NonCurrent Liabilities (47 +48)	23,464,061.99
22. Fuel Stock	33,619,994.91	50. Notes Payable	0.00
23. Renewable Energy Credits	0.00	51. Accounts Payable	24,073,232.61
24. Materials and Supplies - Other	26,113,605.72	52. Current Maturities Long-Term Debt	77,025,594.12
25. Prepayments	3,686,488.49	53. Current Maturities Long-Term Debt - Rural Development	0.00
26. Other Current and Accrued Assets	280,758.15	54. Current Maturities Capital Leases	0.00
27. Total Current And Accrued Assets (15 thru 26)	152,152,788.47	55. Taxes Accrued	1,106,573.41
28. Unamortized Debt Discount & Extraor. Prop. Losses	2,253,602.47	56. Interest Accrued	7,199,949.42
29. Regulatory Assets	0.00	57. Other Current and Accrued Liabilities	7,346,502.40
30. Other Deferred Debits	1,874,167.97	58. Total Current & Accrued Liabilities (50 thru 57)	116,751,851.96
31. Accumulated Deferred Income Taxes	0.00	59. Deferred Credits	165,435,677.11
32. Total Assets And Other Debits (5+14+27 thru 31)	1,414,585,862.86	60. Accumulated Deferred Income Taxes	0.00
		61. Total Liabilities and Other Credits (39 + 46 + 49 + 58 thru 60)	1,414,585,862.86

RUS Financial and Operating Report Electric Power Supply Part A - Financial

Revision Date 2010

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE <b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC POWER SUPPLY</b> <b>PART A - FINANCIAL</b>	BORROWER DESIGNATION KY0062
	PERIOD ENDED Mar-12

INSTRUCTIONS - See help in the online application.

**SECTION A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Electric Energy Revenues	133,600,999.39	134,099,606.98	150,196,813.00	45,145,564.40
2. Income From Leased Property (Net)	0.00	0.00	0.00	0.00
3. Other Operating Revenue and Income	624,374.10	1,205,412.07	1,006,251.00	348,701.27
<b>4. Total Operation Revenues &amp; Patronage Capital(1 thru 3)</b>	<b>134,225,373.49</b>	<b>135,305,019.05</b>	<b>151,203,064.00</b>	<b>45,494,265.67</b>
5. Operating Expense - Production - Excluding Fuel	12,148,673.00	11,819,929.11	13,559,088.00	4,345,666.46
6. Operating Expense - Production - Fuel	56,325,559.19	49,722,308.47	57,634,859.00	16,510,826.80
7. Operating Expense - Other Power Supply	25,860,676.92	31,526,081.60	32,186,738.00	11,958,170.02
8. Operating Expense - Transmission	2,250,400.93	2,409,490.80	2,759,700.00	798,520.67
9. Operating Expense - RTO/ISO	579,875.60	658,671.95	630,835.00	232,994.30
10. Operating Expense - Distribution	0.00	0.00	0.00	0.00
11. Operating Expense - Customer Accounts	0.00	0.00	0.00	0.00
12. Operating Expense - Customer Service & Information	100,374.86	104,308.62	211,771.00	67,924.86
13. Operating Expense - Sales	529.52	5,873.98	320,305.00	9,812.50
14. Operating Expense - Administrative & General	6,795,970.96	6,722,249.06	6,733,280.00	2,576,554.42
<b>15. Total Operation Expense (5 thru 14)</b>	<b>104,062,060.98</b>	<b>102,968,913.59</b>	<b>114,036,576.00</b>	<b>36,500,470.03</b>
16. Maintenance Expense - Production	9,416,618.41	12,134,496.52	16,459,660.00	5,681,911.18
17. Maintenance Expense - Transmission	923,951.31	1,055,272.45	965,641.00	435,809.95
18. Maintenance Expense - RTO/ISO	0.00	0.00	0.00	0.00
19. Maintenance Expense - Distribution	0.00	0.00	0.00	0.00
20. Maintenance Expense - General Plant	1,998.04	39,723.17	28,286.00	10,545.24
<b>21. Total Maintenance Expense (16 thru 20)</b>	<b>10,342,567.76</b>	<b>13,229,492.14</b>	<b>17,453,587.00</b>	<b>6,128,266.37</b>
22. Depreciation and Amortization Expense	8,681,045.65	10,175,830.45	10,312,898.00	3,389,708.41
23. Taxes	<2,411.00>	885.00	0.00	885.00
24. Interest on Long-Term Debt	11,610,726.04	11,256,593.45	11,088,476.00	3,826,336.39
25. Interest Charged to Construction - Credit	<322,464.00>	<200,566.00>	<66,978.00>	<66,466.00>
26. Other Interest Expense	58,886.09	162.17	0.00	138.41
27. Asset Retirement Obligations	0.00	0.00	0.00	0.00
28. Other Deductions	79,710.44	40,436.24	34,380.00	15,310.64
<b>29. Total Cost Of Electric Service (15 + 21 thru 28)</b>	<b>134,510,121.96</b>	<b>137,471,747.04</b>	<b>152,858,939.00</b>	<b>49,794,649.25</b>
<b>30. Operating Margins (4 less 29)</b>	<b>&lt;284,748.47&gt;</b>	<b>&lt;2,166,727.99&gt;</b>	<b>&lt;1,655,875.00&gt;</b>	<b>&lt;4,300,383.58&gt;</b>
31. Interest Income	85,738.53	18,339.76	14,462.00	6,975.04
32. Allowance For Funds Used During Construction	0.00	0.00	0.00	0.00
33. Income (Loss) from Equity Investments	0.00	0.00	0.00	0.00
34. Other Non-operating Income (Net)	4,644.24	0.00	0.00	0.00
35. Generation & Transmission Capital Credits	0.00	0.00	0.00	0.00
36. Other Capital Credits and Patronage Dividends	96,795.44	44,874.64	0.00	44,874.64
37. Extraordinary Items	0.00	0.00	0.00	0.00
<b>38. Net Patronage Capital Or Margins (30 thru 37)</b>	<b>&lt;97,570.26&gt;</b>	<b>&lt;2,103,513.59&gt;</b>	<b>&lt;1,641,413.00&gt;</b>	<b>&lt;4,248,533.90&gt;</b>

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION KY0062	
FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY PART A - FINANCIAL		PERIOD ENDED Mar-12	
INSTRUCTIONS - See help in the online application.			
SECTION B. BALANCE SHEET			
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	1,979,275,542.79	33. Memberships	75.00
2. Construction Work in Progress	60,033,297.56	34. Patronage Capital a. Assigned and Assignable b. Retired This year c. Retired Prior years d. Net Patronage Capital (a-b-c)	0.00
3. Total Utility Plant (1 + 2)	2,039,308,840.35		
4. Accum. Provision for Depreciation and Amort.	946,276,547.64		
5. Net Utility Plant (3 - 4)	1,093,032,292.71		
6. Non-Utility Property (Net)	0.00	35. Operating Margins - Prior Years	<241,898,352.19>
7. Investments in Subsidiary Companies	0.00	36. Operating Margin - Current Year	<2,121,853.35>
8. Invest. in Assoc. Org. - Patronage Capital	3,676,551.28	37. Non-Operating Margins	639,015,876.96
9. Invest. in Assoc. Org. - Other - General Funds	684,993.00	38. Other Margins and Equities	<7,278,744.80>
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	0.00	39. Total Margins & Equities (33 + 34d thru 38)	387,717,001.62
11. Investments in Economic Development Projects	10,000.00	40. Long-Term Debt - RUS (Net)	576,642,774.67
12. Other Investments	5,333.85	41. Long-Term Debt - FFB - RUS Guaranteed	0.00
		42. Long-Term Debt - Other - RUS Guaranteed	0.00
13. Special Funds	159,854,096.24	43. Long-Term Debt - Other (Net)	142,100,000.00
14. Total Other Property And Investments (6 thru 13)	164,230,974.37	44. Long-Term Debt - RUS - Econ. Devel. (Net)	0.00
15. Cash - General Funds	5,572.12	45. Payments - Unapplied	0.00
16. Cash - Construction Funds - Trustee	0.00	46. Total Long-Term Debit (40 thru 44-45)	718,742,774.67
17. Special Deposits	572,679.44	47. Obligations Under Capital Leases - Noncurrent	0.00
18. Temporary Investments	49,461,159.10	48. Accumulated Operating Provisions and Asset Retirement Obligations	23,592,582.14
19. Notes Receivable (Net)	0.00	49. Total Other NonCurrent Liabilities (47 +48)	23,592,582.14
20. Accounts Receivable - Sales of Energy (Net)	41,620,338.83	50. Notes Payable	0.00
21. Accounts Receivable - Other (Net)	<425,368.64>	51. Accounts Payable	28,907,912.13
22. Fuel Stock	34,868,560.76	52. Current Maturities Long-Term Debt	77,025,594.12
23. Renewable Energy Credits	0.00	53. Current Maturities Long-Term Debt - Rural Development	0.00
24. Materials and Supplies - Other	25,893,148.47	54. Current Maturities Capital Leases	0.00
25. Prepayments	3,346,922.75	55. Taxes Accrued	1,404,443.65
26. Other Current and Accrued Assets	486,135.05	56. Interest Accrued	9,219,979.00
27. Total Current And Accrued Assets (15 thru 26)	155,829,147.88	57. Other Current and Accrued Liabilities	6,923,149.61
28. Unamortized Debt Discount & Extraor. Prop. Losses	2,298,521.10	58. Total Current & Accrued Liabilities (50 thru 57)	123,481,078.51
29. Regulatory Assets	0.00	59. Deferred Credits	163,724,541.45
30. Other Deferred Debits	1,867,042.33	60. Accumulated Deferred Income Taxes	0.00
31. Accumulated Deferred Income Taxes	0.00	61. Total Liabilities and Other Credits (39 + 46 + 49 + 58 thru 60)	1,417,257,978.39
32. Total Assets And Other Debits (5+14+27 thru 31)	1,417,257,978.39		

RUS Financial and Operating Report Electric Power Supply Part A - Financial

Revision Date 2010

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE <b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC POWER SUPPLY</b> <b>PART A - FINANCIAL</b>	BORROWER DESIGNATION KY0062
	PERIOD ENDED Apr-12

INSTRUCTIONS - See help in the online application.

**SECTION A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Electric Energy Revenues	177,669,989.86	178,433,780.13	195,091,057.00	44,334,173.15
2. Income From Leased Property (Net)	0.00	0.00	0.00	0.00
3. Other Operating Revenue and Income	994,445.01	1,526,825.12	1,340,168.00	321,413.05
<b>4. Total Operation Revenues &amp; Patronage Capital (1 thru 3)</b>	<b>178,664,434.87</b>	<b>179,960,605.25</b>	<b>196,431,225.00</b>	<b>44,655,586.20</b>
5. Operating Expense - Production - Excluding Fuel	16,103,977.87	15,806,738.99	17,704,809.00	3,986,809.88
6. Operating Expense - Production - Fuel	75,742,589.59	67,077,494.71	76,022,465.00	17,355,186.24
7. Operating Expense - Other Power Supply	34,541,575.28	41,435,907.87	42,044,399.00	9,909,826.27
8. Operating Expense - Transmission	3,218,522.18	3,266,048.49	3,591,222.00	856,557.69
9. Operating Expense - RTO/ISO	796,996.64	848,574.26	820,601.00	189,902.31
10. Operating Expense - Distribution	0.00	0.00	0.00	0.00
11. Operating Expense - Customer Accounts	0.00	0.00	0.00	0.00
12. Operating Expense - Customer Service & Information	134,299.18	130,748.92	271,321.00	26,440.30
13. Operating Expense - Sales	<5,989.24>	5,873.98	392,994.00	0.00
14. Operating Expense - Administrative & General	8,753,719.92	8,600,796.79	8,776,529.00	1,878,547.73
<b>15. Total Operation Expense (5 thru 14)</b>	<b>139,285,691.42</b>	<b>137,172,184.01</b>	<b>149,624,340.00</b>	<b>34,203,270.42</b>
16. Maintenance Expense - Production	12,142,649.59	15,120,822.58	20,908,533.00	2,986,326.06
17. Maintenance Expense - Transmission	1,320,563.20	1,403,422.24	1,254,858.00	348,149.79
18. Maintenance Expense - RTO/ISO	0.00	0.00	0.00	0.00
19. Maintenance Expense - Distribution	0.00	0.00	0.00	0.00
20. Maintenance Expense - General Plant	27,794.14	46,622.56	37,354.00	6,899.39
<b>21. Total Maintenance Expense (16 thru 20)</b>	<b>13,491,006.93</b>	<b>16,570,867.38</b>	<b>22,200,745.00</b>	<b>3,341,375.24</b>
22. Depreciation and Amortization Expense	11,558,108.84	13,580,162.24	13,777,889.00	3,404,331.79
23. Taxes	63,389.00	4,060.88	885.00	3,175.88
24. Interest on Long-Term Debt	15,380,427.22	14,963,524.32	14,772,524.00	3,706,930.87
25. Interest Charged to Construction - Credit	<337,282.00>	<263,200.00>	<165,449.00>	<62,634.00>
26. Other Interest Expense	58,894.15	162.17	0.00	0.00
27. Asset Retirement Obligations	0.00	0.00	0.00	0.00
28. Other Deductions	92,016.72	82,895.64	76,476.00	42,459.40
<b>29. Total Cost Of Electric Service (15 + 21 thru 28)</b>	<b>179,592,252.28</b>	<b>182,110,656.64</b>	<b>200,287,410.00</b>	<b>44,638,909.60</b>
<b>30. Operating Margins (4 less 29)</b>	<b>&lt;927,817.41&gt;</b>	<b>&lt;2,150,051.39&gt;</b>	<b>&lt;3,856,185.00&gt;</b>	<b>16,676.60</b>
31. Interest Income	94,408.00	23,174.89	21,265.00	4,835.13
32. Allowance For Funds Used During Construction	0.00	0.00	0.00	0.00
33. Income (Loss) from Equity Investments	0.00	0.00	0.00	0.00
34. Other Non-operating Income (Net)	4,644.24	0.00	0.00	0.00
35. Generation & Transmission Capital Credits	0.00	0.00	0.00	0.00
36. Other Capital Credits and Patronage Dividends	96,795.44	44,874.64	25,000.00	0.00
37. Extraordinary Items	0.00	0.00	0.00	0.00
<b>38. Net Patronage Capital Or Margins (30 thru 37)</b>	<b>&lt;731,969.73&gt;</b>	<b>&lt;2,082,001.86&gt;</b>	<b>&lt;3,809,920.00&gt;</b>	<b>21,511.73</b>

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION KY0062	
FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY PART A - FINANCIAL		PERIOD ENDED Apr-12	
INSTRUCTIONS - See help in the online application.			
SECTION B. BALANCE SHEET			
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	1,980,203,109.53	33. Memberships	75.00
2. Construction Work in Progress	62,030,951.72	34. Patronage Capital	
3. Total Utility Plant (1 + 2)	2,042,234,061.25	a. Assigned and Assignable	
4. Accum. Provision for Depreciation and Amort.	948,180,821.80	b. Retired This year	
5. Net Utility Plant (3 - 4)	1,094,053,239.45	c. Retired Prior years	
6. Non-Utility Property (Net)	0.00	d. Net Patronage Capital (a-b-c)	0.00
7. Investments in Subsidiary Companies	0.00	35. Operating Margins - Prior Years	<241,898,352.19>
8. Invest. in Assoc. Org. - Patronage Capital	3,676,551.28	36. Operating Margin - Current Year	<2,105,176.75>
9. Invest. in Assoc. Org. - Other - General Funds	684,993.00	37. Non-Operating Margins	639,020,712.09
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	0.00	38. Other Margins and Equities	<7,278,744.80>
11. Investments in Economic Development Projects	10,000.00	39. Total Margins & Equities (33 + 34d thru 38)	387,738,513.35
12. Other Investments	5,333.85	40. Long-Term Debt - RUS (Net)	571,396,359.25
13. Special Funds	158,174,815.53	41. Long-Term Debt - FFB - RUS Guaranteed	0.00
14. Total Other Property And Investments (6 thru 13)	162,551,693.66	42. Long-Term Debt - Other - RUS Guaranteed	0.00
15. Cash - General Funds	5,932.10	43. Long-Term Debt - Other (Net)	142,100,000.00
16. Cash - Construction Funds - Trustee	0.00	44. Long-Term Debt - RUS - Econ. Devel. (Net)	0.00
17. Special Deposits	572,681.79	45. Payments - Unapplied	0.00
18. Temporary Investments	40,761,628.52	46. Total Long-Term Debit (40 thru 44-45)	713,496,359.25
19. Notes Receivable (Net)	0.00	47. Obligations Under Capital Leases - Noncurrent	0.00
20. Accounts Receivable - Sales of Energy (Net)	38,172,686.73	48. Accumulated Operating Provisions and Asset Retirement Obligations	23,878,133.51
21. Accounts Receivable - Other (Net)	222,900.28	49. Total Other NonCurrent Liabilities (47 +48)	23,878,133.51
22. Fuel Stock	37,803,471.67	50. Notes Payable	0.00
23. Renewable Energy Credits	0.00	51. Accounts Payable	28,570,262.61
24. Materials and Supplies - Other	26,032,765.78	52. Current Maturities Long-Term Debt	78,281,995.94
25. Prepayments	3,041,936.78	53. Current Maturities Long-Term Debt - Rural Development	0.00
26. Other Current and Accrued Assets	606,445.23	54. Current Maturities Capital Leases	0.00
27. Total Current And Accrued Assets (15 thru 26)	147,220,448.88	55. Taxes Accrued	1,606,931.29
28. Unamortized Debt Discount & Extraor. Prop. Losses	2,312,545.02	56. Interest Accrued	5,223,833.84
29. Regulatory Assets	0.00	57. Other Current and Accrued Liabilities	7,370,326.49
30. Other Deferred Debits	1,866,743.38	58. Total Current & Accrued Liabilities (50 thru 57)	121,053,350.17
31. Accumulated Deferred Income Taxes	0.00	59. Deferred Credits	161,838,314.11
32. Total Assets And Other Debits (5+14+27 thru 31)	1,408,004,670.39	60. Accumulated Deferred Income Taxes	0.00
		61. Total Liabilities and Other Credits (39 + 46 + 49 + 58 thru 60)	1,408,004,670.39

RUS Financial and Operating Report Electric Power Supply Part A - Financial

Revision Date 2010

UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL UTILITIES SERVICE  
**FINANCIAL AND OPERATING REPORT**  
**ELECTRIC POWER SUPPLY**  
**PART A - FINANCIAL**

BORROWER DESIGNATION  
KY0062

PERIOD ENDED  
May-12

INSTRUCTIONS - See help in the online application.

**SECTION A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Electric Energy Revenues -	228,062,974.30	226,744,259.96	253,935,918.00	48,310,479.83
2. Income From Leased Property (Net)	0.00	0.00	0.00	0.00
3. Other Operating Revenue and Income	1,313,664.97	1,906,446.48	1,674,085.00	379,621.36
<b>4. Total Operation Revenues &amp; Patronage Capital(1 thru 3)</b>	<b>229,376,639.27</b>	<b>228,650,706.44</b>	<b>255,610,003.00</b>	<b>48,690,101.19</b>
5. Operating Expense - Production - Excluding Fuel	20,242,215.34	19,869,746.50	22,035,963.00	4,063,007.51
6. Operating Expense - Production - Fuel	95,812,527.24	87,489,059.62	94,300,830.00	20,411,564.91
7. Operating Expense - Other Power Supply	45,058,183.57	50,209,127.41	60,034,303.00	8,773,219.54
8. Operating Expense - Transmission	3,634,430.50	4,346,148.07	4,486,498.00	1,080,099.58
9. Operating Expense - RTO/ISO	1,003,395.07	1,044,473.69	1,013,512.00	195,899.43
10. Operating Expense - Distribution	0.00	0.00	0.00	0.00
11. Operating Expense - Customer Accounts	0.00	0.00	0.00	0.00
12. Operating Expense - Customer Service & Information	160,870.23	152,522.29	328,755.00	21,773.37
13. Operating Expense - Sales	1,422.07	10,780.23	465,579.00	4,906.25
14. Operating Expense - Administrative & General	10,951,626.05	10,523,385.89	11,166,761.00	1,922,589.10
<b>15. Total Operation Expense (5 thru 14)</b>	<b>176,864,670.07</b>	<b>173,645,243.70</b>	<b>193,832,201.00</b>	<b>36,473,059.69</b>
16. Maintenance Expense - Production	14,774,469.29	17,747,189.03	26,524,272.00	2,626,366.45
17. Maintenance Expense - Transmission	1,707,057.36	1,794,536.24	1,605,188.00	391,114.00
18. Maintenance Expense - RTO/ISO	0.00	0.00	0.00	0.00
19. Maintenance Expense - Distribution	0.00	0.00	0.00	0.00
20. Maintenance Expense - General Plant	41,080.29	68,095.54	45,694.00	21,472.98
<b>21. Total Maintenance Expense (16 thru 20)</b>	<b>16,522,606.94</b>	<b>19,609,820.81</b>	<b>28,175,154.00</b>	<b>3,038,953.43</b>
22. Depreciation and Amortization Expense	14,435,952.60	16,971,862.37	17,260,435.00	3,391,700.13
23. Taxes	63,389.00	4,060.88	885.00	0.00
24. Interest on Long-Term Debt	19,243,619.06	18,778,819.27	18,558,462.00	3,815,294.95
25. Interest Charged to Construction - Credit	<354,209.00>	<327,967.00>	<203,411.00>	<64,767.00>
26. Other Interest Expense	58,902.14	162.17	0.00	0.00
27. Asset Retirement Obligations	0.00	0.00	0.00	0.00
28. Other Deductions	104,824.88	109,969.82	119,034.00	27,074.18
<b>29. Total Cost Of Electric Service (15 + 21 thru 28)</b>	<b>226,939,755.69</b>	<b>228,791,972.02</b>	<b>257,742,760.00</b>	<b>46,681,315.38</b>
<b>30. Operating Margins (4 less 29)</b>	<b>2,436,883.58</b>	<b>&lt;141,265.58&gt;</b>	<b>&lt;2,132,757.00&gt;</b>	<b>2,008,785.81</b>
31. Interest Income	103,079.99	27,281.27	28,100.00	4,106.38
32. Allowance For Funds Used During Construction	0.00	0.00	0.00	0.00
33. Income (Loss) from Equity Investments	0.00	0.00	0.00	0.00
34. Other Non-operating Income (Net)	6,966.36	0.00	0.00	0.00
35. Generation & Transmission Capital Credits	0.00	0.00	0.00	0.00
36. Other Capital Credits and Patronage Dividends	96,795.44	44,874.64	25,000.00	0.00
37. Extraordinary Items	0.00	0.00	0.00	0.00
<b>38. Net Patronage Capital Or Margins (30 thru 37)</b>	<b>2,643,725.37</b>	<b>&lt;69,109.67&gt;</b>	<b>&lt;2,079,657.00&gt;</b>	<b>2,012,892.19</b>

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION KY0062	
FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY PART A - FINANCIAL		PERIOD ENDED May-12	
INSTRUCTIONS - See help in the online application.			
SECTION B. BALANCE SHEET			
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	1,980,206,599.86	33. Memberships	75.00
2. Construction Work in Progress	61,264,299.68	34. Patronage Capital	
3. <b>Total Utility Plant (1 + 2)</b>	<b>2,041,470,899.54</b>	a. Assigned and Assignable	
4. Accum. Provision for Depreciation and Amort.	951,109,753.63	b. Retired This year	
5. <b>Net Utility Plant (3 - 4)</b>	<b>1,090,361,145.91</b>	c. Retired Prior years	
6. Non-Utility Property (Net)	0.00	d. <b>Net Patronage Capital (a-b-c)</b>	0.00
7. Investments in Subsidiary Companies	0.00	35. Operating Margins - Prior Years	<241,898,352.19>
8. Invest. in Assoc. Org. - Patronage Capital	3,676,551.28	36. Operating Margin - Current Year	<96,390.94>
9. Invest. in Assoc. Org. - Other - General Funds	684,993.00	37. Non-Operating Margins	639,024,818.47
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	0.00	38. Other Margins and Equities	<7,278,744.80>
11. Investments in Economic Development Projects	10,000.00	39. <b>Total Margins &amp; Equities (33 + 34d thru 38)</b>	<b>389,751,405.54</b>
12. Other Investments	5,333.85	40. Long-Term Debt - RUS (Net)	571,396,359.25
13. Special Funds	156,550,569.57	41. Long-Term Debt - FFB - RUS Guaranteed	0.00
14. <b>Total Other Property And Investments (6 thru 13)</b>	<b>160,927,447.70</b>	42. Long-Term Debt - Other - RUS Guaranteed	0.00
15. Cash - General Funds	5,974.52	43. Long-Term Debt - Other (Net)	142,100,000.00
16. Cash - Construction Funds - Trustee	0.00	44. Long-Term Debt - RUS - Econ. Devel. (Net)	0.00
17. Special Deposits	572,684.22	45. Payments - Unapplied	0.00
18. Temporary Investments	39,621,359.09	46. <b>Total Long-Term Debit (40 thru 44-45)</b>	<b>713,496,359.25</b>
19. Notes Receivable (Net)	0.00	47. Obligations Under Capital Leases - Noncurrent	0.00
20. Accounts Receivable - Sales of Energy (Net)	43,268,089.84	48. Accumulated Operating Provisions and Asset Retirement Obligations	24,301,060.49
21. Accounts Receivable - Other (Net)	3,084,458.88	49. <b>Total Other NonCurrent Liabilities (47 +48)</b>	<b>24,301,060.49</b>
22. Fuel Stock	38,868,141.63	50. Notes Payable	0.00
23. Renewable Energy Credits	0.00	51. Accounts Payable	25,693,241.63
24. Materials and Supplies - Other	25,950,356.64	52. Current Maturities Long-Term Debt	78,281,995.94
25. Prepayments	2,819,291.72	53. Current Maturities Long-Term Debt - Rural Development	0.00
26. Other Current and Accrued Assets	709,308.31	54. Current Maturities Capital Leases	0.00
27. <b>Total Current And Accrued Assets (15 thru 26)</b>	<b>154,899,664.85</b>	55. Taxes Accrued	2,010,981.66
28. Unamortized Debt Discount & Extraor. Prop. Losses	2,352,257.14	56. Interest Accrued	9,021,480.49
29. Regulatory Assets	0.00	57. Other Current and Accrued Liabilities	7,852,315.33
30. Other Deferred Debits	1,742,064.80	58. <b>Total Current &amp; Accrued Liabilities (50 thru 57)</b>	<b>122,860,015.05</b>
31. Accumulated Deferred Income Taxes	0.00	59. Deferred Credits	159,873,740.07
32. <b>Total Assets And Other Debits (5+14+27 thru 31)</b>	<b>1,410,282,580.40</b>	60. Accumulated Deferred Income Taxes	0.00
		61. <b>Total Liabilities and Other Credits (39 + 46 + 49 + 58 thru 60)</b>	<b>1,410,282,580.40</b>

RUS Financial and Operating Report Electric Power Supply Part A - Financial

Revision Date 2010

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE <b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC POWER SUPPLY</b> <b>PART A - FINANCIAL</b>	BORROWER DESIGNATION KY0062  PERIOD ENDED Jun-12
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INSTRUCTIONS - See help in the online application.

**SECTION A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Electric Energy Revenues	273,551,013.06	273,711,665.64	301,745,614.00	46,967,405.68
2. Income From Leased Property (Net)	0.00	0.00	0.00	0.00
3. Other Operating Revenue and Income	1,520,063.26	2,408,851.93	2,008,002.00	502,405.45
<b>4. Total Operation Revenues &amp; Patronage Capital (1 thru 3)</b>	<b>275,071,076.32</b>	<b>276,120,517.57</b>	<b>303,753,616.00</b>	<b>47,469,811.13</b>
5. Operating Expense - Production - Excluding Fuel	24,222,206.04	23,836,782.58	27,057,459.00	3,967,036.08
6. Operating Expense - Production - Fuel	114,182,313.92	106,890,249.31	114,716,008.00	19,401,189.69
7. Operating Expense - Other Power Supply	55,019,146.67	58,175,478.03	67,585,079.00	7,966,350.62
8. Operating Expense - Transmission	4,647,033.54	4,978,763.73	5,397,379.00	632,615.66
9. Operating Expense - RTO/ISO	1,266,777.77	1,225,116.01	1,230,160.00	180,642.32
10. Operating Expense - Distribution	0.00	0.00	0.00	0.00
11. Operating Expense - Customer Accounts	0.00	0.00	0.00	0.00
12. Operating Expense - Customer Service & Information	189,671.33	199,218.28	384,487.00	46,695.99
13. Operating Expense - Sales	22,499.55	20,592.73	550,697.00	9,812.50
14. Operating Expense - Administrative & General	13,677,210.01	13,792,896.66	13,821,188.00	3,269,510.77
<b>15. Total Operation Expense (5 thru 14)</b>	<b>213,226,858.83</b>	<b>209,119,097.33</b>	<b>230,742,457.00</b>	<b>35,473,853.63</b>
16. Maintenance Expense - Production	18,929,472.76	20,425,790.03	33,556,033.00	2,678,601.00
17. Maintenance Expense - Transmission	2,140,135.14	2,334,012.70	1,959,605.00	539,476.46
18. Maintenance Expense - RTO/ISO	0.00	0.00	0.00	0.00
19. Maintenance Expense - Distribution	0.00	0.00	0.00	0.00
20. Maintenance Expense - General Plant	58,066.81	93,198.85	53,276.00	25,103.31
<b>21. Total Maintenance Expense (16 thru 20)</b>	<b>21,127,674.71</b>	<b>22,853,001.58</b>	<b>35,568,914.00</b>	<b>3,243,180.77</b>
22. Depreciation and Amortization Expense	17,313,896.45	20,363,628.74	20,752,510.00	3,391,766.37
23. Taxes	128,389.00	4,060.88	885.00	0.00
24. Interest on Long-Term Debt	22,995,627.28	22,484,475.66	22,242,510.00	3,705,656.39
25. Interest Charged to Construction - Credit	<375,434.00>	<385,412.00>	<254,205.00>	<57,445.00>
26. Other Interest Expense	58,909.69	162.17	0.00	0.00
27. Asset Retirement Obligations	0.00	0.00	0.00	0.00
28. Other Deductions	116,389.31	122,645.12	161,215.00	12,675.30
<b>29. Total Cost Of Electric Service (15 + 21 thru 28)</b>	<b>274,592,311.27</b>	<b>274,561,659.48</b>	<b>309,214,286.00</b>	<b>45,769,687.46</b>
<b>30. Operating Margins (4 less 29)</b>	<b>478,765.05</b>	<b>1,558,858.09</b>	<b>&lt;5,460,670.00&gt;</b>	<b>1,700,123.67</b>
31. Interest Income	110,282.00	31,637.55	33,972.00	4,356.28
32. Allowance For Funds Used During Construction	0.00	0.00	0.00	0.00
33. Income (Loss) from Equity Investments	0.00	0.00	0.00	0.00
34. Other Non-operating Income (Net)	9,288.48	0.00	0.00	0.00
35. Generation & Transmission Capital Credits	0.00	0.00	0.00	0.00
36. Other Capital Credits and Patronage Dividends	96,795.44	44,874.64	25,000.00	0.00
37. Extraordinary Items	0.00	0.00	0.00	0.00
<b>38. Net Patronage Capital Or Margins (30 thru 37)</b>	<b>695,130.97</b>	<b>1,635,370.28</b>	<b>&lt;5,401,698.00&gt;</b>	<b>1,704,479.95</b>

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION KY0062	
FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY PART A - FINANCIAL		PERIOD ENDED Jun-12	
INSTRUCTIONS - See help in the online application.			
SECTION B. BALANCE SHEET			
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	1,980,197,560.10	33. Memberships	75.00
2. Construction Work in Progress	64,799,330.12	34. Patronage Capital a. Assigned and Assignable b. Retired This year c. Retired Prior years d. <b>Net Patronage Capital (a-b-c)</b>	0.00
3. <b>Total Utility Plant (1 + 2)</b>	<b>2,044,996,890.22</b>		
4. Accum. Provision for Depreciation and Amort.	953,691,035.45		
5. <b>Net Utility Plant (3 - 4)</b>	<b>1,091,305,854.77</b>		
6. Non-Utility Property (Net)	0.00	35. Operating Margins - Prior Years	<241,898,352.19>
7. Investments in Subsidiary Companies	0.00	36. Operating Margin - Current Year	1,603,732.73
8. Invest. in Assoc. Org. - Patronage Capital	3,676,551.28	37. Non-Operating Margins	639,029,174.75
9. Invest. in Assoc. Org. - Other - General Funds	684,993.00	38. Other Margins and Equities	<7,278,744.80>
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	0.00	39. <b>Total Margins &amp; Equities (33 + 34d thru 38)</b>	<b>391,455,885.49</b>
11. Investments in Economic Development Projects	10,000.00	40. Long-Term Debt - RUS (Net)	573,195,974.62
12. Other Investments	5,333.85	41. Long-Term Debt - FFB - RUS Guaranteed	0.00
13. Special Funds	154,599,638.82	42. Long-Term Debt - Other - RUS Guaranteed	0.00
14. <b>Total Other Property And Investments (6 thru 13)</b>	<b>158,976,516.95</b>	43. Long-Term Debt - Other (Net)	142,100,000.00
15. Cash - General Funds	5,877.85	44. Long-Term Debt - RUS - Econ. Devel. (Net)	0.00
16. Cash - Construction Funds - Trustee	0.00	45. Payments - Unapplied	0.00
17. Special Deposits	622,686.57	46. <b>Total Long-Term Debit (40 thru 44-45)</b>	<b>715,295,974.62</b>
18. Temporary Investments	47,652,971.03	47. Obligations Under Capital Leases - Noncurrent	0.00
19. Notes Receivable (Net)	0.00	48. Accumulated Operating Provisions and Asset Retirement Obligations	24,447,120.70
20. Accounts Receivable - Sales of Energy (Net)	42,426,508.21	49. <b>Total Other NonCurrent Liabilities (47 + 48)</b>	<b>24,447,120.70</b>
21. Accounts Receivable - Other (Net)	451,755.22	50. Notes Payable	0.00
22. Fuel Stock	35,425,338.10	51. Accounts Payable	23,008,684.18
23. Renewable Energy Credits	0.00	52. Current Maturities Long-Term Debt	78,281,995.94
24. Materials and Supplies - Other	26,295,716.22	53. Current Maturities Long-Term Debt - Rural Development	0.00
25. Prepayments	2,498,949.25	54. Current Maturities Capital Leases	0.00
26. Other Current and Accrued Assets	851,493.73	55. Taxes Accrued	2,269,210.48
27. <b>Total Current And Accrued Assets (15 thru 26)</b>	<b>156,231,296.18</b>	56. Interest Accrued	9,924,397.84
28. Unamortized Debt Discount & Extraor. Prop. Losses	2,573,860.21	57. Other Current and Accrued Liabilities	8,272,367.04
29. Regulatory Assets	0.00	58. <b>Total Current &amp; Accrued Liabilities (50 thru 57)</b>	<b>121,756,655.48</b>
30. Other Deferred Debits	1,724,616.64	59. Deferred Credits	157,856,508.46
31. Accumulated Deferred Income Taxes	0.00	60. Accumulated Deferred Income Taxes	0.00
32. <b>Total Assets And Other Debits (5+14+27 thru 31)</b>	<b>1,410,812,144.75</b>	61. <b>Total Liabilities and Other Credits (39 + 46 + 49 + 58 thru 60)</b>	<b>1,410,812,144.75</b>

RUS Financial and Operating Report Electric Power Supply Part A - Financial

Revision Date 2010

UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL UTILITIES SERVICE  
**FINANCIAL AND OPERATING REPORT**  
**ELECTRIC POWER SUPPLY**  
**PART A - FINANCIAL**

BORROWER DESIGNATION  
KY0062

PERIOD ENDED  
Jul-12

INSTRUCTIONS - See help in the online application.

**SECTION A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Electric Energy Revenues	324,292,363.18	324,398,050.60	354,633,938.00	50,686,384.96
2. Income From Leased Property (Net)	0.00	0.00	0.00	0.00
3. Other Operating Revenue and Income	1,708,000.69	2,975,419.69	2,341,919.00	566,567.76
<b>4. Total Operation Revenues &amp; Patronage Capital (1 thru 3)</b>	<b>326,000,363.87</b>	<b>327,373,470.29</b>	<b>356,975,857.00</b>	<b>51,252,952.72</b>
5. Operating Expense - Production - Excluding Fuel	28,445,296.87	28,022,132.34	32,079,968.00	4,185,349.76
6. Operating Expense - Production - Fuel	134,903,380.47	128,480,747.22	138,051,936.00	21,590,497.91
7. Operating Expense - Other Power Supply	64,095,863.09	66,842,670.99	74,895,219.00	8,667,192.96
8. Operating Expense - Transmission	5,167,812.57	5,932,422.23	6,291,420.00	953,658.50
9. Operating Expense - RTO/ISO	1,447,577.74	1,363,577.35	1,457,246.00	138,461.34
10. Operating Expense - Distribution	0.00	0.00	0.00	0.00
11. Operating Expense - Customer Accounts	0.00	0.00	0.00	0.00
12. Operating Expense - Customer Service & Information	235,165.37	289,344.54	435,887.00	90,126.26
13. Operating Expense - Sales	6,328.32	25,498.98	623,979.00	4,906.25
14. Operating Expense - Administrative & General	16,191,082.53	15,796,611.13	15,829,940.00	2,003,714.47
<b>15. Total Operation Expense (5 thru 14)</b>	<b>250,492,506.96</b>	<b>246,753,004.78</b>	<b>269,665,595.00</b>	<b>37,633,907.45</b>
16. Maintenance Expense - Production	22,273,262.74	23,775,496.78	38,072,523.00	3,349,706.75
17. Maintenance Expense - Transmission	2,481,882.51	2,784,051.11	2,308,617.00	450,038.41
18. Maintenance Expense - RTO/ISO	0.00	0.00	0.00	0.00
19. Maintenance Expense - Distribution	0.00	0.00	0.00	0.00
20. Maintenance Expense - General Plant	75,301.44	94,255.50	61,760.00	1,056.65
<b>21. Total Maintenance Expense (16 thru 20)</b>	<b>24,830,446.69</b>	<b>26,653,803.39</b>	<b>40,442,900.00</b>	<b>3,800,801.81</b>
22. Depreciation and Amortization Expense	20,192,002.45	23,767,288.69	24,260,517.00	3,403,659.95
23. Taxes	128,389.00	4,060.88	885.00	0.00
24. Interest on Long-Term Debt	26,851,232.28	26,164,144.79	26,019,738.00	3,679,669.13
25. Interest Charged to Construction - Credit	<393,756.00>	<443,914.00>	<322,073.00>	<58,502.00>
26. Other Interest Expense	58,923.08	11,121.07	0.00	10,958.90
27. Asset Retirement Obligations	0.00	0.00	0.00	0.00
28. Other Deductions	128,372.49	137,954.37	203,773.00	15,309.25
<b>29. Total Cost Of Electric Service (15 + 21 thru 28)</b>	<b>322,288,116.95</b>	<b>323,047,463.97</b>	<b>360,271,335.00</b>	<b>48,485,804.49</b>
<b>30. Operating Margins (4 less 29)</b>	<b>3,712,246.92</b>	<b>4,326,006.32</b>	<b>&lt;3,295,478.00&gt;</b>	<b>2,767,148.23</b>
31. Interest Income	116,447.27	37,498.55	39,025.00	5,861.00
32. Allowance For Funds Used During Construction	0.00	0.00	0.00	0.00
33. Income (Loss) from Equity Investments	0.00	0.00	0.00	0.00
34. Other Non-operating Income (Net)	9,288.48	0.00	0.00	0.00
35. Generation & Transmission Capital Credits	0.00	0.00	0.00	0.00
36. Other Capital Credits and Patronage Dividends	96,795.44	44,874.64	25,000.00	0.00
37. Extraordinary Items	0.00	0.00	0.00	0.00
<b>38. Net Patronage Capital Or Margins (30 thru 37)</b>	<b>3,934,778.11</b>	<b>4,408,379.51</b>	<b>&lt;3,231,453.00&gt;</b>	<b>2,773,009.23</b>

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC POWER SUPPLY</b> <b>PART A - FINANCIAL</b>	BORROWER DESIGNATION KY0062
	PERIOD ENDED Jul-12

INSTRUCTIONS - See help in the online application.

**SECTION B. BALANCE SHEET**

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	1,981,269,297.42	33. Memberships	75.00
2. Construction Work in Progress	65,352,550.78	34. Patronage Capital a. Assigned and Assignable b. Retired This year c. Retired Prior years d. <b>Net Patronage Capital (a-b-c)</b>	
3. <b>Total Utility Plant (1 + 2)</b>	<b>2,046,621,848.20</b>		
4. Accum. Provision for Depreciation and Amort.	957,483,737.55		
5. <b>Net Utility Plant (3 - 4)</b>	<b>1,089,138,110.65</b>		
6. Non-Utility Property (Net)	0.00	35. Operating Margins - Prior Years	<241,898,352.19>
7. Investments in Subsidiary Companies	0.00	36. Operating Margin - Current Year	4,370,880.96
8. Invest. in Assoc. Org. - Patronage Capital	3,676,551.28	37. Non-Operating Margins	639,035,035.75
9. Invest. in Assoc. Org. - Other - General Funds	43,840,793.00	38. Other Margins and Equities	<7,278,744.80>
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	0.00	39. <b>Total Margins &amp; Equities (33 + 34d thru 38)</b>	<b>394,228,894.72</b>
11. Investments in Economic Development Projects	10,000.00	40. Long-Term Debt - RUS (Net)	206,633,152.41
12. Other Investments	5,333.85	41. Long-Term Debt - FFB - RUS Guaranteed	0.00
		42. Long-Term Debt - Other - RUS Guaranteed	0.00
13. Special Funds	187,736,321.03	43. Long-Term Debt - Other (Net)	702,977,302.90
14. <b>Total Other Property And Investments (6 thru 13)</b>	<b>235,268,999.16</b>	44. Long-Term Debt - RUS - Econ. Devel. (Net)	0.00
15. Cash - General Funds	5,769.90	45. Payments - Unapplied	0.00
16. Cash - Construction Funds - Trustee	0.00	46. <b>Total Long-Term Debt (40 thru 44-45)</b>	<b>909,610,455.31</b>
17. Special Deposits	598,263.43	47. Obligations Under Capital Leases - Noncurrent	0.00
18. Temporary Investments	105,756,525.84	48. Accumulated Operating Provisions and Asset Retirement Obligations	24,830,506.38
19. Notes Receivable (Net)	0.00	49. <b>Total Other NonCurrent Liabilities (47 +48)</b>	<b>24,830,506.38</b>
20. Accounts Receivable - Sales of Energy (Net)	45,604,251.92	50. Notes Payable	0.00
21. Accounts Receivable - Other (Net)	362,983.33	51. Accounts Payable	29,457,417.82
22. Fuel Stock	31,409,997.83		
23. Renewable Energy Credits	0.00	52. Current Maturities Long-Term Debt	19,278,497.10
24. Materials and Supplies - Other	26,138,253.01	53. Current Maturities Long-Term Debt - Rural Development	0.00
25. Prepayments	2,167,302.20	54. Current Maturities Capital Leases	0.00
26. Other Current and Accrued Assets	883,405.96	55. Taxes Accrued	648,289.17
27. <b>Total Current And Accrued Assets (15 thru 26)</b>	<b>212,926,753.42</b>	56. Interest Accrued	1,519,834.37
28. Unamortized Debt Discount & Extraor. Prop. Losses	3,925,124.83	57. Other Current and Accrued Liabilities	8,587,474.59
29. Regulatory Assets	0.00	58. <b>Total Current &amp; Accrued Liabilities (50 thru 57)</b>	<b>59,491,513.05</b>
30. Other Deferred Debits	2,936,332.24		
31. Accumulated Deferred Income Taxes	0.00	59. Deferred Credits	156,033,950.84
32. <b>Total Assets And Other Debits (5+14+27 thru 31)</b>	<b>1,544,195,320.30</b>	60. Accumulated Deferred Income Taxes	0.00
		61. <b>Total Liabilities and Other Credits (39 + 46 + 49 + 58 thru 60)</b>	<b>1,544,195,320.30</b>

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE <b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC POWER SUPPLY</b> <b>PART A - FINANCIAL</b>		BORROWER DESIGNATION KY0062		
INSTRUCTIONS - See help in the online application.		PERIOD ENDED Aug-12		
<b>SECTION A. STATEMENT OF OPERATIONS</b>				
ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Electric Energy Revenues	373,264,263.06	372,919,098.14	407,418,123.00	48,521,047.54
2. Income From Leased Property (Net)	0.00	0.00	0.00	0.00
3. Other Operating Revenue and Income	1,892,855.84	3,507,731.46	2,675,836.00	532,311.77
<b>4. Total Operation Revenues &amp; Patronage Capital(1 thru 3)</b>	<b>375,157,118.90</b>	<b>376,426,829.60</b>	<b>410,093,959.00</b>	<b>49,053,359.31</b>
5. Operating Expense - Production - Excluding Fuel	32,715,959.58	32,354,404.29	36,969,770.00	4,332,271.95
6. Operating Expense - Production - Fuel	154,981,335.57	147,663,332.22	161,742,748.00	19,182,585.00
7. Operating Expense - Other Power Supply	73,990,115.79	75,307,390.69	81,776,230.00	8,464,719.70
8. Operating Expense - Transmission	6,173,952.24	6,737,619.60	7,244,273.00	805,197.37
9. Operating Expense - RTO/ISO	1,639,985.78	1,492,808.88	1,683,941.00	129,231.53
10. Operating Expense - Distribution	0.00	0.00	0.00	0.00
11. Operating Expense - Customer Accounts	0.00	0.00	0.00	0.00
12. Operating Expense - Customer Service & Information	305,891.34	330,418.69	495,461.00	41,074.15
13. Operating Expense - Sales	91,863.04	97,108.69	696,668.00	71,609.71
14. Operating Expense - Administrative & General	17,541,926.58	18,270,377.59	17,963,239.00	2,473,766.46
<b>15. Total Operation Expense (5 thru 14)</b>	<b>287,441,029.92</b>	<b>282,253,460.65</b>	<b>308,572,330.00</b>	<b>35,500,455.87</b>
16. Maintenance Expense - Production	25,354,797.11	27,872,440.01	41,541,131.00	4,096,943.23
17. Maintenance Expense - Transmission	2,853,768.11	3,397,565.24	2,697,073.00	613,514.13
18. Maintenance Expense - RTO/ISO	0.00	0.00	0.00	0.00
19. Maintenance Expense - Distribution	0.00	0.00	0.00	0.00
20. Maintenance Expense - General Plant	85,026.68	110,923.80	70,290.00	16,668.30
<b>21. Total Maintenance Expense (16 thru 20)</b>	<b>28,293,591.90</b>	<b>31,380,929.05</b>	<b>44,308,494.00</b>	<b>4,727,125.66</b>
22. Depreciation and Amortization Expense	23,070,278.89	27,288,427.96	27,777,043.00	3,521,139.27
23. Taxes	128,389.00	4,060.88	885.00	0.00
24. Interest on Long-Term Debt	30,706,304.75	30,014,852.72	29,796,966.00	3,850,707.93
25. Interest Charged to Construction - Credit	<419,278.00>	<508,558.00>	<354,467.00>	<64,644.00>
26. Other Interest Expense	58,931.25	54,956.69	0.00	43,835.62
27. Asset Retirement Obligations	0.00	0.00	0.00	0.00
28. Other Deductions	144,748.13	163,359.75	246,331.00	25,405.38
<b>29. Total Cost Of Electric Service (15 + 21 thru 28)</b>	<b>369,423,995.84</b>	<b>370,651,489.70</b>	<b>410,347,582.00</b>	<b>47,604,025.73</b>
<b>30. Operating Margins (4 less 29)</b>	<b>5,733,123.06</b>	<b>5,775,339.90</b>	<b>&lt;253,623.00&gt;</b>	<b>1,449,333.58</b>
31. Interest Income	124,226.32	55,976.00	44,365.00	18,477.45
32. Allowance For Funds Used During Construction	0.00	0.00	0.00	0.00
33. Income (Loss) from Equity Investments	0.00	0.00	0.00	0.00
34. Other Non-operating Income (Net)	9,288.48	0.00	0.00	0.00
35. Generation & Transmission Capital Credits	0.00	0.00	0.00	0.00
36. Other Capital Credits and Patronage Dividends	96,795.44	58,674.04	33,000.00	13,799.40
37. Extraordinary Items	0.00	0.00	0.00	0.00
<b>38. Net Patronage Capital Or Margins (30 thru 37)</b>	<b>5,963,433.30</b>	<b>5,889,989.94</b>	<b>&lt;176,258.00&gt;</b>	<b>1,481,610.43</b>

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION KY0062	
FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY PART A - FINANCIAL		PERIOD ENDED Aug-12	
INSTRUCTIONS - See help in the online application.			
SECTION B. BALANCE SHEET			
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	1,985,784,265.59	33. Memberships	75.00
2. Construction Work in Progress	56,509,725.15	34. Patronage Capital	
3. Total Utility Plant (1 + 2)	2,042,293,990.74	a. Assigned and Assignable	
4. Accum. Provision for Depreciation and Amort.	954,111,029.09	b. Retired This year	
5. Net Utility Plant (3 - 4)	1,088,182,961.65	c. Retired Prior years	
6. Non-Utility Property (Net)	0.00	d. Net Patronage Capital (a-b-c)	0.00
7. Investments in Subsidiary Companies	0.00	35. Operating Margins - Prior Years	<241,898,352.19>
8. Invest. in Assoc. Org. - Patronage Capital	3,680,691.11	36. Operating Margin - Current Year	5,834,013.94
9. Invest. in Assoc. Org. - Other - General Funds	43,840,793.00	37. Non-Operating Margins	639,053,513.20
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	0.00	38. Other Margins and Equities	<7,278,744.80>
11. Investments in Economic Development Projects	10,000.00	39. Total Margins & Equities (33 + 34d thru 38)	395,710,505.15
12. Other Investments	5,333.85	40. Long-Term Debt - RUS (Net)	206,633,152.41
13. Special Funds	186,796,621.07	41. Long-Term Debt - FFB - RUS Guaranteed	0.00
14. Total Other Property And Investments (6 thru 13)	234,333,439.03	42. Long-Term Debt - Other - RUS Guaranteed	0.00
15. Cash - General Funds	5,770.55	43. Long-Term Debt - Other (Net)	641,077,494.03
16. Cash - Construction Funds - Trustee	0.00	44. Long-Term Debt - RUS - Econ. Devel. (Net)	0.00
17. Special Deposits	598,308.29	45. Payments - Unapplied	0.00
18. Temporary Investments	107,521,746.13	46. Total Long-Term Debt (40 thru 44-45)	847,710,646.44
19. Notes Receivable (Net)	0.00	47. Obligations Under Capital Leases - Noncurrent	0.00
20. Accounts Receivable - Sales of Energy (Net)	43,961,766.22	48. Accumulated Operating Provisions and Asset Retirement Obligations	24,938,562.55
21. Accounts Receivable - Other (Net)	1,264,040.87	49. Total Other NonCurrent Liabilities (47 +48)	24,938,562.55
22. Fuel Stock	31,513,504.21	50. Notes Payable	0.00
23. Renewable Energy Credits	0.00	51. Accounts Payable	26,797,358.38
24. Materials and Supplies - Other	26,465,194.02	52. Current Maturities Long-Term Debt	81,178,305.97
25. Prepayments	1,847,646.36	53. Current Maturities Long-Term Debt - Rural Development	0.00
26. Other Current and Accrued Assets	210,911.84	54. Current Maturities Capital Leases	0.00
27. Total Current And Accrued Assets (15 thru 26)	213,388,888.49	55. Taxes Accrued	796,215.69
28. Unamortized Debt Discount & Extraor. Prop. Losses	3,996,007.60	56. Interest Accrued	3,864,638.64
29. Regulatory Assets	0.00	57. Other Current and Accrued Liabilities	7,695,234.60
30. Other Deferred Debits	2,939,363.06	58. Total Current & Accrued Liabilities (50 thru 57)	120,331,753.28
31. Accumulated Deferred Income Taxes	0.00	59. Deferred Credits	154,149,192.41
32. Total Assets And Other Debits (5+14+27 thru 31)	1,542,840,659.83	60. Accumulated Deferred Income Taxes	0.00
		61. Total Liabilities and Other Credits (39 + 46 + 49 + 58 thru 60)	1,542,840,659.83

RUS Financial and Operating Report Electric Power Supply Part A - Financial

Revision Date 2010

UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL UTILITIES SERVICE  
**FINANCIAL AND OPERATING REPORT**  
**ELECTRIC POWER SUPPLY**  
**PART A - FINANCIAL**

BORROWER DESIGNATION  
KY0062

PERIOD ENDED  
Sep-12

INSTRUCTIONS - See help in the online application.

**SECTION A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Electric Energy Revenues	422,320,923.10	419,182,737.04	454,928,509.00	46,263,638.90
2. Income From Leased Property (Net)	0.00	0.00	0.00	0.00
3. Other Operating Revenue and Income	2,167,762.77	3,858,977.27	3,009,753.00	351,245.81
<b>4. Total Operation Revenues &amp; Patronage Capital (1 thru 3)</b>	<b>424,488,685.87</b>	<b>423,041,714.31</b>	<b>457,938,262.00</b>	<b>46,614,884.71</b>
5. Operating Expense - Production - Excluding Fuel	37,000,721.75	36,392,454.24	41,510,560.00	4,038,049.95
6. Operating Expense - Production - Fuel	173,106,985.46	165,833,411.78	181,106,198.00	18,170,079.56
7. Operating Expense - Other Power Supply	83,178,821.74	84,280,777.08	90,265,834.00	8,973,386.39
8. Operating Expense - Transmission	6,919,691.09	7,363,167.53	8,092,840.00	625,547.93
9. Operating Expense - RTO/ISO	1,832,483.01	1,662,990.30	1,872,825.00	170,181.42
10. Operating Expense - Distribution	0.00	0.00	0.00	0.00
11. Operating Expense - Customer Accounts	0.00	0.00	0.00	0.00
12. Operating Expense - Customer Service & Information	344,618.55	391,092.45	551,368.00	60,673.76
13. Operating Expense - Sales	129,850.48	102,014.94	871,298.00	4,906.25
14. Operating Expense - Administrative & General	19,979,650.48	20,377,862.93	19,871,127.00	2,107,485.34
<b>15. Total Operation Expense (5 thru 14)</b>	<b>322,492,822.56</b>	<b>316,403,771.25</b>	<b>344,142,050.00</b>	<b>34,150,310.60</b>
16. Maintenance Expense - Production	29,181,571.13	30,872,277.89	45,097,378.00	2,999,837.88
17. Maintenance Expense - Transmission	3,347,673.93	3,735,560.70	2,994,692.00	337,995.46
18. Maintenance Expense - RTO/ISO	0.00	0.00	0.00	0.00
19. Maintenance Expense - Distribution	0.00	0.00	0.00	0.00
20. Maintenance Expense - General Plant	93,378.73	128,155.81	78,080.00	17,232.01
<b>21. Total Maintenance Expense (16 thru 20)</b>	<b>32,622,623.79</b>	<b>34,735,994.40</b>	<b>48,170,150.00</b>	<b>3,355,065.35</b>
22. Depreciation and Amortization Expense	26,373,902.54	30,852,045.09	31,298,645.00	3,563,617.13
23. Taxes	128,389.00	4,060.88	885.00	0.00
24. Interest on Long-Term Debt	34,450,455.53	33,718,885.21	33,472,584.00	3,704,032.49
25. Interest Charged to Construction - Credit	<449,625.00>	<578,619.00>	<404,165.00>	<70,061.00>
26. Other Interest Expense	58,956.39	54,969.04	0.00	12.35
27. Asset Retirement Obligations	0.00	0.00	0.00	0.00
28. Other Deductions	158,454.44	186,948.13	288,512.00	23,588.38
<b>29. Total Cost Of Electric Service (15 + 21 thru 28)</b>	<b>415,835,979.25</b>	<b>415,378,055.00</b>	<b>456,968,661.00</b>	<b>44,726,565.30</b>
<b>30. Operating Margins (4 less 29)</b>	<b>8,652,706.62</b>	<b>7,663,659.31</b>	<b>969,601.00</b>	<b>1,888,319.41</b>
31. Interest Income	131,802.42	403,329.18	49,390.00	347,353.18
32. Allowance For Funds Used During Construction	0.00	0.00	0.00	0.00
33. Income (Loss) from Equity Investments	0.00	0.00	0.00	0.00
34. Other Non-operating Income (Net)	9,288.48	0.00	0.00	0.00
35. Generation & Transmission Capital Credits	0.00	0.00	0.00	0.00
36. Other Capital Credits and Patronage Dividends	104,653.04	58,674.04	33,000.00	0.00
37. Extraordinary Items	0.00	0.00	0.00	0.00
<b>38. Net Patronage Capital Or Margins (30 thru 37)</b>	<b>8,898,450.56</b>	<b>8,125,662.53</b>	<b>1,051,991.00</b>	<b>2,235,672.59</b>

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION KY0062	
FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY PART A - FINANCIAL		PERIOD ENDED Sep-12	
INSTRUCTIONS - See help in the online application.			
SECTION B. BALANCE SHEET			
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	1,997,624,468.12	33. Memberships	75.00
2. Construction Work in Progress	44,936,428.33	34. Patronage Capital	
3. <b>Total Utility Plant (1 + 2)</b>	<b>2,042,560,896.45</b>	a. Assigned and Assignable	
4. Accum. Provision for Depreciation and Amort.	955,854,941.29	b. Retired This year	
5. <b>Net Utility Plant (3 - 4)</b>	<b>1,086,705,955.16</b>	c. Retired Prior years	
6. Non-Utility Property (Net)	0.00	d. <b>Net Patronage Capital (a-b-c)</b>	0.00
7. Investments in Subsidiary Companies	0.00	35. Operating Margins - Prior Years	<241,898,352.19>
8. Invest. in Assoc. Org. - Patronage Capital	3,680,691.11	36. Operating Margin - Current Year	7,722,333.35
9. Invest. in Assoc. Org. - Other - General Funds	43,840,793.00	37. Non-Operating Margins	639,400,866.38
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	0.00	38. Other Margins and Equities	<7,278,744.80>
11. Investments in Economic Development Projects	10,000.00	39. <b>Total Margins &amp; Equities (33 + 34d thru 38)</b>	<b>397,946,177.74</b>
12. Other Investments	5,333.85	40. Long-Term Debt - RUS (Net)	208,478,774.65
13. Special Funds	184,966,321.11	41. Long-Term Debt - FFB - RUS Guaranteed	0.00
14. <b>Total Other Property And Investments (6 thru 13)</b>	<b>232,503,139.07</b>	42. Long-Term Debt - Other - RUS Guaranteed	0.00
15. Cash - General Funds	5,487.70	43. Long-Term Debt - Other (Net)	639,871,979.94
16. Cash - Construction Funds - Trustee	0.00	44. Long-Term Debt - RUS - Econ. Devel. (Net)	0.00
17. Special Deposits	598,347.83	45. Payments - Unapplied	0.00
18. Temporary Investments	113,244,033.84	46. <b>Total Long-Term Debt (40 thru 44-45)</b>	<b>848,350,754.59</b>
19. Notes Receivable (Net)	0.00	47. Obligations Under Capital Leases - Noncurrent	0.00
20. Accounts Receivable - Sales of Energy (Net)	42,902,258.24	48. Accumulated Operating Provisions and Asset Retirement Obligations	25,211,763.08
21. Accounts Receivable - Other (Net)	1,221,298.17	49. <b>Total Other NonCurrent Liabilities (47 +48)</b>	<b>25,211,763.08</b>
22. Fuel Stock	32,352,421.05	50. Notes Payable	0.00
23. Renewable Energy Credits	0.00	51. Accounts Payable	26,999,758.72
24. Materials and Supplies - Other	26,016,994.36	52. Current Maturities Long-Term Debt	80,607,799.06
25. Prepayments	1,548,947.34	53. Current Maturities Long-Term Debt - Rural Development	0.00
26. Other Current and Accrued Assets	712,273.32	54. Current Maturities Capital Leases	0.00
27. <b>Total Current And Accrued Assets (15 thru 26)</b>	<b>218,602,061.85</b>	55. Taxes Accrued	824,402.73
28. Unamortized Debt Discount & Extraor. Prop. Losses	3,982,616.10	56. Interest Accrued	3,811,881.15
29. Regulatory Assets	0.00	57. Other Current and Accrued Liabilities	8,292,111.08
30. Other Deferred Debits	2,988,348.61	58. <b>Total Current &amp; Accrued Liabilities (50 thru 57)</b>	<b>120,535,952.74</b>
31. Accumulated Deferred Income Taxes	0.00	59. Deferred Credits	152,737,472.64
32. <b>Total Assets And Other Debits (5+14+27 thru 31)</b>	<b>1,544,782,120.79</b>	60. Accumulated Deferred Income Taxes	0.00
		61. <b>Total Liabilities and Other Credits (39 + 46 + 49 + 58 thru 60)</b>	<b>1,544,782,120.79</b>

RUS Financial and Operating Report Electric Power Supply Part A - Financial

Revision Date 2010