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March 23, 2007

Via Federal Express

Ms. Elizabeth O'Donnell
Executive Director
Public Service Commission
211 Sower Boulevard, P.O. Box 615
Frankfort, Kentucky 40602-0615

RECEIVED

MAR 26 2007

PUBLIC SERVICE
COMMISSION

Re: In the matter of: Notice of Big Rivers Electric Corporation of Change
in Rates, and Joint Application of Jackson Purchase Energy Corporation,
Kenergy Corp. and Meade County Rural Electric Cooperative Corporation to
Change Rates to Reflect Change in Wholesale Rates

Dear Ms. O'Donnell:

Case No. 7007-00176

Enclosed is a petition seeking confidential treatment of certain confidential information contained in Exhibit D to the Notice and Joint Application of Big Rivers Electric Corporation, Jackson Purchase Energy Corporation, Kenergy Corp. and Meade County Rural Electric Cooperative Corporation, which is being filed simultaneously with the petition for confidential treatment. One sealed copy of the Notice and Joint Application with the confidential information highlighted with transparent ink, and ten copies of the Notice and Joint Application with the confidential material redacted, are also enclosed for filing. Please include the following people on your service list in this matter:

For Big Rivers Electric Corporation:

David Spainhoward, VP of External Relations
and Interim Chief Production Officer
201 Third Street, P.O. Box 24
Henderson, Kentucky 42419-0024

James M. Miller, Esq.
Tyson Kamuf, Esq.
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Ms. Elizabeth O'Donnell

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For Jackson Purchase Energy Corporation:

Kelly Nuckols, President/CEO
Jackson Purchase Energy Corporation
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Paducah, KY 42002-4030

W. David Denton, Esq.
Denton & Keuler
Suite 301, 555 Jefferson Street
P.O. Box 929
Paducah, KY 40202-0929

For Kenergy Corp.:

Mark A. Bailey, President/CEO
Kenergy Corp.
P.O. Box 18
Henderson, KY 42419

Frank N. King, Jr., Esq.
Dorsey, King, Gray, Norment & Hopgood
318 Second Street
Henderson, Kentucky 42420

For Meade County Rural Electric Cooperative Corporation

Burns Mercer, President/CEO
Meade County R.E.C.C.
P. O. Box 489
Brandenburg, KY 40108

Tom Brite, Esq.
134 Court Square
Hardinsburg, Kentucky 40143

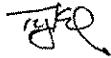
Ms. Elizabeth O'Donnell

March 23, 2007

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Thank you for your assistance in this matter. Please call if you have any questions.

Sincerely,



Tyson Kamuf

TAK/ej

Enclosures

cc: David Spainhoward (w/enclosure)
Michael H. Core (w/enclosure)
Mark Bailey (w/enclosure)
Kelly Nuckols (w/enclosure)
Burns Mercer (w/enclosure)
Frank N. King, Jr., Esq. (w/enclosure)
W. David Denton, Esq. (w/enclosure)
Tom Brite, Esq. (w/enclosure)
Attorney General, Office of Rate Intervention (w/enclosure)

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MAR 26 2007

PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the matter of:)
)
Notice of Big Rivers Electric Corporation of)
Change in Rates, and Joint Application of Jackson)
Purchase Energy Corporation, Kenergy Corp.)
and Meade County Rural Electric Cooperative)
Corporation to Change Rates to Reflect Change)
in Wholesale Rates)

Case No. 2007-00176

PETITION OF BIG RIVERS ELECTRIC CORPORATION
FOR CONFIDENTIAL TREATMENT

Big Rivers Electric Corporation ("Big Rivers") respectfully petitions the Kentucky Public Service Commission ("Commission") to classify and protect as confidential certain material contained in Exhibit D to the Notice and Joint Application filed with this petition (the "Confidential Information") pursuant to 807 KAR 5:001 Section 7. In support of this petition, Big Rivers states as follows:

1. The Confidential Information for which Big Rivers seeks confidential treatment is a description of the terms and conditions of a letter agreement dated August 22, 2005, between Weyerhaeuser Industries ("Weyerhaeuser") and Big Rivers under which Weyerhaeuser would sell and Big Rivers would purchase renewable resource energy.

2. Since the Confidential Information contains proprietary information regarding the terms on which Big Rivers has arranged to buy power from Weyerhaeuser, and the terms on which Weyerhaeuser is willing to sell, it falls within a category of commercial information "generally recognized as confidential or proprietary, which if openly disclosed would permit an unfair commercial advantage to competitors" of Big Rivers. KRS 61.878(1)(c)(1); 807 KAR 5:001 Section 7(2)(a)(1). The Confidential Information is also "generally recognized as

1 confidential or proprietary” because the Big Rivers-Weyerhaeuser agreement contains a
2 confidentiality provision limiting the ability of the parties to disclose its terms.

3 3. The material for which Big Rivers is seeking confidential treatment is not known
4 outside of a limited group of entities: Big Rivers, its three distribution cooperative members,
5 Weyerhaeuser, and Domtar Paper Company, LLC (“Domtar”). Weyerhaeuser assigned the
6 agreement to Domtar on March 5, 2007. Moreover, the material has not been disseminated
7 within those entities except to those employees and professionals with a legitimate business need
8 to know and act upon the information.

9 4. One (1) sealed copy of the Notice and Joint Application containing the
10 Confidential Information, with the Confidential Information highlighted with transparent ink,
11 and ten (10) copies of the Notice and Joint Application with the Confidential Information
12 redacted, are attached to this petition. 807 KAR 5:001 Sections 7(2)(a)(2), 7(2)(b).

13 5. This petition and a copy of the Notice and Joint Application, with only those
14 portions for which confidentiality is sought obscured, have been served on all parties. 807 KAR
15 5:001 Section 7(2)(c).

16 6. If and to the extent that any of the Confidential Information becomes generally
17 available to the public, whether through filings required by other agencies or otherwise, Big
18 Rivers will notify the Commission and have its confidential status removed. 807 KAR 5:001
19 Section 7(9)(a).

20 WHEREFORE, Big Rivers respectfully requests that the Commission classify and protect
21 as confidential the Confidential Information filed with this petition.

22 On this the 23rd day of March, 2007.

23

SULLIVAN, MOUNTJOY, STAINBACK
& MILLER, P.S.C.



James M. Miller
Tyson Kamuf
100 St. Ann Building, P. O. Box 727
Owensboro, Kentucky 42302-0727
(270) 926-4000
Counsel for Big Rivers Electric Corporation,
Jackson Purchase Energy Corporation, Kenergy
Corp., and Meade County Rural Electric
Cooperative Corporation

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MAR 26 2007

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the matter of:)
)
Notice of Big Rivers Electric Corporation of)
Change in Rates, and Joint Application of Jackson)
Purchase Energy Corporation, Kenergy Corp.)
and Meade County Rural Electric Cooperative)
Corporation to Change Rates to Reflect Change)
in Wholesale Rates)

Case No. 2007-00176

NOTICE AND JOINT APPLICATION

I. INTRODUCTION

1. Big Rivers Electric Corporation ("Big Rivers") gives the Public Service Commission ("Commission") notice of its intent ("Notice") to implement a new, wholesale renewable resource energy tariff rider under which Big Rivers will make renewable resource energy available to its three member cooperatives: Jackson Purchase Energy Corporation ("JPEC"), Kenergy Corp. ("Kenergy"), and Meade County Rural Electric Cooperative Corporation ("Meade") (collectively, the "Member Cooperatives"). The Member Cooperatives join in this application ("Joint Application") seeking the necessary additions to their respective retail tariffs to make renewable resource energy available to their retail member-consumers. Big Rivers and the Member Cooperatives are collectively referred to in this Notice and Joint Application as "Applicants."

2. Big Rivers is a rural electric cooperative corporation organized under KRS Chapter 279. Its address is P.O. Box 24, 201 Third Street, Henderson, Kentucky, 42419. 807 KAR 5:001 Section 8(1). The articles of incorporation of Big Rivers, and all amendments thereto, are attached as Exhibit 1 to the Application of Big Rivers in *In the Matter of: Application of Big Rivers Electric Corporation, LG&E Energy Marketing Inc., Western*

1 *Kentucky Energy Corp., WKE Station Two Inc., and WKE Corp., Pursuant to the Public Service*
2 *Commission Orders in Case Nos. 99-450 and 2000-095, for Approval of Amendments to Station*
3 *Two Agreements*, PSC Case No. 2005-00532. 807 K.A.R. 5:001 Section 8(3).

4 3. Big Rivers owns generating assets, and purchases, transmits and sells electricity at
5 wholesale. Its principal purpose is to provide the wholesale electricity requirements of the
6 Member Cooperatives. The Member Cooperatives in turn provide retail electric service to
7 approximately 107,000 consumer/members located in 22 Western Kentucky Counties: Ballard,
8 Breckenridge, Caldwell, Carlisle, Crittenden, Daviess, Graves, Grayson, Hancock, Hardin,
9 Henderson, Hopkins, Livingston, Lyon, Marshall, McCracken, McLean, Meade, Muhlenberg,
10 Ohio, Union, and Webster.

11 4. JPEC is a rural electric cooperative corporation organized under KRS Chapter
12 279. Its address is P.O. Box 4030, 2900 Irvin Cobb Drive, Paducah, Kentucky 42002-4030. 807
13 KAR 5:001 Section 8(1); 807 KAR 5:007 Section 1(2). The articles of incorporation of JPEC
14 and all amendments thereto were filed with the Commission in *In the Matter of Jackson*
15 *Purchase Electric Cooperative Corporation*, PSC Case No. 97-224. 807 KAR 5:001 Section
16 8(3).

17 5. Kenergy is a rural electric cooperative corporation organized under KRS Chapter
18 279. Its address is P.O. Box 18, 6402 Old Corydon Road, Henderson, Kentucky 42419. 807
19 KAR 5:001 Section 8(1); 807 KAR 5:007 Section 1(2). The articles of consolidation of Kenergy
20 were filed with the Commission in *In the Matter of the Application of Green River Electric*
21 *Corporation and Henderson Union Electric Cooperative Corp. for Approval of Consolidation*,
22 PSC Case No. 99-136. 807 KAR 5:001 Section 8(3).

1 6. Meade is a rural electric cooperative corporation organized under KRS Chapter
2 279. Its address is P.O. Box 489, 1351 Hwy. 79, Brandenburg, Kentucky 40108-0489. 807
3 KAR 5:001 Section 8(1); 807 KAR 5:007 Section 1(2). The articles of incorporation of Meade
4 and all amendments thereto were filed with the Commission in *Adjustment of Rates of Meade*
5 *County Rural Electric Cooperative Corporation*, PSC Case No. 93-033. 807 KAR 5:001 Section
6 8(3).

7 7. This Notice and Joint Application and the supporting Exhibits, which are
8 incorporated herein by reference, contain fully the facts on which the relief requested by the
9 Applicants is based. The relief requested by Big Rivers and the Member Cooperatives, and the
10 authority for that relief are stated in Paragraphs 14, 16, and 18 herein. 807 KAR 5:001 Section
11 8(1).

12 **II. NOTICE AND RELIEF REQUESTED BY BIG RIVERS**
13

14 8. Big Rivers notifies the Commission pursuant to KRS 278.180(1) and 807 KAR
15 5:011, that it has, on March 23, 2007, issued and filed with the Commission a new wholesale
16 renewable resource energy tariff rider (the "Wholesale Rider"), PSC No. 23, Original Sheet Nos.
17 75, 76 and 77, with an effective date of May 1, 2007. The Wholesale Rider is attached hereto as
18 Exhibit A. This new tariff rider does not effect a general adjustment in rates, and is offered only
19 as an optional, voluntary rider applicable to certain Big Rivers existing tariff rates.

20 9. At the request of its Member Cooperatives, and to add a source of renewable
21 resource energy to its power supply portfolio, in 2005 Big Rivers sought a wholesale source of
22 renewable resource energy. After pursuing several alternatives, Big Rivers reached an
23 agreement with Weyerhaeuser Industries ("Weyerhaeuser")¹ to purchase renewable resource

¹ Weyerhaeuser Industries assigned its agreement with Big Rivers to Domtar Paper Company, LLC on March 5, 2007.

1 energy generated from Weyerhaeuser's waste steam generator, which uses wood waste and wood
2 residue as fuel. Wood waste and wood residue are biomass fuels that are generally considered to
3 be renewable resources. *See e.g.*, H.R. 1294, 108th Cong. (2003) and 26 U.S.C. § 45 (copies of
4 which are attached hereto as Exhibits B and C, respectively). Because the terms of the
5 Weyerhaeuser-Big Rivers wholesale renewable resource energy agreement are confidential, that
6 agreement is described in Exhibit D, attached hereto, for which confidential treatment is being
7 sought in a separate petition. Big Rivers believes that the amount of renewable resource energy
8 being purchased under the contract with Weyerhaeuser is more than adequate to meet the
9 anticipated requirements of the Member Cooperatives.

10 10. Big Rivers' Wholesale Rider offers renewable resource energy to Big Rivers'
11 Member Cooperatives at the same demand rate that is contained in the existing tariffs to which it
12 applies, but changes the energy rate charged under those tariffs to \$0.055 per kilowatt hour. Big
13 Rivers' demand charge under its existing tariffs remains unchanged for sales of renewable
14 resource energy because Big Rivers' fixed costs will not change as a result of its purchase and
15 delivery of renewable resource energy. The change in the energy rate is related to the price Big
16 Rivers pays for its supply of renewable resource energy, and its derivation is explained along
17 with the confidential terms of the Weyerhaeuser agreement in Exhibit D to this Joint
18 Application. Big Rivers' pricing of renewable resource energy under the Wholesale Rider
19 allows a reasonable recovery of expenses associated with this initial offering of energy from a
20 non-fossil fuel source.

21 11. The Wholesale Rider is optional and voluntary, allowing a Member Cooperative
22 to purchase renewable resource energy for only those retail customers who choose to purchase
23 renewable resource energy from the Member Cooperative. Renewable resource energy must be

1 purchased by a retail customer from a Member Cooperative in 100 kWh blocks per month under
2 a Big Rivers-approved retail contract that has a term of not less than one year. Kilowatt hours of
3 renewable resource energy purchased by a Member Cooperative are treated as the first kilowatt
4 hours delivered by Big Rivers to the Member Cooperative during the billing month. If a
5 Member Cooperative's retail contract for renewable resource energy service to a retail member-
6 consumer terminates in less than a year after it is made, the Member Cooperative may terminate
7 its obligation to Big Rivers for the wholesale supply of renewable resource energy to support that
8 retail contract. Offering renewable resource energy in 100 kWh blocks, and requiring a retail
9 purchase commitment of at least one year on the terms described are reasonable requirements to
10 improve the efficiency with which this renewable resource energy project can be administered.

11 12. The table attached hereto as Exhibit E lists the existing Big Rivers tariffs affected
12 by the Wholesale Rider.

13 13. Notice to the public of the issuing of Big Rivers' Wholesale Rider has been given
14 in all respects as required by 807 KAR 5:011 Section 8, as follows: On this date, typewritten
15 notice of the Wholesale Rider was mailed to each of Big Rivers' three Member Cooperatives. A
16 copy of that notice is attached hereto as Exhibit F. Also on this date, the Wholesale Rider was
17 exhibited for public inspection at Big Rivers' offices at 201 Third Street, Henderson, Kentucky
18 42420, and will be kept open to public inspection at said office in conformity with the
19 requirements of 807 KAR 5:011 Section 8. 807 KAR 5:011 Sections 6 and 8.

20 14. Big Rivers requests that the Commission accept and approve the Wholesale Rider,
21 without change or suspension. The authority for this relief is found in KRS 278.180, 807 KAR
22 5:011 Section 6(3)(b), and related sections. 807 KAR 5:001 Section 8(1).

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24

1 **III. RELIEF REQUESTED BY THE MEMBER COOPERATIVES**

2
3 15. Each Member Cooperative is issuing its own retail renewable resource energy
4 tariff rider providing for retail renewable resource energy service. They are jointly seeking the
5 Commission's approval of those tariff riders in this proceeding. The renewable resource energy
6 purchased by the Member Cooperatives under the Wholesale Rider will supplant energy that
7 would have otherwise been purchased by them under Big Rivers' existing tariffs at standard
8 tariff rates. Therefore, the net cost to the Member Cooperatives for renewable resource energy is
9 the difference between the wholesale rate for renewable resource energy and the standard energy
10 rate in the applicable Big Rivers tariff, adjusted for losses. The rate charged under the retail
11 renewable resource energy tariff riders will be a charge in addition to the rates charged under
12 existing tariffs to reflect and flow through the change in the wholesale energy rate. The Member
13 Cooperatives' revenue requirements are provided through the existing rate structures. Moreover,
14 the retail renewable resource energy tariff riders are voluntary. A retail customer of a Member
15 Cooperative requesting renewable resource energy service will be required to enter into a
16 contract agreeing to purchase renewable resource energy in blocks of 100 kWh for a period of
17 not less than one year. For the foregoing reasons, the new retail tariff riders will result in no
18 change in the rate design currently in effect, the revenue change is allocated to each class and
19 within each tariff on a proportional basis, and the tariff riders fall under the authority of KRS
20 278.455(2). 807 KAR 5:007 Section 1(3) and (5).

21 16. The rates applicable under each Member Cooperative's retail renewable resource
22 energy tariff rider are discussed separately below. Because each Member Cooperative's retail
23 renewable resource energy tariff rider is a new tariff rider, there are no current rates to compare
24 with the proposed rates. For that reason, and to the extent necessary, the Member Cooperatives

1 ask the Commission for a deviation from the filing requirement found in 807 KAR 5:007 Section
2 1(4), which requires a comparison of current and proposed rates. Such relief was granted to Big
3 Rivers in the Commission's Order dated August 16, 2000, in *Re Big Rivers Electric Corporation*,
4 PSC Case No. 2000-382, and was granted for the same reason.

5 17. A complete copy of this Joint Application and all other materials sent to the
6 Commission has been sent to the Attorney General's Office of Rate Intervention. 807 KAR
7 5:007 Section 2; 807 KAR 5:007 Section 1(6).

8 18. The Member Cooperatives request that the Commission approve of their
9 respective changes in rates to reflect Big Rivers' new Wholesale Rider. The authority for this
10 relief is found in KRS 278.455(2) and 807 KAR 5:007 Section 2. 807 KAR 5:001 Section 1.

11 **A. JPEC's Renewable Resource Energy Tariff Rider**

12 19. JPEC's renewable resource energy tariff rider (the "JPEC Tariff Rider"), PSC No.
13 ____, Original Sheet Nos. G1 and G2, issued March 23, 2007, with an effective date of May 1,
14 2007, is attached hereto as Exhibit G. 807 KAR 5:007 Section 2(1).

15 20. As discussed above, the Wholesale Rider replaces the wholesale energy rate
16 charged to JPEC under existing wholesale tariffs, with no change in the demand charge under
17 those wholesale tariffs. As such, the only additional cost incurred by JPEC is the energy rate
18 under the Wholesale Rider minus the current wholesale energy rate, adjusted for distribution line
19 losses. Therefore, the rate under the JPEC Tariff Rider is a charge of \$.03650 per kwh in
20 addition to the current rates charged under an applicable retail rate schedule. That rate reflects
21 and flows through the change in the wholesale energy rate. Exhibit H attached hereto shows the
22 methodology and calculations employed by JPEC in developing its rate under the JPEC Tariff
23 Rider.

1 21. The table attached hereto as Exhibit I lists the existing JPEC tariffs affected by the
2 JPEC Tariff Rider. The rider is applicable to all existing rate schedules.

3 22. Notice of the rate change pursuant to 807 KAR 5:007 Section 3 has been given,
4 not more than thirty (30) days prior to the filing of this Joint Application, by publication in a
5 newspaper of general circulation in the affected area. 807 KAR 5:007 Section 1(7).

6 23. A copy of the notice given by JPEC is attached hereto as Exhibit J. 807 KAR
7 5:007 Section 1(8).

8 **B. Kenergy's Renewable Resource Energy Tariff Rider**

9 24. Kenergy's renewable resource energy tariff rider (the "Kenergy Tariff Rider"),
10 PSC No. 1, Original Sheet Nos. 23, 23A, 23B, 23C, 23D, 23E, Third Revised Sheet No. 119A
11 canceling Second Revised Sheet No. 119A, Third Revised Sheet No. 119B canceling Second
12 Revised Sheet No. 119B, Original Sheet No. 119C, Original Sheet No. 119D, and Original Sheet
13 No. 119E, issued March 23, 2007, with an effective date of May 1, 2007, is attached hereto as
14 Exhibit K. 807 KAR 5:007 Section 2(1).

15 25. As discussed above, the Wholesale Rider replaces the wholesale energy rate
16 charged to Kenergy under existing wholesale tariffs, with no change in the demand charge under
17 those wholesale tariffs. As such, the only additional cost incurred by Kenergy is the energy rate
18 under the Wholesale Rider minus the current wholesale energy rate, adjusted for distribution line
19 losses. Therefore, the rate under the Kenergy Tariff Rider is a charge of \$.0346 per kwh for
20 customers served under Rate Schedules 1, 2, 3, 4, 11, 12, 13, and 14, and \$.041285 for customers
21 served under Rate Schedules 31, 32, and 41. The rates under the Kenergy Tariff Rider are in
22 addition to the current rates charged under the applicable rate schedule, and they reflect and flow
23 through the change in the wholesale energy rate. Exhibit L attached hereto shows the

1 methodology and calculations employed by Kenergy in developing its rates under the Kenergy
2 Tariff Rider.

3 26. The table attached hereto as Exhibit M lists the existing Kenergy tariffs affected
4 by the Kenergy Tariff Rider. The rider is applicable to all existing rate schedules.

5 27. Notice of the rate change pursuant to 807 KAR 5:007 Section 3 has been given,
6 not more than thirty (30) days prior to the filing of this Joint Application, by publication in a
7 newspaper of general circulation in the affected area. 807 KAR 5:007 Section 1(7).

8 28. A copy of the notice given by Kenergy is attached hereto as Exhibit N. 807 KAR
9 5:007 Section 1(8).

10 **C. Meade's Renewable Resource Energy Tariff Rider**

11 29. Meade's renewable resource energy tariff rider (the "Meade Tariff Rider"), PSC
12 No. ____, Original Sheet Nos. 52, 53, and 54, issued March 23, 2007, with an effective date of
13 May 1, 2007, is attached hereto as Exhibit O. 807 KAR 5:007 Section 2(1).

14 30. As discussed above, the Wholesale Rider replaces the wholesale energy rate
15 charged to Meade under existing wholesale tariffs, with no change in the demand charge under
16 those wholesale tariffs. As such, the only additional cost incurred by Meade is the energy rate
17 under the Wholesale Rider minus the current wholesale energy rate, adjusted for distribution line
18 losses. Therefore, the rate under the Meade Tariff Rider is a charge of \$.03681 per kwh in
19 addition to the current rates charged under an applicable rate schedule. That rate reflects and
20 flows through the change in the wholesale energy rate. Exhibit P attached hereto shows the
21 methodology and calculations employed by Meade in developing its rate under the Meade Tariff
22 Rider.

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EXHIBIT A.....	Big Rivers' Renewable Resource Energy Tariff Rider
EXHIBIT B.....	H.R. 1294, 108 th Cong. (2003)
EXHIBIT C.....	26 U.S.C. § 45
EXHIBIT D.....	Description of Wholesale Contract for Renewable Energy
EXHIBIT E.....	Big Rivers Rate Schedules Affected by Renewable Resource Energy Tariff Rider
EXHIBIT F.....	Notice to Big Rivers' Members
EXHIBIT G.....	JPEC's Renewable Resource Energy Tariff Rider
EXHIBIT H.....	Development of JPEC's Rate
EXHIBIT I.....	JPEC Rate Schedules Affected by Renewable Resource Energy Tariff Rider
EXHIBIT J.....	Notice to JPEC's Customers
EXHIBIT K.....	Kenergy's Renewable Resource Energy Tariff Rider
EXHIBIT L.....	Development of Kenergy's Rate
EXHIBIT M.....	Kenergy Rate Schedules Affected by Renewable Resource Energy Tariff Rider
EXHIBIT N.....	Notice to Kenergy's Customers
EXHIBIT O.....	Meade's Renewable Resource Energy Tariff Rider
EXHIBIT P.....	Development of Meade's Rate
EXHIBIT Q.....	Meade Rate Schedules Affected by Renewable Resource Energy Tariff Rider
EXHIBIT R.....	Notice to Meade's Customers



For All Territory Served By
Cooperative's Transmission System

PSC No. 23
Original Sheet No. 75
Cancelling _____ Sheet No. _____

RULES AND REGULATIONS

13. RENEWABLE RESOURCE ENERGY SERVICE TARIFF RIDER

a. Applicability:

Applicable in all territory served by Big Rivers' member cooperatives.

b. Availability:

Renewable Resource Energy service is available in accordance with the terms of this tariff rider to any Big Rivers Member purchasing wholesale power for delivery at any Rural Delivery Point or Large Industrial Customer Delivery Point on its system under Rate Schedule C.4.d., Rate Schedule C.7.c. or Rate Schedule 10, subject to Big Rivers' general rules and regulations on file with the Public Service Commission of Kentucky. For purposes of this renewable resource energy service tariff rider, (i) the term "Renewable Resource Energy" means electric energy generated from solar, wind, ocean, geothermal energy, biomass, or landfill gas, and (ii) the term "biomass" means any organic material that is available on a renewable or recurring basis, including dedicated energy crops, trees grown for energy production, wood waste and wood residues, plants (including aquatic plants, grasses, and agricultural crops), residues, fibers, animal wastes and other organic waste materials (but not including unsegregated municipal solid waste (garbage)), and fats and oils.

c. Conditions of Service:

- (1) Renewable Resource Energy service availability is contingent upon Big Rivers' ability to purchase a wholesale supply of Renewable Resource Energy in the quantity and at the quality requested by a Member Cooperative.

Date of Issue March 23, 2007 Date Effective May 1, 2007
Issued By Big Rivers Electric Corporation, P.O. Box 24, Henderson, KY 42420



For All Territory Served By
Cooperative's Transmission System

PSC No. 23
Original Sheet No. 76
Sheet No. _____

Cancelling _____

RULES AND REGULATIONS

(2) Big Rivers will make Renewable Resource Energy service available to a Member to support a contract for Renewable Resource Energy service entered into between a Member and one of its retail members, and approved by Big Rivers. That contract must commit the Member to sell, and the retail member to buy, Renewable Resource Energy in a specified number of 100 kWh blocks per month for a period of not less than one year. Upon approval of the contract by Big Rivers, the purchase and payment obligations of the retail member stated in that contract (less any retail mark-up of the Member) will become the wholesale take-or-pay obligation of the Member to Big Rivers, until (i) the retail member contract expires by its own terms, or (ii) the termination date for the contract of the retail member specified in a written notice from the Member to Big Rivers, which date is a date no earlier than the date on which the written notice from the Member is received by Big Rivers.

d. Monthly Rate:

The monthly rate for Renewable Resource Energy is the rate in the rate schedule under which the Member is purchasing electricity for its retail member who contracts to purchase Renewable Resource Energy, except that the energy rate is: \$5.50 per 100 kWh block (\$0.055 per kWh), subject to any adjustment, surcharge or surcredit that is or may become applicable under that wholesale rate schedule. This rate charged to a Member for a kWh of Renewable Resource Energy is in lieu of the energy rate that would otherwise be applicable to that energy purchase under Rate Schedule C.4.d.(2), Rate Schedule C.7.c.(2)(b) or Rate Schedule 10. Renewable Resource Energy purchased by a Member in any month will be conclusively presumed to be the first kilowatt hours delivered to that Member in that month.

e. Billing:

Sales of Renewable Resource Energy are subject to the terms of service and payment of the wholesale rate schedule under which Renewable Resource Energy is purchased.

Date of Issue March 23, 2007 Date Effective May 1, 2007
Issued By Big Rivers Electric Corporation, P.O. Box 24, Henderson, KY 42420



For All Territory Served By
Cooperative's Transmission System

PSC No. 23
Original Sheet No. 77
Sheet No. _____

Cancelling _____

RULES AND REGULATIONS

f. Member Discount Adjustment Rider:

Revenue collected by Big Rivers under this Renewable Resource Energy tariff for service to its Member Cooperatives for all Rural Delivery Points and Large Industrial Customer Delivery Points served under Rate Schedule C.4.d. and Rate Schedule C.7., respectively, will be included in Unadjusted Billing Revenues for purposes of the Member Discount Adjustment Rider.

Date of Issue March 23, 2007 Date Effective May 1, 2007
Issued By Big Rivers Electric Corporation, P.O. Box 24, Henderson, KY 42420

To amend title VI of the Public Utility Regulatory Policies Act of 1978 to establish a Federal renewable energy portfolio standard for certain retail electric utilities, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

March 13, 2003

Mr. Udall of New Mexico (for himself, Mr. Udall of Colorado, Mr. Waxman, Mr. George Miller of California, Mr. Tierney, Mr. Owens, Mr. Hinchey, Mr. Cardin, Mr. Berman, Mr. Leach, and Mr. Pallone) introduced the following bill; which was referred to the Committee on Energy and Commerce

A BILL

To amend title VI of the Public Utility Regulatory Policies Act of 1978 to establish a Federal renewable energy portfolio standard for certain retail electric utilities, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. FEDERAL RENEWABLE PORTFOLIO STANDARD.

Title VI of the Public Utility Regulatory Policies Act of 1978 is amended by adding at the end the following:

SEC. 609. FEDERAL RENEWABLE PORTFOLIO STANDARD.

(a) Minimum Renewable Generation Requirement.--For each calendar year beginning in calendar year 2005, each retail electric supplier shall submit to the Secretary, not later than April 1 of the following calendar year, renewable energy credits in an amount equal to the required annual percentage specified in subsection (b).

(b) Required Annual Percentage.--For calendar years 2005 through 2035, the required annual percentage of the retail electric supplier's base amount that shall be generated from renewable energy resources, or otherwise credited towards such percentage requirement pursuant to subsection (c), shall be the percentage specified in the following table:

Calendar Years	Required annual percentage
2006.....	1

2007.....	2
2008.....	3
2009.....	4
2010.....	5
2011.....	6
2012.....	7
2013.....	8
2014.....	9
2015.....	10
2016.....	11
2017.....	12
2018.....	13
2019.....	14
2020.....	15
2021.....	16
2022.....	17
2023.....	18
2024.....	19
2025.....	20

“(c) Renewable Energy Credits.--(1) A retail electric supplier may satisfy the requirements of subsection (a) through the submission of renewable energy credits--

“(A) issued to the retail electric supplier under subsection (d);

“(B) obtained by purchase or exchange under subsection (e) or (g); or

“(C) borrowed under subsection (f).

“(2) A renewable energy credit may be counted toward compliance with subsection (a) only once.

“(d) Issuance of Credits.--(1) The Secretary shall establish by rule, not later than 1 year after the date of enactment of this section, a program to verify and issue renewable energy credits, track their sale, exchange and submission, and enforce the requirements of this section.

“(2) An entity that generates electric energy through the use of a renewable energy resource may apply to the Secretary for the issuance of renewable energy credits. The applicant must demonstrate that the electric energy will be transmitted onto the grid or, in the case of a generation offset, that the electric energy offset would have otherwise been consumed on site. The application shall indicate--

“(A) the type of renewable energy resource used to produce the electricity;

“(B) the location where the electric energy was produced; and

“(C) any other information the Secretary determines appropriate.

“(3) (A) Except as provided in subparagraphs (B), (C), and (D), the Secretary shall issue to each entity that generates electric energy one renewable energy credit for each kilowatt hour of electric energy the entity generates from the date of enactment of this section and in each subsequent calendar year through the use of a renewable energy resource at an eligible facility.

“(B) For incremental hydropower the renewable energy credits shall be calculated based on the expected increase in average annual generation resulting from the efficiency improvements or capacity additions. The number of credits shall be calculated using the same water flow information used to determine a historic average annual

generation baseline for the hydroelectric facility and certified by the Secretary or the Federal Energy Regulatory Commission. The calculation of the renewable energy credits for incremental hydropower shall not be based on any operational changes at the hydroelectric facility not directly associated with the efficiency improvements or capacity additions.

((C) The Secretary shall issue two renewable energy credits for each kilowatt hour of electric energy generated and supplied to the grid in that calendar year through the use of a renewable energy resource at an eligible facility located on Indian land. For purposes of this paragraph, renewable energy generated by biomass cofired with other fuels is eligible for two credits only if the biomass was grown on such land.

((D) For electric energy generated by a renewable energy resource at an on-site eligible facility, used to offset part or all of the customer's requirements for electric energy, the Secretary shall issue three renewable energy credits for each kilowatt hour generated.

((E) In the case of a retail electric supplier that is subject to a State renewable standard program that--

((i) requires the generation of electricity from renewable energy; or

((ii) provides for alternative compliance payments in satisfaction of applicable State requirements under the program,

the Secretary shall issue an amount of renewable energy credits equal to the amount of renewable energy credits that the Secretary would have issued had a payment of the same amount been made to the Secretary under subsection (g). Such renewable energy credits may be applied against the retail electric supplier's own required annual percentage or may be transferred for use only by an associate company of the retail electric supplier.

((F) To be eligible for a renewable energy credit, the unit of electric energy generated through the use of a renewable energy resource may be sold or may be used by the generator. If both a renewable energy resource and a non-renewable energy resource are used to generate the electric energy, the Secretary shall issue renewable energy credits based on the proportion of the renewable energy resources used. The Secretary shall identify renewable energy credits by type and date of generation.

((4) When a generator sells electric energy generated through the use of a renewable energy resource to a retail electric supplier under a contract subject to section 210 of this Act, the retail electric supplier is treated as the generator of the electric energy for the purposes of this section or the duration of the contract.

((5) The Secretary shall issue renewable energy credits for existing facility offsets to be applied against a retail electric supplier's required annual percentage. Such credits are not tradeable and may be used only in the calendar year generation actually occurs.

((e) Renewable Energy Credit Trading.--A renewable energy credit, may be sold, transferred or exchanged by the entity to whom issued or by any other entity who acquires the renewable energy credit, except for those renewable energy credits issued pursuant to subsection (d)(3)(E). A renewable energy credit for any year that is not used to satisfy the minimum renewable generation requirement of subsection (a) for that year may be carried forward for use within the next 4 years.

((f) Renewable Energy Credit Borrowing.--At any time before the end of calendar year 2005, a retail electric supplier that has reason

to believe it will not have sufficient renewable energy credits to comply with subsection (a) may--

((1) submit a plan to the Secretary demonstrating that the retail electric supplier will earn sufficient credits within the next 3 calendar years which, when taken into account, will enable the retail electric supplier to meet the requirements of subsection (a) for calendar year 2005 and the subsequent calendar years involved; and

((2) upon the approval of the plan by the Secretary, apply renewable energy credits that the plan demonstrates will be earned within the next 3 calendar years to meet the requirements of subsection (a) for each calendar year involved.

The retail electric supplier must repay all of the borrowed renewable energy credits by submitting an equivalent number of renewable energy credits, in addition to those otherwise required under subsection (a), by calendar year 2008 or any earlier deadlines specified in the approved plan. Failure to repay the borrowed renewable energy credits shall subject the retail electric supplier to civil penalties under subsection (h) for violation of the requirements of subsection (a) for each calendar year involved.

((g) Credit Cost Cap.-- The Secretary shall offer renewable energy credits for sale at the lesser of 3 cents per kilowatt-hour or 200 percent of the average market value of renewable credits for the applicable compliance period. On January 1 of each year following calendar year 2005, the Secretary shall adjust for inflation the price charged per credit for such calendar year, based on the Gross Domestic Product Implicit Price Deflator.

((h) Enforcement.--A retail electric supplier that does not submit renewable energy credits as required under subsection (a) shall be liable for the payment of a civil penalty. That penalty shall be calculated on the basis of the number of renewable energy credits not submitted, multiplied by the lesser of 4.5 cents or 300 percent of the average market value of credits for the compliance period. Any such penalty shall be due and payable without demand to the Secretary as provided in the regulations issued under subsection (d).

((i) Information Collection.--The Secretary may collect the information necessary to verify and audit--

((1) the annual electric energy generation and renewable energy generation of any entity applying for renewable energy credits under this section;

((2) the validity of renewable energy credits submitted by a retail electric supplier to the Secretary; and

((3) the quantity of electricity sales of all retail electric suppliers.

((j) Environmental Savings Clause.--Incremental hydropower shall be subject to all applicable environmental laws and licensing and regulatory requirements.

((k) Existing Programs.--(1) This section does not preclude a State from imposing additional renewable energy requirements in that State, including specifying eligible technologies under such State requirements.

((2) In the rule establishing this program, the Secretary shall incorporate common elements of existing renewable energy programs, including state programs, to ensure administrative ease, market transparency and effective enforcement. The Secretary shall work with the States to minimize administrative burdens and costs and to avoid duplicating compliance charges to retail electric suppliers.

``(1) Definitions.--For purposes of this section:

``(1) Biomass.--The term `biomass' means any organic material that is available on a renewable or recurring basis, including dedicated energy crops, trees grown for energy production, wood waste and wood residues, plants (including aquatic plants, grasses, and agricultural crops), residues, fibers, animal wastes and other organic waste materials (but not including unsegregated municipal solid waste (garbage)), and fats and oils, except that with respect to material removed from National Forest System lands the term includes only organic material from--

``(A) precommercial thinnings;

``(B) slash;

``(C) brush; and

``(D) mill residues.

``(2) Eligible facility.--The term `eligible facility' means--

``(A) a facility for the generation of electric energy from a renewable energy resource that is placed in service on or after the date of enactment of this section or the effective date of the applicable State renewable portfolio standard program; or

``(B) a repowering or cofiring increment that is placed in service on or after the date of enactment of this section or the effective date of the applicable State renewable portfolio standard program, at a facility for the generation of electric energy from a renewable energy resource that was placed in service before that date.

``(3) Existing facility offset.--The term `existing facility offset' means renewable energy generated from an existing facility, not classified as an eligible facility, that is owned or under contract, directly or indirectly, to a retail electric supplier on the date of enactment of this section.

``(4) Incremental hydropower.--The term `incremental hydropower' means additional generation that is achieved from increased efficiency or additions of capacity on or after the date of enactment of this section or the effective date of the applicable State renewable portfolio standard program, at a hydroelectric facility that was placed in service before that date.

``(5) Indian land.--The term `Indian land' means--

``(A) any land within the limits of any Indian reservation, pueblo, or rancheria;

``(B) any land not within the limits of any Indian reservation, pueblo, or rancheria title to which was on the date of enactment of this paragraph either held by the United States for the benefit of any Indian tribe or individual or held by any Indian tribe or individual subject to restriction by the United States against alienation;

``(C) any dependent Indian community; and

``(D) any land conveyed to any Alaska Native corporation under the Alaska Native Claims Settlement Act.

``(6) Indian tribe.--The term `Indian tribe' means any Indian tribe, band, nation, or other organized group or community, including any Alaskan Native village or regional or

village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.), which is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians.

``(7) Renewable energy.--The term 'renewable energy' means electric energy generated by a renewable energy resource.

``(8) Renewable energy resource.--The term 'renewable energy resource' means solar (including solar water heating), wind, ocean, geothermal energy, biomass, landfill gas, or incremental hydropower.

``(9) Repowering or cofiring increment.--The term 'repowering or cofiring increment' means--

``(A) the additional generation from a modification that is placed in service on or after the date of enactment of this section or the effective date of the applicable State renewable portfolio standard program, to expand electricity production at a facility used to generate electric energy from a renewable energy resource or to cofire biomass that was placed in service before the date of enactment of this section or the effective date of the applicable State renewable portfolio standard program; or

``(B) the additional generation above the average generation in the 3 years preceding the date of enactment of this section or the effective date of the applicable State renewable portfolio standard program, to expand electricity production at a facility used to generate electric energy from a renewable energy resource or to cofire biomass that was placed in service before the date of enactment of this section or the effective date of the applicable State renewable portfolio standard program.

``(10) Retail electric supplier.--The term 'retail electric supplier' means a person that sells electric energy to electric consumers and sold not less than 1,000,000 megawatt-hours of electric energy to electric consumers for purposes other than resale during the preceding calendar year; except that such term does not include the United States, a State or any political subdivision of a State, or any agency, authority, or instrumentality of any one or more of the foregoing, or a rural electric cooperative.

``(11) Retail electric supplier's base amount.--The term 'retail electric supplier's base amount' means the total amount of electric energy sold by the retail electric supplier, expressed in terms of kilowatt hours, to electric customers for purposes other than resale during the most recent calendar year for which information is available, excluding electric energy generated by a hydroelectric facility.

``(m) Recovery of Costs.--An electric utility whose sales of electric energy are subject to rate regulation, including any utility whose rates are regulated by the Commission and any State regulated electric utility, shall not be denied the opportunity to recover the full amount of the prudently incurred incremental cost of renewable energy obtained to comply with the requirements of subsection (a) for sales to electric customers which are subject to rate regulation, notwithstanding any other law, regulation, rule, administrative order

or any agreement between the electric utility and either the Commission or a State regulatory authority. For the purpose of this subsection, the term 'incremental cost of renewable energy' means--

((1) the additional cost to the electric utility for the purchase or generation of renewable energy to satisfy the minimum renewable generation requirement of subsection (a), as compared to the cost of the electric energy the electric utility would generate or purchase from another source but for the requirements of subsection (a); and

((2) the cost to the electric utility for acquiring by purchase or exchange renewable energy credits to satisfy the minimum renewable generation requirement of subsection (a).

For purposes of this subsection, the definitions in section 3 of this Act shall apply to the terms 'electric utility', 'State regulated electric utility', 'State agency', 'Commission', and 'State regulatory authority'.

((n) Voluntary Participation.--The Secretary shall encourage federally-owned utilities, municipally-owned utilities and rural electric cooperatives that sell electric energy to electric consumers for purposes other than resale to participate in the renewable portfolio standard program. A municipally-owned utility or rural electric cooperative that owns or has under contract a facility for the generation of electric energy from a renewable energy resource may not sell or trade renewable energy credits generated by such resource unless it participates in the renewable portfolio standard program under the same terms and conditions as retail electric suppliers.

((o) Program Review.--The Secretary shall conduct a comprehensive evaluation of all aspects of the Renewable Portfolio Standard program, within 10 years of enactment of this section. The study shall include an evaluation of--

((1) the effectiveness of the program in increasing the market penetration and lower the cost of the eligible renewable technologies;

((2) the opportunities for any additional technologies emerging since enactment of this section;

((3) the impact on the regional diversity and reliability of supply sources, including the power quality benefits of distributed generation;

((4) the regional resource development relative to renewable potential and reasons for any under investment in renewable resources; and

((5) the net cost/benefit of the renewable portfolio standard to the national and state economies, including retail power costs, economic development benefits of investment, avoided costs related to environmental and congestion mitigation investments that would otherwise have been required, impact on natural gas demand and price, effectiveness of green marketing programs at reducing the cost of renewable resources.

The Secretary shall transmit the results of the program review and any recommendations for modifications and improvements to the program to Congress not later than January 1, 2012.

((p) Program Improvements.--Using the results of the review under subsection (o), the Secretary shall by rule, within 6 months of the completion of the review, make such modifications to the program as may be necessary to improve the efficiency of the program and maximize the use of renewable energy under the program.

((q) State Renewable Energy Account Program.--(1) The Secretary

shall establish, not later than December 31, 2005, a State renewable energy account program.

((2) All money collected by the Secretary from the sale of renewable energy credits shall be deposited into the state renewable energy account established pursuant to this subsection. The State renewable energy account shall be held by the Secretary and shall not be transferred to the Treasury Department.

((3) Proceeds deposited in the state renewable energy account shall be used by the Secretary for a program to provide grants to the State agency responsible for developing State energy conservation plans under section 363 of the Energy Policy and Conservation Act (42 U.S.C. 6322) for the purposes of promoting renewable energy production and providing energy assistance and weatherization services to low-income consumers.

((4) The Secretary may issue guidelines and criteria for grants awarded under this subsection. At least 75 percent of the funds provided to each State shall be used for promoting renewable energy production. The funds shall be allocated to the states on the basis of retail electric sales subject to the Renewable Portfolio Standard under this section or through voluntary participation. To the extent Federal credits have been issued without payment due to reciprocity with state programs under subsection (d)(3)(E), deductions shall be made from the relevant state's allocation. State energy offices receiving grants under this section shall maintain such records and evidence of compliance as the Secretary may require.

((r) Sunset.--This section expires December 31, 2035.''.

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TITLE 26--INTERNAL REVENUE CODE

Subtitle A--Income Taxes

CHAPTER 1--NORMAL TAXES AND SURTAXES

Subchapter A--Determination of Tax Liability

PART IV--CREDITS AGAINST TAX

Subpart D--Business Related Credits

Sec. 45. Electricity produced from certain renewable resources,
etc.

(a) General rule

For purposes of section 38, the renewable electricity production credit for any taxable year is an amount equal to the product of--

- (1) 1.5 cents, multiplied by
- (2) the kilowatt hours of electricity--
 - (A) produced by the taxpayer--
 - (i) from qualified energy resources, and
 - (ii) at a qualified facility during the 10-year period beginning on the date the facility was originally placed in service, and
 - (B) sold by the taxpayer to an unrelated person during the taxable year.

(b) Limitations and adjustments

(1) Phaseout of credit

The amount of the credit determined under subsection (a) shall be reduced by an amount which bears the same ratio to the amount of the credit (determined without regard to this paragraph) as--

- (A) the amount by which the reference price for the calendar year in which the sale occurs exceeds 8 cents, bears to
- (B) 3 cents.

(2) Credit and phaseout adjustment based on inflation

The 1.5 cent amount in subsection (a), the 8 cent amount in paragraph (1), the \$4.375 amount in subsection (e) (8) (A), and in subsection (e) (8) (B) (i) the reference price of fuel used as a feedstock (within the meaning of subsection (c) (7) (A)) in 2002 shall each be adjusted by multiplying such amount by the inflation

adjustment factor for the calendar year in which the sale occurs. If any amount as increased under the preceding sentence is not a multiple of 0.1 cent, such amount shall be rounded to the nearest multiple of 0.1 cent.

(3) Credit reduced for grants, tax-exempt bonds, subsidized energy financing, and other credits

The amount of the credit determined under subsection (a) with respect to any project for any taxable year (determined after the application of paragraphs (1) and (2)) shall be reduced by the amount which is the product of the amount so determined for such year and the lesser of $\frac{1}{2}$ or a fraction--

(A) the numerator of which is the sum, for the taxable year and all prior taxable years, of--

(i) grants provided by the United States, a State, or a political subdivision of a State for use in connection with the project,

(ii) proceeds of an issue of State or local government obligations used to provide financing for the project the interest on which is exempt from tax under section 103,

(iii) the aggregate amount of subsidized energy financing provided (directly or indirectly) under a Federal, State, or local program provided in connection with the project, and

(iv) the amount of any other credit allowable with respect to any property which is part of the project, and

(B) the denominator of which is the aggregate amount of additions to the capital account for the project for the taxable year and all prior taxable years.

The amounts under the preceding sentence for any taxable year shall be determined as of the close of the taxable year. This paragraph shall not apply with respect to any facility described in subsection (d)(2)(A)(ii).

(4) Credit rate and period for electricity produced and sold from certain facilities

(A) Credit rate

In the case of electricity produced and sold in any calendar year after 2003 at any qualified facility described in paragraph (3), (5), (6), or (7) of subsection (d), the amount in effect under subsection (a)(1) for such calendar year (determined before the application of the last sentence of paragraph (2) of this subsection) shall be reduced by one-half.

(B) Credit period

(i) In general

Except as provided in clause (ii), in the case of any facility described in paragraph (3), (4), (5), (6), or (7) of subsection (d), the 5-year period beginning on the date the facility was originally placed in service shall be

substituted for the 10-year period in subsection
(a) (2) (A) (ii).
(ii) Certain open-loop biomass facilities

In the case of any facility described in subsection
(d) (3) (A) (ii) placed in service before the date of the
enactment of this paragraph, the 5-year period beginning on
the date of the enactment of this Act shall be substituted
for the 10-year period in subsection (a) (2) (A) (ii).

(c) Qualified energy resources and refined coal

For purposes of this section:

(1) In general

The term ``qualified energy resources'' means--

- (A) wind,
- (B) closed-loop biomass,
- (C) open-loop biomass,
- (D) geothermal energy,
- (E) solar energy,
- (F) small irrigation power, and
- (G) municipal solid waste.

(2) Closed-loop biomass

The term ``closed-loop biomass'' means any organic material from
a plant which is planted exclusively for purposes of being used at a
qualified facility to produce electricity.

(3) Open-loop biomass

(A) In general

The term ``open-loop biomass'' means--

- (i) any agricultural livestock waste nutrients, or
- (ii) any solid, nonhazardous, cellulosic waste material
which is segregated from other waste materials and which is
derived from--

(I) any of the following forest-related resources:
mill and harvesting residues, precommercial thinnings,
slash, and brush,

(II) solid wood waste materials, including waste
pallets, crates, dunnage, manufacturing and construction
wood wastes (other than pressure-treated, chemically-
treated, or painted wood wastes), and landscape or
right-of-way tree trimmings, but not including municipal
solid waste, gas derived from the biodegradation of
solid waste, or paper which is commonly recycled, or

(III) agriculture sources, including orchard tree
crops, vineyard, grain, legumes, sugar, and other crop
by-products or residues.

Such term shall not include closed-loop biomass or biomass
burned in conjunction with fossil fuel (cofiring) beyond such
fossil fuel required for startup and flame stabilization.

(B) Agricultural livestock waste nutrients

(i) In general

The term ``agricultural livestock waste nutrients'' means agricultural livestock manure and litter, including wood shavings, straw, rice hulls, and other bedding material for the disposition of manure.

(ii) Agricultural livestock

The term ``agricultural livestock'' includes bovine, swine, poultry, and sheep.

(4) Geothermal energy

The term ``geothermal energy'' means energy derived from a geothermal deposit (within the meaning of section 613(e)(2)).

(5) Small irrigation power

The term ``small irrigation power'' means power--

(A) generated without any dam or impoundment of water through an irrigation system canal or ditch, and

(B) the nameplate capacity rating of which is not less than 150 kilowatts but is less than 5 megawatts.

(6) Municipal solid waste

The term ``municipal solid waste'' has the meaning given the term ``solid waste'' under section 2(27) \1\ of the Solid Waste Disposal Act (42 U.S.C. 6903).

\1\ See References in Text note below.

(7) Refined coal

(A) In general

The term ``refined coal'' means a fuel which--

(i) is a liquid, gaseous, or solid synthetic fuel produced from coal (including lignite) or high carbon fly ash, including such fuel used as a feedstock,

(ii) is sold by the taxpayer with the reasonable expectation that it will be used for \2\ purpose of producing steam,

\2\ So in original. The word ``the'' probably should follow.

(iii) is certified by the taxpayer as resulting (when used in the production of steam) in a qualified emission reduction, and

(iv) is produced in such a manner as to result in an increase of at least 50 percent in the market value of the refined coal (excluding any increase caused by materials combined or added during the production process), as

compared to the value of the feedstock coal.

(B) Qualified emission reduction

The term ``qualified emission reduction'' means a reduction of at least 20 percent of the emissions of nitrogen oxide and either sulfur dioxide or mercury released when burning the refined coal (excluding any dilution caused by materials combined or added during the production process), as compared to the emissions released when burning the feedstock coal or comparable coal predominantly available in the marketplace as of January 1, 2003.

(d) Qualified facilities

For purposes of this section:

(1) Wind facility

In the case of a facility using wind to produce electricity, the term ``qualified facility'' means any facility owned by the taxpayer which is originally placed in service after December 31, 1993, and before January 1, 2006.

(2) Closed-loop biomass facility

(A) In general

In the case of a facility using closed-loop biomass to produce electricity, the term ``qualified facility'' means any facility--

(i) owned by the taxpayer which is originally placed in service after December 31, 1992, and before January 1, 2006, or

(ii) owned by the taxpayer which before January 1, 2006, is originally placed in service and modified to use closed-loop biomass to co-fire with coal, with other biomass, or with both, but only if the modification is approved under the Biomass Power for Rural Development Programs or is part of a pilot project of the Commodity Credit Corporation as described in 65 Fed. Reg. 63052.

(B) Special rules

In the case of a qualified facility described in subparagraph (A) (ii) --

(i) the 10-year period referred to in subsection (a) shall be treated as beginning no earlier than the date of the enactment of this clause,

(ii) the amount of the credit determined under subsection (a) with respect to the facility shall be an amount equal to the amount determined without regard to this clause multiplied by the ratio of the thermal content of the closed-loop biomass used in such facility to the thermal content of all fuels used in such facility, and

(iii) if the owner of such facility is not the producer of the electricity, the person eligible for the credit

allowable under subsection (a) shall be the lessee or the operator of such facility.

(3) Open-loop biomass facilities

(A) In general

In the case of a facility using open-loop biomass to produce electricity, the term ``qualified facility'' means any facility owned by the taxpayer which--

(i) in the case of a facility using agricultural livestock waste nutrients--

(I) is originally placed in service after the date of the enactment of this subclause and before January 1, 2006, and

(II) the nameplate capacity rating of which is not less than 150 kilowatts, and

(ii) in the case of any other facility, is originally placed in service before January 1, 2006.

(B) Credit eligibility

In the case of any facility described in subparagraph (A), if the owner of such facility is not the producer of the electricity, the person eligible for the credit allowable under subsection (a) shall be the lessee or the operator of such facility.

(4) Geothermal or solar energy facility

In the case of a facility using geothermal or solar energy to produce electricity, the term ``qualified facility'' means any facility owned by the taxpayer which is originally placed in service after the date of the enactment of this paragraph and before January 1, 2006. Such term shall not include any property described in section 48(a)(3) the basis of which is taken into account by the taxpayer for purposes of determining the energy credit under section 48.

(5) Small irrigation power facility

In the case of a facility using small irrigation power to produce electricity, the term ``qualified facility'' means any facility owned by the taxpayer which is originally placed in service after the date of the enactment of this paragraph and before January 1, 2006.

(6) Landfill gas facilities

In the case of a facility producing electricity from gas derived from the biodegradation of municipal solid waste, the term ``qualified facility'' means any facility owned by the taxpayer which is originally placed in service after the date of the enactment of this paragraph and before January 1, 2006.

(7) Trash combustion facilities

In the case of a facility which burns municipal solid waste to produce electricity, the term ``qualified facility'' means any facility owned by the taxpayer which is originally placed in service after the date of the enactment of this paragraph and before January 1, 2006.

(8) Refined coal production facility

The term ``refined coal production facility'' means a facility which is placed in service after the date of the enactment of this paragraph and before January 1, 2009.

(e) Definitions and special rules

For purposes of this section--

(1) Only production in the United States taken into account

Sales shall be taken into account under this section only with respect to electricity the production of which is within--

(A) the United States (within the meaning of section 638(1)), or

(B) a possession of the United States (within the meaning of section 638(2)).

(2) Computation of inflation adjustment factor and reference price

(A) In general

The Secretary shall, not later than April 1 of each calendar year, determine and publish in the Federal Register the inflation adjustment factor and the reference price for such calendar year in accordance with this paragraph.

(B) Inflation adjustment factor

The term ``inflation adjustment factor'' means, with respect to a calendar year, a fraction the numerator of which is the GDP implicit price deflator for the preceding calendar year and the denominator of which is the GDP implicit price deflator for the calendar year 1992. The term ``GDP implicit price deflator'' means the most recent revision of the implicit price deflator for the gross domestic product as computed and published by the Department of Commerce before March 15 of the calendar year.

(C) Reference price

The term ``reference price'' means, with respect to a calendar year, the Secretary's determination of the annual average contract price per kilowatt hour of electricity generated from the same qualified energy resource and sold in the previous year in the United States. For purposes of the preceding sentence, only contracts entered into after December 31, 1989, shall be taken into account.

(3) Production attributable to the taxpayer

In the case of a facility in which more than 1 person has an ownership interest, except to the extent provided in regulations prescribed by the Secretary, production from the facility shall be allocated among such persons in proportion to their respective ownership interests in the gross sales from such facility.

(4) Related persons

Persons shall be treated as related to each other if such persons would be treated as a single employer under the regulations prescribed under section 52(b). In the case of a corporation which is a member of an affiliated group of corporations filing a consolidated return, such corporation shall be treated as selling electricity to an unrelated person if such electricity is sold to such a person by another member of such group.

(5) Pass-thru in the case of estates and trusts

Under regulations prescribed by the Secretary, rules similar to the rules of subsection (d) of section 52 shall apply.

(6) Credit eligibility in the case of government-owned facilities using poultry waste

In the case of a facility using poultry waste to produce electricity and owned by a governmental unit, the person eligible for the credit under subsection (a) is the lessee or the operator of such facility.

(7) Credit not to apply to electricity sold to utilities under certain contracts

(A) In general

The credit determined under subsection (a) shall not apply to electricity--

(i) produced at a qualified facility described in subsection (d)(1) which is placed in service by the taxpayer after June 30, 1999, and

(ii) sold to a utility pursuant to a contract originally entered into before January 1, 1987 (whether or not amended or restated after that date).

(B) Exception

Subparagraph (A) shall not apply if--

(i) the prices for energy and capacity from such facility are established pursuant to an amendment to the contract referred to in subparagraph (A)(ii),

(ii) such amendment provides that the prices set forth in the contract which exceed avoided cost prices determined at the time of delivery shall apply only to annual quantities of electricity (prorated for partial years) which do not exceed the greater of--

(I) the average annual quantity of electricity sold

to the utility under the contract during calendar years 1994, 1995, 1996, 1997, and 1998, or

(II) the estimate of the annual electricity production set forth in the contract, or, if there is no such estimate, the greatest annual quantity of electricity sold to the utility under the contract in any of the calendar years 1996, 1997, or 1998, and

(iii) such amendment provides that energy and capacity in excess of the limitation in clause (ii) may be--

(I) sold to the utility only at prices that do not exceed avoided cost prices determined at the time of delivery, or

(II) sold to a third party subject to a mutually agreed upon advance notice to the utility.

For purposes of this subparagraph, avoided cost prices shall be determined as provided for in 18 CFR 292.304(d)(1) or any successor regulation.

(8) Refined coal production facilities

(A) Determination of credit amount

In the case of a producer of refined coal, the credit determined under this section (without regard to this paragraph) for any taxable year shall be increased by an amount equal to \$4.375 per ton of qualified refined coal--

(i) produced by the taxpayer at a refined coal production facility during the 10-year period beginning on the date the facility was originally placed in service, and

(ii) sold by the taxpayer--

(I) to an unrelated person, and

(II) during such 10-year period and such taxable year.

(B) Phaseout of credit

The amount of the increase determined under subparagraph (A) shall be reduced by an amount which bears the same ratio to the amount of the increase (determined without regard to this subparagraph) as--

(i) the amount by which the reference price of fuel used as a feedstock (within the meaning of subsection (c)(7)(A)) for the calendar year in which the sale occurs exceeds an amount equal to 1.7 multiplied by the reference price for such fuel in 2002, bears to

(ii) \$8.75.

(C) Application of rules

Rules similar to the rules of the subsection (b)(3) and paragraphs (1) through (5) and (9) of this subsection shall apply for purposes of determining the amount of any increase under this paragraph.

(9) Coordination with credit for producing fuel from a

nonconventional source

The term ``qualified facility'' shall not include any facility the production from which is allowed as a credit under section 29 for the taxable year or any prior taxable year.

(Added Pub. L. 102-486, title XIX, Sec. 1914(a), Oct. 24, 1992, 106 Stat. 3020; amended Pub. L. 106-170, title V, Sec. 507(a)-(c), Dec. 17, 1999, 113 Stat. 1922; Pub. L. 106-554, Sec. 1(a)(7) [title III, Sec. 319(1)], Dec. 21, 2000, 114 Stat. 2763, 2763A-646; Pub. L. 107-147, title VI, Sec. 603(a), Mar. 9, 2002, 116 Stat. 59; Pub. L. 108-311, title III, Sec. 313(a), Oct. 4, 2004, 118 Stat. 1181; Pub. L. 108-357, title VII, Sec. 710(a)-(d), (f), Oct. 22, 2004, 118 Stat. 1552-1557.)

References in Text

The date of the enactment of this paragraph, the date of the enactment of this clause, and the date of the enactment of this subclause, referred to in subsecs. (b)(4)(B)(ii) and (d), is the date of enactment of Pub. L. 108-357, which was approved Oct. 22, 2004.

The date of the enactment of this Act, referred to in subsec. (b)(4)(B)(ii), probably means the date of enactment of Pub. L. 108-357, which enacted subsec. (b)(4) of this section and was approved Oct. 22, 2004.

Section 2(27) of the Solid Waste Disposal Act, referred to in subsec. (c)(6), probably should be section 1004(27) of such Act which is classified to section 6903(27) of Title 42, The Public Health and Welfare.

Prior Provisions

A prior section 45 was renumbered section 36 of this title.

Amendments

2004--Pub. L. 108-357, Sec. 710(b)(3)(B), inserted `` , etc'' after ``resources'' in section catchline.

Subsec. (b)(2). Pub. L. 108-357, Sec. 710(b)(3)(C), substituted ``The 1.5 cent amount in subsection (a), the 8 cent amount in paragraph (1), the \$4.375 amount in subsection (e)(8)(A), and in subsection (e)(8)(B)(i) the reference price of fuel used as a feedstock (within the meaning of subsection (c)(7)(A)) in 2002'' for ``The 1.5 cent amount in subsection (a) and the 8 cent amount in paragraph (1)''.

Subsec. (b)(3). Pub. L. 108-357, Sec. 710(f), inserted ``the lesser of $\frac{1}{2}$ or'' before ``a fraction'' in introductory provisions and ``This paragraph shall not apply with respect to any facility described in subsection (d)(2)(A)(ii)'' in concluding provisions.

Subsec. (b)(4). Pub. L. 108-357, Sec. 710(c), added par. (4).

Subsec. (c). Pub. L. 108-357, Sec. 710(a), amended heading and text of subsec. (c) generally. Prior to amendment, subsec. (c) defined ``qualified energy resources'', ``closed-loop biomass'', ``qualified facility'', and ``poultry waste'' for purposes of this section.

Subsec. (c)(3). Pub. L. 108-311 substituted ``January 1, 2006'' for ``January 1, 2004'' in subpars. (A) to (C).

Subsec. (d). Pub. L. 108-357, Sec. 710(b)(1), added subsec. (d).

Former subsec. (d) redesignated (e).

Subsec. (e). Pub. L. 108-357, Sec. 710(b)(1), redesignated subsec. (d) as (e).

Subsec. (e)(7)(A)(i). Pub. L. 108-357, Sec. 710(b)(3)(A), substituted ``subsection (d)(1)'' for ``subsection (c)(3)(A)''.

Subsec. (e)(8). Pub. L. 108-357, Sec. 710(b)(2), added par. (8).

Subsec. (e)(9). Pub. L. 108-357, Sec. 710(d), added par. (9).

2002--Subsec. (c)(3). Pub. L. 107-147 substituted ``2004'' for ``2002'' in subpars. (A) to (C).

2000--Subsec. (d)(7)(A)(i). Pub. L. 106-554 substituted ``subsection (c)(3)(A)'' for ``paragraph (3)(A)''.

1999--Subsec. (c)(1)(C). Pub. L. 106-170, Sec. 507(b)(1), added subpar. (C).

Subsec. (c)(3). Pub. L. 106-170, Sec. 507(a), reenacted heading without change and amended text generally. Prior to amendment, text read as follows: ``The term `qualified facility' means any facility owned by the taxpayer which is originally placed in service after December 31, 1993 (December 31, 1992, in the case of a facility using closed-loop biomass to produce electricity), and before July 1, 1999.''

Subsec. (c)(4). Pub. L. 106-170, Sec. 507(b)(2), added par. (4).

Subsec. (d)(6), (7). Pub. L. 106-170, Sec. 507(c), added pars. (6) and (7).

Effective Date of 2004 Amendments

Pub. L. 108-357, title VII, Sec. 710(g), Oct. 22, 2004, 118 Stat. 1557, provided that:

``(1) In general.--Except as otherwise provided in this subsection, the amendments made by this section [amending this section and section 48 of this title] shall apply to electricity produced and sold after the date of the enactment of this Act [Oct. 22, 2004], in taxable years ending after such date.

``(2) Certain biomass facilities.--With respect to any facility described in section 45(d)(3)(A)(ii) of the Internal Revenue Code of 1986, as added by subsection (b)(1), which is placed in service before the date of the enactment of this Act, the amendments made by this section shall apply to electricity produced and sold after December 31, 2004, in taxable years ending after such date.

``(3) Credit rate and period for new facilities.--The amendments made by subsection (c) [amending this section] shall apply to electricity produced and sold after December 31, 2004, in taxable years ending after such date.

``(4) Nonapplication of amendments to preeffective date poultry waste facilities.--The amendments made by this section shall not apply with respect to any poultry waste facility (within the meaning of section 45(c)(3)(C), as in effect on the day before the date of the enactment of this Act) placed in service before January 1, 2004.

``(5) Refined coal production facilities.--Section 45(e)(8) of the Internal Revenue Code of 1986, as added by this section, shall apply to refined coal produced and sold after the date of the enactment of this Act.''

Pub. L. 108-311, title III, Sec. 313(b), Oct. 4, 2004, 118 Stat. 1181, provided that: ``The amendments made by subsection (a) [amending this section] shall apply to facilities placed in service after December 31, 2003.''

Effective Date of 2002 Amendment

Pub. L. 107-147, title VI, Sec. 603(b), Mar. 9, 2002, 116 Stat. 59, provided that: ``The amendments made by subsection (a) [amending this section] shall apply to facilities placed in service after December 31, 2001.''

Effective Date of 1999 Amendment

Pub. L. 106-170, title V, Sec. 507(d), Dec. 17, 1999, 113 Stat. 1923, provided that: ``The amendments made by this section [amending this section] shall take effect on the date of the enactment of this Act [Dec. 17, 1999].''

Effective Date

Section applicable to taxable years ending after Dec. 31, 1992, see section 1914(e) of Pub. L. 102-486, set out as an Effective Date of 1992 Amendment note under section 38 of this title.

CONFIDENTIAL PROPRIETARY INFORMATION

Description of Wholesale Contract for Renewable Energy

[REDACTED]

*BIG RIVERS ELECTRIC CORPORATION
LIST OF EXISTING RATE SCHEDULES AFFECTED BY
RENEWABLE RESOURCE ENERGY TARIFF RIDER*

Rate Schedule c.4.d.(2)

Rate Schedule C.7.c.(2)(b)

Rate Schedule 10



201 Third Street
P.O. Box 21
Henderson, KY 42419-0024
270-827-2561
www.bigrivers.com

March 23, 2007


Mr. Mark Bailey, President/CEO
Kenergy Corp.
6402 Old Corydon Road
Henderson, KY 42419

Mr. Burns Mercer, President/CEO
Meade County RECC
Junction of Hwy 1051 & 79
Brandenburg, KY 40108

Mr. Kelly Nuckols, President/CEO
Jackson Purchase Energy Corporation
2900 Irvin Cobb Drive
Paducah, KY 42002

Gentlemen:

Big Rivers Electric Corporation ("Big Rivers") hereby provides notice that, on this date, it has issued and filed with the Kentucky Public Service Commission a new tariff. Under this new tariff (the "Renewable Resource Energy Tariff"), Big Rivers will offer, subject to the terms and conditions of the tariff, Renewable Resource Energy to any of its members purchasing wholesale power for delivery at any Rural Delivery Point or Large Industrial Customer Delivery Point on its system under Rate Schedule C.4.d.(2), Rate Schedule C.7.c.(2)(b), or Rate Schedule 10. "Renewable Resource Energy" is electric energy generated from solar, wind, ocean, geothermal energy, biomass, or landfill gas. The monthly rate for Renewable Resource Energy is the rate in the rate schedule under which the member is purchasing electricity for its retail member who contracts to purchase Renewable Resource Energy, except that the energy rate is: \$5.50 per 100 kWh block (\$0.055 per kWh), subject to any adjustment, surcharge or surcredit that is or may become applicable under that wholesale rate schedule. This rate charged to a member for a kWh of Renewable Resource Energy is in lieu of the energy rate that would otherwise be applicable to that energy purchase under Rate Schedule C.4.d.(2), Rate Schedule C.7.c.(2)(b), or Rate Schedule 10. The Renewable Resource Energy Tariff is a new rate schedule, and therefore, there are no existing rates to compare the new rates against. A copy of the Renewable Resource Energy Tariff is attached hereto.

Your Touchstone Energy[®] Cooperative 

Mr. Mark Bailey
Mr. Burns Mercer
Mr. Kelly Nuckols
March 23, 2007
Page 2

The rates contained in this notice are the rates proposed by Big Rivers. However, the Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this notice. Any corporation, association, body politic or person may by motion within thirty (30) days after the mailing of this notice request leave to intervene in the proceeding before the Public Service Commission. The motion shall be submitted to the Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the request including the status and interest of the party requesting intervention. Interveners may obtain copies of the filing Big Rivers made with the Public Service Commission and any testimony by contacting Big Rivers Electric Corporation, P.O. Box 24, 201 Third Street, Henderson, Kentucky, 42419. A copy of the filing and any testimony will be available for public inspection at Big Rivers' office at the foregoing street address.

Sincerely yours,

BIG RIVERS ELECTRIC CORPORATION



David A. Spainhoward
Vice President
External Relations and Interim Chief Production Officer

Attachment

cc: James M. Miller, Esq.
W. David Denton, Esq.
Tom Brite, Esq.
Frank N. King, Jr., Esq.

Jackson Purchase Energy Corporation

P.S.C. KY. NO. _____

SHEET NO. G-1

JACKSON PURCHASE ENERGY
CORPORATION (JPEC)

CANCELLING P.S.C. KY NO. NEW

SHEET NO. _____

SCHEDULE 1 – RENEWABLE RESOURCE ENERGY SERVICE TARIFF

STANDARD RIDER—This Renewable Resource Energy Service is a rider to all currently applicable rate schedules. The purpose of this rider is to provide a means for JPEC members to purchase more environmentally friendly energy.

- A. Applicable—to the entire territory serviced.
- B. Available—This schedule shall be made available to any member in the following listed block amounts:

100 kWh Block (Minimum size) or greater

And where the consumer will contract with JPEC to purchase these blocks under this Retail Rider.

- C. Agreement—an “Agreement for the Purchase of Renewable Resource Energy” shall be executed by the member prior to service under this schedule.
- D. Rates—the monthly rate for this service will be a renewable energy premium, *i.e.* an added charge, for all renewable energy supplied to the member. The renewable energy rate premium will be as provided below:

\$0.0365 per kWh or \$3.65 per 100 kWh Block

This rate is in addition to the regular retail rates for energy.

- E. Billing and Minimum Charge—Blocks of energy contracted for under this tariff shall constitute the minimum amount of kWh’s the member will be billed for during a normal billing period. For all energy purchased in excess of the contracted Renewable Resource amount, the member shall be billed at the normal rate for that class. For periods shorter than a normal billing cycle (*i.e.* termination of service and final bill of a service) and actual kWh use is less than the contracted Renewable kWh amount, the member shall pay for the full monthly block of kWh’s originally contracted for.

Date of Issue March 23, 2007

Date Effective May 1, 2007

Issued by _____

G. Kelly Nuckols, President/CEO

Jackson Purchase Energy Corporation, P.O. Box 4030, Paducah, KY 42002-4030

Filed Pursuant to KRS 278.465 et seq.

Jackson Purchase Energy Corporation

P.S.C. KY. NO. _____

SHEET NO. G-2

JACKSON PURCHASE ENERGY
CORPORATION (JPEC)

CANCELLING P.S.C. KY NO. NEW

SHEET NO. _____

SCHEDULE I – RENEWABLE RESOURCE ENERGY SERVICE TARIFF

- F. Terms of Service and Payment—this rider tariff shall be subject to all other terms of service and payment of the applicable tariffs to which it is applied for each member.
- G. Conditions of Service—the rate granted under this Retail Rider shall be supported by one (1) year contract between the member and JPEC.

Date of Issue: March 23, 2007

Date Effective May 1, 2007

Issued by _____

G. Kelly Nuckols, President/CEO

Jackson Purchase Energy Corporation, P.O. Box 4030, Paducah, KY 42002-4030

Filed Pursuant to KRS 278.465 et seq.

RENEWABLE ENERGY CONTRACT

SELLER: JACKSON PURCHASE ENERGY CORPORATION

CUSTOMER: _____

CUSTOMER ACCOUNT NUMBER: _____

BEGINNING DATE OF RENEWABLE ENERGY SALE: _____, 20__

ENDING DATE OF RENEWABLE ENERGY SALE (WHICH IS A DATE NOT LESS THAN ONE YEAR AFTER THE BEGINNING DATE): _____, 20__

NUMBER OF BLOCKS OF 100 KILOWATT HOURS EACH OF RENEWABLE ENERGY PURCHASED: _____

SELLER agrees to sell, and CUSTOMER agrees to buy Renewable Energy in the amounts and for the period stated above, in accordance with SELLER'S Renewable Energy Rider, a copy of which CUSTOMER has received from SELLER. The retail rate premium that will be added to CUSTOMER'S monthly bill for each 100 kWh block of Renewable Energy is \$ _____, or \$ _____ in total per billing month based upon the number of blocks of Renewable Energy CUSTOMER will purchase from SELLER, subject to any changes in SELLER'S Renewable Energy Rider approved by the Kentucky Public Service Commission from time to time. This Renewable Energy Contract contains the entire agreement of the SELLER and the CUSTOMER regarding CUSTOMER'S purchase of Renewable Energy from SELLER, and may not be amended except in writing, signed by SELLER and CUSTOMER.

AGREED BY SELLER:

JACKSON PURCHASE ENERGY CORPORATION

BY: _____

ITS: _____

DATE: _____, 20__

AGREED BY CUSTOMER:

BY: _____

DATE: _____, 20__

**RESOLUTION OF BOARD OF DIRECTORS
OF
JACKSON PURCHASE ENERGY CORPORATION**

Comes now JACKSON PURCHASE ENERGY CORPORATION ("JPEC"), and by and through its Board of Directors, hereby adopts the following resolution at its regular meeting held on January 30, 2007.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of Jackson Purchase Energy Corporation hereby approves and ratifies the tariff for the Development of a Renewable Resource Energy Rate and further approves filing of the same with the Public Service Commission.

CERTIFICATE

I, _____, Secretary-Treasurer of Jackson Purchase Energy Corporation, do hereby certify that the above is a true and correct excerpt from the minutes of the meeting of the Board of Directors of the Jackson Purchase Energy Corporation, held on the 30th day of January, 2007, at which meeting a quorum was present.



Secretary-Treasurer

**JACKSON PURCHASE ENERGY
PADUCAH, KY**

DEVELOPMENT OF RENEWABLE RESOURCE ENERGY RATE

- A. Assessment of Big Rivers Wholesale Renewable Resource Energy Rate
- 1 BREC is paying 5.5 cents per kWh for this energy.
 - 2 This energy rate just changes the current wholesale energy rate with no change in the demand charge.
 - 3 The program is designed so that the Renewable Resource Energy Rate is a rider to other retail rate schedules.
 - 4 BREC is making no margins on this rate.
 - 5 If this rate is a rider to a retail rate schedule with a change in only the wholesale energy rate, then the only additional costs incurred by the distribution Coop is this one:
 - a. The cost of the Renewable Resource Energy minus the current wholesale energy rate for BREC adjusted for distribution line losses
 - 6 All other revenue requirements are provided through the current rate structures.
 - 7 The rider would be a charge in addition to the current rates charged under an applicable rate schedule.

**JACKSON PURCHASE ENERGY
PADUCAH, KY**

B. Development of a Renewable Resource Energy Rate

1 Proposed Wholesale Rate for Renewable Resource Energy per kWh	\$ 0.05500
2 Current Wholesale Energy Rate Replaced by Renewable Resource Energy	<u>0.02040</u>
3 Increase in Wholesale Power Costs for Renewable Resource Energy	\$ 0.03460
4 Divided by 1.0 minus JPEC's Distribution line losses for 2006 of <u>5%</u>	94.79%
5 Renewable Resource Energy Premium for Applicable Rate Schedules	\$ 0.03650
6 Renewable Resource Energy Charge in Blocks of 100 kWh	<u>\$ 3.650</u>

C. Renewable Resource Energy Rider Applicability to Rate Schedules

This Rider may be made applicable to all rate schedules.

*JACKSON PURCHASE ENERGY CORPORATION
LIST OF EXISTING RATE SCHEDULES AFFECTED BY
RENEWABLE RESOURCE ENERGY TARIFF RIDER*

Rate Schedule "R"

Rate Schedule "OL"

Rate Schedule "CSL"

Rate Schedule "C"

Rate Schedule "D"

Rate Schedule "SP"

Rate Schedule "I"

Rate Schedule "ND"

Rate Schedule "LT-1"

Rate Schedule "SPC-A"

Rate Schedule "SPC-B"

**NOTICE OF JACKSON PURCHASE ENERGY CORPORATION OF NEW
RATE SCHEDULE**

Jackson Purchase Energy Corporation (“JPEC”) hereby provides notice that it will file, within the next 30 days, an application with the Kentucky Public Service Commission seeking approval of a new rate schedule. JPEC’s wholesale provider of electricity, Big Rivers Electric Corporation (“Big Rivers”), has made available to JPEC a new wholesale rate schedule under which Big Rivers will offer Renewable Resource Energy service to JPEC. JPEC’s new rate schedule is being added to reflect the change in wholesale rates pursuant to KRS 278.455(2).

Under JPEC’s new rate schedule, JPEC will offer an optional Renewable Resource Energy service, subject to the terms and conditions of the new rate schedule, to its customers. “Renewable Resource Energy” is electric energy generated from solar, wind, ocean, geothermal energy, biomass, or landfill gas. This new service will be available to any of JPEC’s customers served under the following customer classes:

- Rate Schedule "R" - Residential, Single Phase
- Rate Schedule "OL" - Outdoor Lighting
- Rate Schedule "CSL" - Combined with Schedule OL
- Rate Schedule "C" - Small Commercial, Single Phase
- Rate Schedule "D" - Commercial & Industrial & all Three Phase Consumers, Over 25
KVA
- Rate Schedule "SP" - Seasonal Power Service
- Rate Schedule "I" - Industrial Service
- Rate Schedule "ND" - Commercial & Industrial & all other Three Phase, Under 25 KVA
- Rate Schedule “LT-1” – Large Industrial
- Rate Schedule “SPC-A”
- Rate Schedule “SPC-B”

For customers choosing to be served under the new rate schedule, the rate for Renewable Resource Energy is the existing rate schedule applicable to service to a customer, plus a premium per kilowatt hour of \$0.03650 for Renewable Resource Energy contracted for, subject to any adjustment, surcharge or surcredit that is or may become applicable under the customer’s rate schedule. As this is a new rate schedule, there are no existing rates or average bills to compare the new rates against.

A person may examine the rate application at JPEC’s main office, 2900 Irvin Cobb Drive, Paducah, Kentucky 42002, phone: (270) 442-7321, or at the office of the Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky.



Henderson, Kentucky

FOR ALL TERRITORY SERVED
Community, Town or City
PSC NO. 1
Original SHEET NO. 23
CANCELLING PSC NO.
SHEET NO.

CLASSIFICATION OF SERVICE
Schedule 23 - Renewable Resource Energy Service Tariff Rider

a. APPLICABLE

To entire territory served.

b. AVAILABLE

Renewable Resource Energy service is available in accordance with the terms of this tariff rider to any customer purchasing retail electric service under a rate schedule listed in Section d of this rider, subject to the cooperative's general rules and regulations on file with the Public Service Commission of Kentucky. For purposes of this renewable resource energy service tariff rider, (i) the term "Renewable Resource Energy" means electric energy generated from solar, wind, ocean, geothermal energy, biomass, or landfill gas, and (ii) the term "biomass" means any organic material that is available on a renewable or recurring basis, including dedicated energy crops, trees grown for energy production, wood waste and wood residues, plants (including aquatic plants, grasses, and agricultural crops), residues, fibers, animal wastes and other organic waste materials (but not including unsegregated municipal solid waste (garbage)), and fats and oils.

c. CONDITIONS OF SERVICE

- (1) Renewable Resource Energy service availability is contingent upon the availability from cooperative's wholesale power supplier of a wholesale supply of Renewable Resource Energy in the quantity and at the quality requested by a customer.
(2) Subject to the other requirements of this tariff rider, the cooperative will make Renewable Resource Energy service available to a customer if the customer signs a Renewable Resource Energy service contract in the form attached to this tariff rider agreeing to purchase a specified number of 100 KWH blocks of Renewable Resource Energy per month for a period of not less than one year, and that contract is accepted by cooperative's wholesale power supplier. The cooperative will have the right, but not the obligation, to terminate a Renewable Resource Energy service contract at the request of the customer before the end of the contract term.

DATE OF ISSUE March 23, 2007 DATE EFFECTIVE May 1, 2007
ISSUED BY SIGNATURE OF OFFICER TITLE President and CEO

ISSUED BY AUTHORITY OF PSC ORDER NO.



Henderson, Kentucky

FOR ALL TERRITORY SERVED
Community, Town or City
PSC NO. 1
Original SHEET NO. 23A
CANCELLING PSC NO.
SHEET NO.

CLASSIFICATION OF SERVICE
Schedule 23 - Renewable Resource Energy Service Tariff Rider

d. MONTHLY RATE

(1) The rate for Renewable Resource Energy is the rate schedule applicable to service to a customer, plus a premium per kilowatt hour of Renewable Resource Energy contracted for as follows, subject to any adjustment, surcharge or surcredit that is or may become applicable under the customer's rate schedule:

Table with 2 columns: Rate Schedule description and A Per Kilowatt Hour Premium Of. Includes entries for Residential, Three-Phase Demand, Non-Residential Single Phase, Individual Customer Lighting, Street Lighting, Decorative Area Lighting, Commercial/Industrial Exterior Lighting, Dedicated Delivery Point Customers (Class C), Large Industrial Customers Served Under Special Contract (Class B), and Large Industrial Customers Served Under Special Contract for All Load.

DATE OF ISSUE March 23, 2007 DATE EFFECTIVE May 1, 2007
ISSUED BY SIGNATURE OF OFFICER TITLE President and CEO

ISSUED BY AUTHORITY OF PSC ORDER NO.



Henderson, Kentucky

FOR ALL TERRITORY SERVED

Community, Town or City

PSC NO. 1

Original SHEET NO. 23B

CANCELLING PSC NO. _____

_____ SHEET NO. _____

CLASSIFICATION OF SERVICE
Schedule 23 – Renewable Resource Energy Service Tariff Rider

(2) Renewable Resource Energy purchased by a customer in any month will be conclusively presumed to be the first kilowatt hours delivered to that Customer in that month.

e. BILLING

Sales of Renewable Resource Energy are subject to the terms of service and payment of the rate schedule under which Renewable Resource Energy is purchased.

f. MEMBER DISCOUNT ADJUSTMENT RIDER

Revenue collected by the cooperative under this Renewable Resource Energy tariff rider will be included in Unadjusted Billing Revenues for purposes of the Member Discount Adjustment Rider.

DATE OF ISSUE March 23, 2007 DATE EFFECTIVE May 1, 2007

ISSUED BY _____ TITLE President and CEO

SIGNATURE OF OFFICER

ISSUED BY AUTHORITY OF PSC ORDER NO. _____



Henderson, Kentucky

FOR ALL TERRITORY SERVED
Community, Town or City
PSC NO. 1
Original SHEET NO. 23C
CANCELLING PSC NO.
SHEET NO.

CLASSIFICATION OF SERVICE
Schedule 23 - Renewable Resource Energy Service Tariff Rider

RENEWABLE ENERGY CONTRACT

SELLER: KENERGY CORP.
CUSTOMER:

CUSTOMER ACCOUNT NUMBER:

BEGINNING DATE OF RENEWABLE ENERGE SALE: , 20

ENDING DATE OF RENEWABLE ENERGY SALE (WHICH IS A DATE NOT LESS THAN ONE YEAR AFTER THE BEGINNING DATE): , 20

NO. OF BLOCKS OF 100 KILOWATT HOURS EACH OF RENEWABLE ENERGY PURCHASED:

SELLER agrees to sell, and CUSTOMER agrees to buy Renewable Energy in the amounts and for the period stated above, in accordance with SELLER'S Renewable Energy Rider, a copy of which CUSTOMER has received from SELLER. The retail rate premium that will be added to CUSTOMER'S monthly bill for each 100 KWH block of Renewable Energy is \$, or \$ in total per billing month based upon the number of blocks of Renewable Energy CUSTOMER will purchase from SELLER, subject to any changes in SELLER'S Renewable Energy Rider approved by the Kentucky Public Service Commission from time to time. This Renewable Energy Contract contains the entire agreement of the SELLER and the CUSTOMER regarding CUSTOMER'S purchase of Renewable Energy from SELLER, and may not be amended except in writing, signed by SELLER and CUSTOMER.

AGREED BY SELLER:
KENERGY CORP.
BY:
ITS:
DATE: , 20

AGREED BY CUSTOMER:
BY:
DATE: , 20

DATE OF ISSUE March 23, 2007 DATE EFFECTIVE May 1, 2007
ISSUED BY SIGNATURE OF OFFICER TITLE President and CEO

ISSUED BY AUTHORITY OF PSC ORDER NO.



Henderson, Kentucky

FOR ALL TERRITORY SERVED

Community, Town or City

PSC NO. 1

Original SHEET NO. 23D

CANCELLING PSC NO.

SHEET NO.

CLASSIFICATION OF SERVICE
Schedule 23 - Renewable Resource Energy Service Tariff Rider

DETERMINATION OF KWH ADDER

Table with 3 columns: Description, Non-Dedicated Delivery Points Rate Schedules 1-4 & 11-14, and Direct Served Large Industrials Schedules 31, 32 and 41. Rows include charges for renewable energy, line loss, and KWH adder.

DATE OF ISSUE March 23, 2007 DATE EFFECTIVE May 1, 2007
ISSUED BY SIGNATURE OF OFFICER TITLE President and CEO
ISSUED BY AUTHORITY OF PSC ORDER NO.



Henderson, Kentucky

FOR ALL TERRITORY SERVED
Community, Town or City
PSC NO. 1
Original SHEET NO. 23E
CANCELLING PSC NO.
SHEET NO.

CLASSIFICATION OF SERVICE
Schedule 23 - Renewable Resource Energy Service Tariff Rider

Schedule 1 Twelve Month Actual Line Loss %

Table with 5 columns: Description, KWH PURCHASED, KWH SOLD, OFFICE USE, KWH LOSSES. Rows include Previous 12 Month Total Ending 8/31/06, September 2005, September 2006, and Most Recent 12 Month Total Ending 9/30/06.

Twelve Month Ratio 4.5462%

DATE OF ISSUE March 23, 2007 DATE EFFECTIVE May 1, 2007
ISSUED BY SIGNATURE OF OFFICER TITLE President and CEO
ISSUED BY AUTHORITY OF PSC ORDER NO.



Henderson, Kentucky

FOR ALL TERRITORY SERVED
Community, Town or City
PSC NO. 1

Third Revised SHEET NO. 119A

CANCELLING PSC NO.

Second Revised SHEET NO. 119A

**RULES AND REGULATIONS
MONTHLY BILLING STATEMENT**



6402 Old Corydon Rd. - P.O. Box 18
Henderson, Kentucky 42419-0018

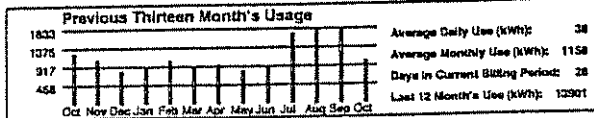
	AMOUNT DUE
DATE DUE	11/07/06 105.63
DUE AFTER	11/11/06 105.63



IMPORTANT INFORMATION

If you would be interested in joining Kenergy's budget payment plan, please contact our office prior to the bill due date. Otherwise, the total amount due will continue to be paid by bank draft on due date indicated.

Visit our web site: www.kenergycorp.com



ACCOUNT INFORMATION

Account Number:
Customer Name:

Home Phone:
Work Phone:
E-mail Address:

ACCOUNT SUMMARY

Previous Balance	120.85
Payment - Thank You 10/06/06	120.85 CR
Electric	102.55
Taxes & Fees	3.08
Bank Draft Payment 11/07/06	105.63

METER INFORMATION

METER NUMBER	17593740
CURRENT READING	18241 10/06
PREVIOUS READING	15195 09/06
MULT	1
KWH USAGE	1,046

(N)

SUMMARY OF CHARGES

Balance After Payment	0.00
ELECTRIC	RESIDENTIAL
Rate Type:	
Customer Charge	7.91
kWh Charge	1,046 (kWh) X .0567690 59.38
Wholesale Discount Adj	1,046 (kWh) X .000653778- 0.68 CR
Light Charge 001-7000 Lumen-175W Mercury Vapor Yard Light	6.95
Wholesale Discount Adj	75 (kWh) X .000653778- 0.05 CR
Renewable Energy Adj	800 (kWh) X .0363 29.04
	Total Electric Charges 102.55
TAXES & FEES	3.08
3% School Tax	
	Total Taxes & Fees 3.08

Bank Draft - Please Submit Reading
Call in Reading @ 926-8072
or Submit at www.KenergyCorp.com

PLEASE RETURN ENTIRE BILL WHEN PAYING IN PERSON - PLEASE RETURN LOWER PORTION WHEN PAYING BY MAIL.



6402 Old Corydon Rd. - P.O. Box 18
Henderson, Kentucky 42419-0018

If Your Account Information Is Incorrect
Please Check Here And Complete The Reverse Side



Meter Number	Account Number
18241	90.00 21
Previous Balance:	0.00
Payment Due: 11/07/06	Amount Due: 105.63
Delinquent After: 11/11/06	Amount Due: 105.63
Current Meter Reading:	
Date Read:	



KENERGY CORP
P.O. Box 1389
Owensboro, KY 42302-1389

DATE OF ISSUE March 23, 2007 DATE EFFECTIVE May 1, 2007

ISSUED BY _____ TITLE President and CEO

SIGNATURE OF OFFICER

ISSUED BY AUTHORITY OF PSC ORDER NO. _____



Henderson, Kentucky

FOR ALL TERRITORY SERVED
Community, Town or City
PSC NO. 1
Third Revised SHEET NO. 119B

CANCELLING PSC NO.

Second Revised SHEET NO. 119B

RULES AND REGULATIONS
MONTHLY BILLING STATEMENT



6402 Old Corydon Rd. - P.O. Box 18
Henderson, Kentucky 42419-0018

Table with columns: DATE DUE, DUE AFTER, AMOUNT DUE. Values: 10/22/06, 10/26/06, 2,857.71, 2,987.32



IMPORTANT INFORMATION

DUAL FUEL/ADD-ON HEAT PUMP INCENTIVE: Kenergy pays \$90/ton, must be 13+SEER ARI rated and used in conjunction with a gas furnace. New and existing homes qualify for incentive.

ELECTRIC WATER HEATER INCENTIVE: \$300 to replace gas water heater with an electric unit, 40 gallon minimum size with minimum .90+ energy factor.

Visit our web site: www.kenergycorp.com

Table: Previous Thirteen Month's Usage. Columns: Month (Oct-Dec), Usage (26880, 20160, 13440, 6720). Rows: Average Daily Use (74), Average Monthly Use (26880), Days in Current Billing Period (19), Last 12 Month's Use (26880)

ACCOUNT INFORMATION

Account Number:
Customer Name:
Home Phone:
Work Phone:
E-mail Address:

ACCOUNT SUMMARY

Table: Electric 2,592.26, Taxes & Fees 265.45, Amount Due 2,857.71

METER INFORMATION

Table: METER INFORMATION. Columns: METER NUMBER, DATE, CURRENT READING, PREVIOUS READING, MULT, KWH USAGE. Values: 06288004, 08/13, 226, 08/25, 2, 120, 26,880

(N)

Table: SUMMARY OF CHARGES. Columns: SERVICE, CHARGES. Rows: ELECTRIC (THREE PHASE DEMAND), Demand Charges, KWH Charge, Wholesale Discount Adj, Renewable Energy Adj, TAXES & FEES (City of Owensboro Franchise Fee, School Tax, Kentucky Sales Tax)

PLEASE RETURN ENTIRE BILL WHEN PAYING IN PERSON - PLEASE RETURN LOWER PORTION WHEN PAYING BY MAIL.



6402 Old Corydon Rd. - P.O. Box 18
Henderson, Kentucky 42419-0018

Meter Number Account Number

Table: Billing summary. Rows: Previous Balance (0.00), Payment Due (10/22/06, 2,857.71), Delinquent After (10/26/06, 2,987.32), Current Meter Reading (X X X X X), Date Read

If Your Account Information is Incorrect Please Check Here And Complete The Reverse Side

0000013231
Barcode



KENERGY CORP
P.O. Box 1389
Owensboro, KY 42302-1389

DATE OF ISSUE March 23, 2007 DATE EFFECTIVE May 1, 2007

ISSUED BY SIGNATURE OF OFFICER TITLE President and CEO

ISSUED BY AUTHORITY OF PSC ORDER NO.



Henderson, Kentucky

FOR ALL TERRITORY SERVED

Community, Town or City

PSC NO. 1

Original SHEET NO. 119C

CANCELLING PSC NO.

SHEET NO.

RULES AND REGULATIONS
MONTHLY BILLING STATEMENT



6402 Old Corydon Rd. - P.O. Box 18
Henderson, Kentucky 42419-0018

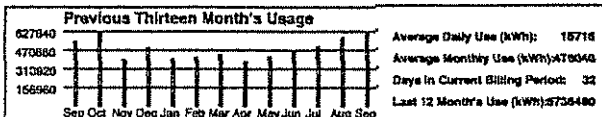
Table with columns: DATE DUE, DUE AFTER, AMOUNT DUE. Values: 09/29/08, 10/03/06, 46,445.25, 48,572.25



IMPORTANT INFORMATION

DUAL FUEL/ADD-ON HEAT PUMP INCENTIVE: Kenergy pays \$90/ton, must be 13+ SEER ARI rated and used in conjunction with a gas furnace.
ELECTRIC WATER HEATER INCENTIVE: \$300 to replace gas water heater with an electric unit, 40 gallon minimum size with minimum .90+ energy factor.

Visit our web site: www.kenergycorp.com



ACCOUNT INFORMATION

Account Number:
Customer Name:
Home Phone:
Work Phone:
E-mail Address:

ACCOUNT SUMMARY

Table with columns: Description, Amount. Rows: Previous Balance, Payment - Thank You 08/25/06, Electric, Taxes & Fees, Amount Due.

METER INFORMATION

Table with columns: METER NUMBER, DATE, CURRENT READING, PREVIOUS READING, MULT, KWH USAGE.

SERVICE

SUMMARY OF CHARGES

Summary of charges table including Balance After Payment, ELECTRIC charges (Rate Type, Customer Charge, Demand Meter, KW Demand, Demand Charges, KWH Charge, Wholesale Discount Adj, Renewable Energy Adj, Power Factor Correction Charge), TAXES & fees (3% School Tax, 6% Kentucky Sales Tax).

PLEASE RETURN ENTIRE BILL WHEN PAYING IN PERSON - PLEASE RETURN LOWER PORTION WHEN PAYING BY MAIL



6402 Old Corydon Rd. - P.O. Box 18
Henderson, Kentucky 42419-0018

If Your Account Information is Incorrect
Please Check Here And Complete The Reverse Side

0000017769
Barcode

Table with columns: Meter Number, Account Number. Rows: Previous Balance, Payment Due, Delinquent After, Current Meter Reading, Date Read.



KENERGY CORP
P.O. Box 1389
Owensboro, KY 42302-1389

DATE OF ISSUE March 23, 2007 DATE EFFECTIVE May 1, 2007

ISSUED BY SIGNATURE OF OFFICER TITLE President and CEO

ISSUED BY AUTHORITY OF PSC ORDER NO.



Henderson, Kentucky

FOR ALL TERRITORY SERVED
Community, Town or City
PSC NO. 1
Original SHEET NO. 119D
CANCELLING PSC NO.

SHEET NO.

RULES AND REGULATIONS
MONTHLY BILLING STATEMENT



6402 Old Corydon Rd. - P.O. Box 18
Henderson, Kentucky 42419-0018

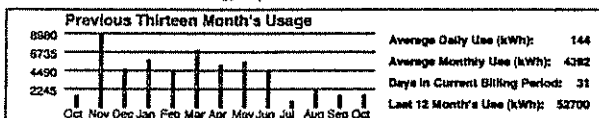
Table with columns: DATE DUE, DUE AFTER, AMOUNT DUE. Values: 10/19/06, 10/23/06, 174.18, 182.64



IMPORTANT INFORMATION

To join your coop's budget payment plan, please pay \$288.00 by the due date. Your budget amount may be revised during the year as a result of changes in usage or related factors.

Visit our web site: www.kenergycorp.com



ACCOUNT INFORMATION

Account Number:
Customer Name:
Home Phone:
Work Phone:
E-mail Address:

ACCOUNT SUMMARY

Table with columns: Description, Amount. Rows: Previous Balance, Payment - Thank You, Electric, Taxes & Fees, Amount Due.

METER INFORMATION

Table with columns: METER NUMBER, DATE, CURRENT READING, PREVIOUS READING, MULT, KWH USAGE.

SUMMARY OF CHARGES table with columns: SERVICE, CHARGES. Rows: Balance After Payment, ELECTRIC (Rate Type, Customer Charge, KWH Charge, Wholesale Discount Adj, Renewable Energy Adj), TAXES & FEES (3% School Tax).

PLEASE RETURN ENTIRE BILL WHEN PAYING IN PERSON - PLEASE RETURN LOWER PORTION WHEN PAYING BY MAIL



6402 Old Corydon Rd. - P.O. Box 18
Henderson, Kentucky 42419-0018

If Your Account Information is Incorrect
Please Check Here And Complete The Reverse Side

0000000019
Barcode

Table with columns: Meter Number, Account Number. Rows: Previous Balance, Payment Due, Delinquent After, Current Meter Reading, Date Read.



KENERGY CORP
P.O. Box 1389
Owensboro, KY 42302-1389

DATE OF ISSUE March 23, 2007 DATE EFFECTIVE May 1, 2007

ISSUED BY SIGNATURE OF OFFICER TITLE President and CEO

ISSUED BY AUTHORITY OF PSC ORDER NO.



Henderson, Kentucky

FOR ALL TERRITORY SERVED
 Community, Town or City
 PSC NO. 1
Original SHEET NO. 119E

CANCELLING PSC NO. _____

SHEET NO. _____

RULES AND REGULATIONS
MONTHLY BILLING STATEMENT

INVOICE

KENERGY CORP. P. O. BOX 18 HENDERSON, KY 42419-0018

MONTH ENDING 9/30/06

TO: ACCOUNT:

SUBSTATION SERVICE FROM 9/01/06 THRU 9/30/06

USAGE	DEMAND	TIME	DAY	METER	MULT	KW DEMAND
		10:30A	9/7	5.942	1000	5,942

POWER FACTOR	BASE	PEAK	AVERAGE	BILLED
	90.00%	94.00%		PEAK

ENERGY	PREVIOUS	PRESENT	DIFFERENCE	MULT	KWH USED
	24017.400	26658.180	2640.780	1000	2,640,780

ACTUAL DEMAND	5,942 KW TIMES	\$10.15	EQUALS	\$	60,311.30
DISCOUNT ADJUSTMENT -	6,207 X \$.4716063-		EQUALS	\$	(2,927.26)
FACILITIES CHARGE					100.00
ADJ INVESTMENT FAC CHG					2,116.08

SUB-TOTAL \$ 59,600.12

ENERGY	2,640,780 KWH	@	\$0.0167150	EQUALS	\$ 44,140.64
RENEWABLE ENERGY ADJ	2,640,780 KWH	@	\$0.041285	EQUALS	\$ 109,024.60

SUB-TOTAL 153,165.34

DEMAND AND ENERGY \$ 212,765.36

UTILITY TAX	\$212,765.36	@	3.000%	\$	6,382.96
SALES TAX	\$219,148.32	@	9.000%	\$	<u>13,148.90</u>

PAY THIS AMOUNT BY 10/25/06 \$ 232,297.22
 PAY THIS AMOUNT AFTER 10/25/06 \$ 242,935.49

KW DEMAND FOR PAST 12 MONTHS

10/5/06	6,146	11/05	6,018	12/05	5,662	1/06	5,625
2/6/06	5,776	3/06	5,935	4/06	5,927	5/06	5,972
6/6/06	6,108	7/06	6,161	8/06	6,207	9/06	5,942

LOAD FACTOR	MILLS PER KWH
ACTUAL BILLED	80.57
61.73%	

REMIT PAYMENT TO: Kenergy Corp.
 P. O. Box 18
 Henderson, KY 42419-0018

DATE OF ISSUE March 23, 2007 DATE EFFECTIVE May 1, 2007

ISSUED BY _____ TITLE President and CEO
 SIGNATURE OF OFFICER

ISSUED BY AUTHORITY OF PSC ORDER NO. _____

KENERGY CORP.
DEVELOPMENT OF RENEWABLE RESOURCE ENERGY RATE

	<u>Non-Dedicated Delivery Points Rate Schedules 1-4 & 11-14</u>	<u>Direct Served Large Industrials Rate Schedules 31, 32 and 41</u>
Charge from Wholesale Electric Supplier for Renewable Energy Purchased	\$0.055 per KWH	\$0.055 per KWH
Less Charge from Wholesale Electric Supplier for all Other Delivery Points Rate	<u>\$0.0204 per KWH</u>	<u>\$0.013715 per KWH</u>
Subtotal	\$0.0346 per KWH	\$0.041285 per KWH
1-Twelve-Month Line Loss of 4.5462%	= 0.95438	N/A Served Direct from Transmission Voltage - no line losses to Kenergy
KWH Adder - Renewable Energy Tariff Rider (\$0.0346/.95438)	\$0.0363 per KWH	\$0.041285 per KWH

***KENERGY CORP.
LIST OF EXISTING RATE SCHEDULES AFFECTED BY
RENEWABLE RESOURCE ENERGY TARIFF RIDER***

Rate Schedule 1

Rate Schedule 2

Rate Schedule 3

Rate Schedule 4

Rate Schedule 11

Rate Schedule 12

Rate Schedule 13

Rate Schedule 14

Rate Schedule 31

Rate Schedule 32

Rate Schedule 41

NOTICE OF KENERGY CORP. OF NEW RATE SCHEDULE

Kenergy Corp. ("Kenergy") hereby provides notice that it will file, within the next 30 days, an application with the Kentucky Public Service Commission seeking approval of a new rate schedule. Kenergy's wholesale provider of electricity, Big Rivers Electric Corporation ("Big Rivers"), has made available to Kenergy a new wholesale rate schedule under which Big Rivers will offer Renewable Resource Energy service to Kenergy. Kenergy's new rate schedule is being added to reflect the change in wholesale rates pursuant to KRS 278.455(2).

Under Kenergy's new rate schedule, Kenergy will offer an optional Renewable Resource Energy service, subject to the terms and conditions of the new rate schedule, to its customers. "Renewable Resource Energy" is electric energy generated from solar, wind, ocean, geothermal energy, biomass, or landfill gas. This new service will be available to any of Kenergy's customers served under the following customer classes:

Rate Schedule 1-Residential,
Rate Schedule 2-Three-Phase Demand (0-1,000 KW),
Rate Schedule 3-Three-Phase Demand (1,001-4,999 KW),
Rate Schedule 4-Non-Residential Single Phase,
Rate Schedule 11-Individual Customer Lighting,
Rate Schedule 12-Street Lighting,
Rate Schedule 13-Decorative Area Lighting,
Rate Schedule 14-Commercial/Industrial Exterior Lighting,
Rate Schedule 31-Dedicated Delivery Point Customers (Class C),
Rate Schedule 32-Large Industrial Customers Served Under Special Contract
(Dedicated Delivery Points) (Class B), and
Rate Schedule 41-Large Industrial Customers Served Under Special Contract for All
Load Subject to the Big Rivers Large Industrial Customer Expansion Rate.

The new rate schedule offers customers the opportunity to purchase a specified number of 100 KWH blocks of renewable energy for a period of not less than one year. The rate for Renewable Resource Energy is the existing rate schedule applicable to service a customer, plus a premium per kilowatt-hour of \$0.0363 for Rate Schedules 1, 2, 3, 4, 11, 12, 13, and 14, and \$0.041285 for Rate Schedules 31, 32, and 41. Renewable Resource Energy may be subject to any adjustment, surcharge or surcredit that may become applicable under the customer's rate schedule. As this is a new rate schedule, there are no existing rates or average bills to compare the new rates against.

A person may examine the rate application at one of Kenergy's offices or at the office of the Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky. Kenergy's offices are listed below:

6402 Old Corydon Road
Henderson, KY 42419

3111 Fairview Drive
Owensboro, KY 42303

P.O. Box 327
Hanson, KY 42413

P.O. Box 73
Hartford, KY 42347

P. O. Box 99
Hawesville, KY 42348

703 Main Street
Marion, KY 42064

FOR Entire Territory served
 _____ Community, Town or City
 _____ P.S.C. No.
 _____ (Original) Sheet No. 52
 _____ (Revised)

_____ Canceling P.S.C. No.
 _____ (Original) Sheet No. Original
 _____ (Revised)

**MEADE COUNTY RURAL ELECTRIC
 COOPERATIVE CORPORATION**

Schedule 16		CLASSIFICATION OF SERVICE	
			RATE PER UNIT
Renewable Resource Energy Service Tariff Rider			
<p>a. Applicable:</p> <p>Applicable in all territory served.</p> <p>b. Availability of Service:</p> <p>Renewable Resource Energy service is available in accordance with the terms of this tariff rider to any customer purchasing retail electric service under a schedule listed in Section d of this rider, subject to the cooperative's general rules and regulations on file with the Public Service Commission of Kentucky. For purposes of this renewable resource energy service tariff rider, (i) the term "Renewable Resource Energy" means electric energy generated from solar, wind, ocean, geothermal energy, biomass, or landfill gas, and (ii) the term "biomass: means any organic material that is available on a renewable or recurring basis, including dedicated energy crops, trees grown for energy production, wood waste and wood residues, plants (including aquatic plants, grasses and agricultural crops), residues, fibers, animal wastes and other organic waste materials (but not including unsegregated municipal solid waste (garbage)), and fats and oils.</p> <p>c. Conditions of Service:</p> <p>(1) Renewable Resource Energy service availability is contingent upon the availability from cooperative's wholesale power supplier of a wholesale supply of Renewable Resource Energy in the quantity and at the quality requested by a customer.</p> <p>(2) Subject to the other requirements of this tariff rider, the cooperative will make Renewable Resource Energy service available to a customer if the customer signs a Renewable Resource Energy service contract in the form attached to this tariff rider agreeing to purchase a specified number of 100 KWH blocks of Renewable Resource Energy per month for a period of not less than one year, and that contract is accepted by cooperative's wholesale power supplier. The cooperative will have the right, but not the obligation, to terminate a Renewable Resource Energy service contract at the request of the customer before the end of the contract term.</p>			
DATE OF ISSUE	<u>March 23, 2007</u>	Month	Day
DATE EFFECTIVE	<u>May 1, 2007</u>	Month	Day
ISSUED BY	_____	President/CEO	P. O. Box 489, Brandenburg, KY 40108
ISSUED BY AUTHORITY OF P.S.C.	_____	Name of Officer	Title
			Order No.

FOR Entire Territory served
Community, Town or City
P.S.C. No. _____

(Original) Sheet No. 53
(Revised) _____

Canceling P.S.C. No. _____

(Original) Sheet No. Original
(Revised) _____

**MEADE COUNTY RURAL ELECTRIC
COOPERATIVE CORPORATION**

Schedule 16 - continued		CLASSIFICATION OF SERVICE	RATE PER UNIT																
Renewable Resource Energy Service Tariff Rider																			
d. <u>Monthly Rate:</u>																			
<p>(1) The rate for Renewable Resource Energy is the rate schedule applicable to service to a customer, plus a premium per kilowatt hour of Renewable Resource Energy contracted for as follows, subject to any adjustment, surcharge or surcredit that is or may become applicable under the customer's rate schedule:</p> <p style="text-align: right;"><u>A Per Kilowatt Hour Premium Of</u></p> <table border="0"> <tr> <td>Rate Schedule 1 – Residential Farm and Non-Farm, Schools and Churches</td> <td style="text-align: right;">.03681</td> </tr> <tr> <td>Rate Schedule 2 – Commercial Rate</td> <td style="text-align: right;">.03681</td> </tr> <tr> <td>Rate Schedule 3 – Three Phase Power Service 0 KVA – 999 KVA</td> <td style="text-align: right;">.03681</td> </tr> <tr> <td>Rate Schedule 3A - Three Phase Power Service 0 KVA – 999 KVA - Optional Time-of-Day (TOD) Rate</td> <td style="text-align: right;">.03681</td> </tr> <tr> <td>Rate Schedule 4 – Large Power Service, 1,000 KVA and Larger (TOD)</td> <td style="text-align: right;">.03681</td> </tr> <tr> <td>Rate Schedule 5 – Outdoor Lighting Service</td> <td style="text-align: right;">.03681</td> </tr> <tr> <td>Rate Schedule 6 – Street Lighting – Community, Municipalities, Towns</td> <td style="text-align: right;">.03681</td> </tr> <tr> <td>Rate Schedule 13 – Large Industrial Customers Served Under Special Contract For All Load Subject To the Big Rivers Large Industrial Expansion Rate</td> <td style="text-align: right;">.03681</td> </tr> </table>			Rate Schedule 1 – Residential Farm and Non-Farm, Schools and Churches	.03681	Rate Schedule 2 – Commercial Rate	.03681	Rate Schedule 3 – Three Phase Power Service 0 KVA – 999 KVA	.03681	Rate Schedule 3A - Three Phase Power Service 0 KVA – 999 KVA - Optional Time-of-Day (TOD) Rate	.03681	Rate Schedule 4 – Large Power Service, 1,000 KVA and Larger (TOD)	.03681	Rate Schedule 5 – Outdoor Lighting Service	.03681	Rate Schedule 6 – Street Lighting – Community, Municipalities, Towns	.03681	Rate Schedule 13 – Large Industrial Customers Served Under Special Contract For All Load Subject To the Big Rivers Large Industrial Expansion Rate	.03681	
Rate Schedule 1 – Residential Farm and Non-Farm, Schools and Churches	.03681																		
Rate Schedule 2 – Commercial Rate	.03681																		
Rate Schedule 3 – Three Phase Power Service 0 KVA – 999 KVA	.03681																		
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Rate Schedule 4 – Large Power Service, 1,000 KVA and Larger (TOD)	.03681																		
Rate Schedule 5 – Outdoor Lighting Service	.03681																		
Rate Schedule 6 – Street Lighting – Community, Municipalities, Towns	.03681																		
Rate Schedule 13 – Large Industrial Customers Served Under Special Contract For All Load Subject To the Big Rivers Large Industrial Expansion Rate	.03681																		
<p>(2) Renewable Resource Energy purchased by a customer in any month will be conclusively presumed to be the first kilowatt hours delivered to that Customer in that month.</p>																			

DATE OF ISSUE March 23, 2007
Month Day Year

DATE EFFECTIVE May 1, 2007
Month Day Year

ISSUED BY _____
Name of Officer Title Address President/CEO P. O. Box 489, Brandenburg, KY 40108

ISSUED BY AUTHORITY OF P.S.C.

Order No. _____

FOR Entire Territory served
 _____ Community, Town or City
 _____ P.S.C. No.
 _____ (Original) Sheet No. 54
 _____ (Revised)

_____ Canceling P.S.C. No.
 _____ (Original) Sheet No. Original
 _____ (Revised)

**MEADE COUNTY RURAL ELECTRIC
 COOPERATIVE CORPORATION**

Schedule 16 - continued		CLASSIFICATION OF SERVICE
Renewable Resource Energy Service Tariff Ride		RATE PER UNIT
<p>e. <u>Billing:</u></p> <p>Sales of Renewable Resource Energy are subject to the terms of service and payment of the rate schedule under which Renewable Resource Energy is purchased.</p> <p>f. <u>Member Discount Adjustment Rider:</u></p> <p>Revenue collected by the cooperative under this Renewable Resource Energy tariff rider will be included in Unadjusted Billing Revenues for purposes of the Member Discount Adjustment Rider.</p>		

DATE OF ISSUE March 23, 2007
Month Day Year

DATE EFFECTIVE May 1, 2007
Month Day Year

ISSUED BY _____ President/CEO P. O. Box 489, Brandenburg, KY 40108
Name of Officer Title Address

ISSUED BY AUTHORITY OF P.S.C.

Order No. _____

RENEWABLE ENERGY CONTRACT

SELLER: MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

CUSTOMER: _____

CUSTOMER ACCOUNT NUMBER: _____

BEGINNING DATE OF RENEWABLE ENERGY SALE: _____, 20__

ENDING DATE OF RENEWABLE ENERGY SALE (WHICH IS A DATE NOT LESS THAN ONE YEAR AFTER THE BEGINNING DATE): _____, 20__

NUMBER OF BLOCKS OF 100 KILOWATT HOURS EACH OF RENEWABLE ENERGY PURCHASED: _____

SELLER agrees to sell, and CUSTOMER agrees to buy Renewable Energy in the amounts and for the period stated above, in accordance with SELLER'S Renewable Energy Rider, a copy of which CUSTOMER has received from SELLER. The retail rate premium that will be added to CUSTOMER'S monthly bill for each 100 kWh block of Renewable Energy is \$ _____, or \$ _____ in total per billing month based upon the number of blocks of Renewable Energy CUSTOMER will purchase from SELLER, subject to any changes in SELLER'S Renewable Energy Rider approved by the Kentucky Public Service Commission from time to time. This Renewable Energy Contract contains the entire agreement of the SELLER and the CUSTOMER regarding CUSTOMER'S purchase of Renewable Energy from SELLER, and may not be amended except in writing, signed by SELLER and CUSTOMER.

AGREED BY SELLER:

MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

BY: _____

ITS: _____

DATE: _____, 20__

AGREED BY CUSTOMER:

BY: _____

DATE: _____, 20__

**MEADE COUNTY RECC
BRANDENBURG, KY**

DEVELOPMENT OF RENEWABLE RESOURCE ENERGY RATE

- A. Assessment of Big Rivers Wholesale Renewable Resource Energy Rate
- 1 BREC is paying 5.5 cents per kWh for this energy.
 - 2 This energy rate just changes the current wholesale energy rate with no change in the demand charge.
 - 3 The program is designed so that the Renewable Resource Energy Rate is a rider to other retail rate schedules.
 - 4 BREC is making no margins on this rate.
 - 5 If this rate is a rider to a retail rate schedule with a change in only the wholesale energy rate, then the only additional costs incurred by the distribution Coop is this one:
 - a. The cost of the Renewable Resource Energy minus the current wholesale energy rate for BREC adjusted for distribution line losses
 - 6 All other revenue requirements are provided through the current rate structures.
 - 7 The rider would be a charge in addition to the current rates charged under an applicable rate schedule.

**MEADE COUNTY RECC
BRANDENBURG, KY**

B. Development of a Renewable Resource Energy Rate

1 Proposed Wholesale Rate for Renewable Resource Energy per kWh	\$ 0.05500
2 Current Wholesale Energy Rate Replaced by Renewable Resource Energy	<u>0.02040</u>
3 Increase in Wholesale Power Costs for Renewable Resource Energy	\$ 0.03460
4 Divided by 1.0 minus Meade County's Distribution line losses for 2005 of <u>6%</u>	94%
5 Renewable Resource Energy Premium for Applicable Rate Schedules	\$ 0.03681
6 Renewable Resource Energy Charge in Blocks of 100 kWh	<u>\$ 3.681</u>

C. Renewable Resource Energy Rider Applicability to Rate Schedules

This Rider is applicable to all rate schedules with the exception to lighting schedules.

**MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION
LIST OF EXISTING RATE SCHEDULES AFFECTED BY
RENEWABLE RESOURCE ENERGY TARIFF RIDER**

Rate Schedule 1

Rate Schedule 2

Rate Schedule 3

Rate Schedule 3A

Rate Schedule 4

**NOTICE OF MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION
OF NEW RATE SCHEDULE**

Meade County Rural Cooperative Corporation (“Meade County RECC”) hereby provides notice that it will file, within the next 30 days, an application with the Kentucky Public Service Commission seeking approval of a new rate schedule. Meade County RECC’s wholesale provider of electricity, Big Rivers Electric Corporation (“Big Rivers”), has made available to Meade County RECC a new wholesale rate schedule under which Big Rivers will offer Renewable Resource Energy service to Meade County RECC. Meade County RECC’s new rate schedule is being added to reflect the change in wholesale rates pursuant to KRS 278.455(2).

Under Meade County RECC’s new rate schedule, Meade County RECC will offer an optional Renewable Resource Energy service, subject to the terms and conditions of the new rate schedule, to its customers. “Renewable Resource Energy” is electric energy generated from solar, wind, ocean, geothermal energy, biomass, or landfill gas. This new service will be available to any of Meade County RECC’s customers served under the following customer classes:

- Rate Schedule 1-Residential, Farm and Non-Farm, Schools & Churches,
- Rate Schedule 2-Commercial Rate
- Rate Schedule 3-Three Phase Power Service, 0 KVA - 999 KVA
- Rate Schedule 3A-Three Phase Power Service, 0 KVA - 999 KVA - Optional Time-of-Day (TOD) Rate
- Rate Schedule 4-Large Power Service, 1,000 KVA and Larger (TOD)

For customers choosing to be served under the new rate schedule, the rate for Renewable Resource Energy is the existing rate schedule applicable to service to a customer, plus a premium per kilowatt hour of \$0.03681 for Renewable Resource Energy contracted for, subject to any adjustment, surcharge or surcredit that is or may become applicable under the customer’s rate schedule. As this is a new rate schedule, there are no existing rates or average bills to compare the new rates against.

A person may examine the rate application at Meade County RECC’s main office, 1351 Hwy. 79, Brandenburg, Kentucky 40108, phone: (270) 422-2162, or at the office of the Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky.