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

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

	Name (a)	MWH Sold (g)	Demand Chrg (h)	Energy Chrg (i)	Other Chrg (j)	Total (k)
Requirements Service						
	KENERGY	2,088,148	$32,995,685.00	$36,366,718.00	$0.00	$69,362,403.00
	JACKSON PURCHASE	663,944	$10,274,191.00	$13,381,753.00	$0.00	$23,655,944.00
	MEADE COUNTY	435,964	$6,824,535.00	$8,893,655.00	$0.00	$15,718,190.00
Total RQ		3,188,056	$50,094,411.00	$58,642,126.00	$0.00	$108,736,537.00
Non Requirements Service						
	KENERGY - CENTURY/ALCAN	1,486,446	$0.00	$53,846,085.00	$0.00	$53,846,085.00
	KENERGY - WEYERHAEUSER	20,908	$0.00	$728,117.00	$0.00	$728,117.00
	ALABAMA ELECTRIC COOPERATIVE	36,000	$0.00	$1,370,187.00	$0.00	$1,370,187.00
	EAST KENTUCKY POWER COOP	14,466	$0.00	$791,143.00	$0.00	$791,143.00
	OGLETHORPE POWER	5,964	$0.00	$231,330.00	$0.00	$231,330.00
	SOUTHERN ILLINOIS POWER COOP	1	$0.00	$1,517.00	$0.00	$1,517.00
	CARGILL POWER MGT	158,351	$0.00	$11,295,680.00	$0.00	$11,295,680.00
	CONSTELLATION POWER SOURCE	235	$0.00	$7,344.00	$0.00	$7,344.00
	DTE ENERGY TRADING, INC.	16,000	$0.00	$903,808.00	$0.00	$903,808.00
	EAGLES ENERGY PARTNERS	48,869	$0.00	$1,571,959.00	$0.00	$1,571,959.00
	LG&E ENERGY MARKETING	69,340	$0.00	$3,027,218.00	$0.00	$3,027,218.00
	MISO	140,550	$0.00	$5,490,401.00	$0.00	$5,490,401.00
	MORGAN STANLEY	800	$0.00	$36,262.00	$0.00	$36,262.00
	PJM	18,084	$0.00	$886,508.00	$0.00	$886,508.00

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

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

	Name (a)	MWH Sold (g)	Demand Chrg (h)	Energy Chrg (i)	Other Chrg (j)	Total (k)
	PROGRESS ENERGY VENTURES	18,630	$0.00	$707,077.00	$0.00	$707,077.00
	TENASKA POWER SERVICES	275	$0.00	$20,325.00	$0.00	$20,325.00
	TENNESSEE VALLEY AUTHORITY	24,456	$0.00	$1,054,944.00	$0.00	$1,054,944.00
	THE ENERGY AUTHORITY	2,911	$0.00	$127,937.00	$0.00	$127,937.00
Total Non RQ		2,062,286	$0.00	$82,097,842.00	$0.00	$82,097,842.00
Total		5,250,342	$50,094,411.00	$140,739,968.00	$0.00	$190,834,379.00
EXPORT		0				$0.00
INTRASTATE		0				$0.00
TOTAL						

Note:
Ref. Page: 310
Kenergy - Weyerhaeuser Cogen Contract Termination date is March 31, 2011.

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

Electric Operation and Maintenance Expenses - 1. Power Production (Ref Page: 320)

	Amount for Current Yr	Amount for Previous Yr
POWER PRODUCTION EXPENSES		
A. Steam Power Generation		
Operation		
Operation Supervision and Engineering (500)		
Fuel (501)		
Steam Expenses (502)		
Steam from Other Sources (503)		
(Less) Steam Transferred CR (504)		
Electric Expenses (505)		
Miscellaneous steam Power Expenses (506)		
Rents (507)		
Allowance (509)		
Total Operation		
Maintenance		
Maintenance Supervision and Engineering (510)		
Maintenance of Structures (511)		
Maintenance of Boiler Plant (512)		
Maintenance of Electric Plant (513)		
Maintenance of Miscellaneous Steam Plant (514)		
Total Maintenance		
21. Total Power Production Expenses --Steam Power		
B. Nuclear Power Generation		
Operations		
Operation Supervision and Engineering (517)		
Fuel (518)		
Coolants and water (519)		
Steam Expenses (520)		

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

Electric Operation and Maintenance Expenses - 1. Power Production (Ref Page: 320)

	Amount for Current Yr	Amount for Previous Yr
Steam from Other Sources (521)		
(Less) Steam Transferred -- CR (522)		
Electric Expenses (523)		
Miscellaneous Nuclear Power Expenses (524)		
Rents (525)		
Total Operation		
Maintenance		
Maintenance Supervision and Engineering (528)		
Maintenance of Structures (529)		
Maintenance of Reactor Plant Equipment (530)		
Maintenance of Electric Plant (531)		
Maintenance of Miscellaneous Nuclear Plant (532)		
Total Maintenance		
41. Total Power Production Expenses - Nuclear Power		
C. Hydraulic Power Generation		
Operation		
Operation Supervision and Engineering (535)		
Water for Power (536)		
Hydraulic Expenses (537)		
Electric Expenses (538)		
Miscellaneous Hydraulic Power Genration Expenses (539)		
Rents (540)		
Total Operation		
Maintenance		
Maintenance of Supervision and Engineering (541)		
Maintenance of Structures (542)		
Maintenance of Reservoirs, Dams and Waterways (543)		

Electric Operation and Maintenance Expenses - 1. Power Production (Ref Page: 320)

	Amount for Current Yr	Amount for Previous Yr
Maintenance of Electric Plant (544)		
Maintenance of Miscellaneous Hydraulic Plant (545)		
Total Maintenance		
59. Total Power Production Expenses - Hydraulic Power		
D Other Power Generation		
Operation		
Operation Supervision and Engineering (546)		
Fuel (547)		
Generation Expenses (548)		
Miscellaneous Other Power Generation Expenses (549)		
Rents (550)		
Total Operation		
Maintenance		
Maintenance Supervision and Engineering (551)		
Maintenance of Structures (552)		
Maintenance of Generating and Electric Plant (553)		
Maintenance of Miscellaneous Other Power Generation Plant (554)		
Total Maintenance		
Total Power Production Expenses -- Other Power		
E. Other Power Supply Expenses		
Purchased Power (555)	$109,414,564.00	$109,652,756.00
System Control and Load Dispatching (556)		
Other Expenses (557)	$3,342,992.00	$3,152,417.00
79. Total Other Power Supply Expenses	$112,757,556.00	$112,805,173.00
80. Total Power Production Expenses (Lines 21,41,59,74,79)	$112,757,556.00	$112,805,173.00

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

Electric Operation and Maintenance Expenses - Transmission and Distribution Expenses (Ref Page: 321)

	Amount for Current Yr	Amount for Previous Yr
2. Transmission Expenses		
Operation		
Operation Supervision and Engineering (560)	$644,522.00	$609,292.00
Load Dispatching (561)	$1,378,281.00	$1,144,510.00
Station Expenses (562)	$983,889.00	$805,462.00
Overhead Lines Expenses (563)	$900,269.00	$886,531.00
Underground Lines Expenses (564)		$0.00
Transmission of Electricity by Others (565)	$1,321,478.00	$1,239,686.00
Miscellaneous Transmission Expenses (566)	$333,137.00	$261,296.00
Rents (567)	$24,701.00	$22,936.00
Total Operation	$5,586,277.00	$4,969,713.00
Maintenance		
Maintenance Supervision and Engineering (568)	$488,977.00	$475,543.00
Maintenance of Structures (569)	$48,072.00	$17,987.00
Maintenance of Station Equipment (570)	$1,215,951.00	$1,340,885.00
Maintenance of Overhead Lines (571)	$1,464,868.00	$984,331.00
Maintenance of Underground Lines (572)		$0.00
Maintenance of Miscellaneous Transmission Plant (573)	$115,812.00	$85,691.00
Total Maintenance	$3,333,680.00	$2,904,437.00
100. Total Transmission Expenses	$8,919,957.00	$7,874,150.00
3. Distribution Expenses		
Operation		
Operation Supervision and Engineering (580)		
Load Dispatching (581)		
Station Expenses (582)		
Overhead Line Expenses (583)		
Underground Line Expenses (584)		

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

Electric Operation and Maintenance Expenses - Transmission and Distribution Expenses (Ref Page: 321)

	Amount for Current Yr	Amount for Previous Yr
Street Lighting and signal System Expenses (585)		
Meter Expenses (586)		
Customer Installations Expenses (587)		
Miscellaneous Expenses (588)		
Rents (589)		
Total Operation		
Maintenance		
Maintenance Supervision and Engineering (590)		
Maintenance of Structures (591)		
Maintenance of Station Equipment (592)		
Maintenance of Overhead Lines (593)		
Maintenance of Underground Lines (594)		
Maintenance of Line Transformers (595)		
Maintenance of Street Lighting and Signal Systems (596)		
Maintenance of Meters (597)		
Maintenance of Miscellaneous Distribution Plant (598)		
Total Maintenance		
126. Total Distribution Expenses		

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

Electric Operation and Maintenance Expenses - Customer, Sales and Administrative Expenses (Ref Page: 321)

	Amount for Current Yr	Amount for Previous Yr
4. Customer Accounts Expenses		
Operation		
Supervision (901)		
Meter Reading Expenses (902)		
Customer Records and Collection Expenses (903)		
Uncollectible Accounts (904)		
Miscellaneous Customer Accounts Expenses (905)		
134. Total Customer Accounts Expenses		
5. Customer Service and Informational Expenses		
Operation		
Supervision (907)		
Customer Assistance Expenses (908)	$640,502.00	$702,092.00
Information and Instructional Expenses (909)	$23,311.00	$26,488.00
Miscellaneous Customer Service and Information Expenses (910)		
141. Total Cust. Service and Informational Exp	$663,813.00	$728,580.00
6. Sales Expenses		
Operation		
Supervision (911)		
Demonstrating and selling Expenses (912)		
Advertising Expenses (913)	$710,734.00	$722,567.00
Miscellaneous Sales Expenses (916)	$0.00	
148. Total Sales Expenses	$710,734.00	$722,567.00
7. Administrative and General Expenses		
Operation		
Administrative and General Salaries (920)	$5,577,400.00	$4,853,277.00
Office Supplies and Expenses (921)	$1,712,514.00	$1,629,237.00
(Less) Administrative Expenses Transferred--CR (922)		

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

Electric Operation and Maintenance Expenses - Customer, Sales and Administrative Expenses (Ref Page: 321)

Account	Amount for Current Yr	Amount for Previous Yr
Outside Services Employed (923)	$3,697,998.00	$3,590,385.00
Property Insurance (924)		
Injuries and Damages (925)	$98,418.00	$97,489.00
Employee Pensions and Benefits (926)	$15,553.00	$80,055.00
Franchise requirements (927)		
Regulatory Commission Expenses (928)	$427,055.00	$368,380.00
(Less) Duplicate Charges -- CR (929)	$0.00	
General Advertising Expenses (930.1)	$203,330.00	$158,785.00
Miscellaneous General Expenses (930.2)	$695,514.00	$804,072.00
Rents (931)	$1,933.00	$983.00
Total Operation	$12,429,715.00	$11,582,663.00
Maintenance		
Maintenance of General Plant (935)	$274,153.00	$221,022.00
168. Total Administrative and General Expenses	$12,703,868.00	$11,803,685.00
Total Electric Operation and Maintence (80,100,126,134,141,148,168)	$135,755,928.00	$133,934,155.00

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

Purchased Power (555) (Ref Page: 326)

Name (a)	Stat Class (b)	FERC Rate (c)	Avg Bill Demd (d)	Avg NCPIl (e)	Avg CP Demd (f)	MWH Purch (g)
Alabama Electric Coop	OS		0	0	0	2,200
Associated Electric Coop	OS		0	0	0	236
Cargill-Alliant	OS		0	0	0	16,505
Constellation Energy Commodities	OS		0	0	0	6,560
DTE Energy Trading, Inc.	OS		0	0	0	1,600
Eagle Energy Partners	OS		0	0	0	6,452
Kenergy Corporation	SF		0	0	0	8,760
LG&E Energy Marketing	RQ		0	0	0	4,980,506
LG&E Energy Marketing	OS		0	0	0	95
Midwest Independent Trans.	OS		0	0	0	4,902
Morgan Stanley	OS		0	0	0	6,400
PJM Interconnection	OS		0	0	0	671
Reliant Energy Services, Inc.	SF		0	0	0	6,193
Southeastern Power Admin	LF		178	149	145	242,099
Southern Company Services	OS		0	0	0	3,200
Southern Illinois Power Coop	OS		0	0	0	6,000
Tenaska Power Services	OS		0	0	0	1,600
The Energy Authority	OS		0	0	0	159
TOTAL						5,294,138

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

Purchased Power (555) (Ref Page: 326) (Part Two)

Name (a)	MWH Rcvd (h)	MWH Del (i)	Demand Chrg (j)	Energy Chrg (k)	Other Chrg (l)	Total
Alabama Electric Coop	0	0	$0.00	$121,200.00	$0.00	$121,200.00
Associated Electric Coop	0	0	$0.00	$17,070.00	$0.00	$17,070.00
Cargill-Alliant	0	0	$0.00	$901,465.00	$0.00	$901,465.00
Constellation Energy Commodities	0	0	$0.00	$382,960.00	$0.00	$382,960.00
DTE Energy Trading, Inc.	0	0	$0.00	$94,400.00	$0.00	$94,400.00
Eagle Energy Partners	0	0	$0.00	$314,756.00	$0.00	$314,756.00
Kenergy Corporation	0	0	$0.00	$481,800.00	$0.00	$481,800.00
LG&E Energy Marketing	0	0	$0.00	$97,998,884.00	$0.00	$97,998,884.00
LG&E Energy Marketing	0	0	$0.00	$3,817.00	$0.00	$3,817.00
Midwest Independent Trans.	0	0	$0.00	$309,604.00	$0.00	$309,604.00
Morgan Stanley	0	0	$0.00	$336,600.00	$0.00	$336,600.00
PJM Interconnection	0	0	$0.00	$45,710.00	$0.00	$45,710.00
Reliant Energy Services, Inc.	0	0	$0.00	$1,303,358.00	$0.00	$1,303,358.00
Southeastern Power Admin	0	0	$6,532,799.00	$0.00	$0.00	$6,532,799.00
Southern Company Services	0	0	$0.00	$180,000.00	$0.00	$180,000.00
Southern Illinois Power Coop	0	0	$0.00	$307,984.00	$0.00	$307,984.00
Tenaska Power Services	0	0	$0.00	$72,000.00	$0.00	$72,000.00
The Energy Authority	0	0	$0.00	$10,157.00	$0.00	$10,157.00
TOTAL	0	0	$6,532,799.00	$102,881,765.00	$0.00	$109,414,564.00

Note:

Ref. Page: 326 LG&E Energy Marketing
On July 17, 1998 (Effective Date of July 15, 1998), Big Rivers Electric Corporation completed a transaction to lease its generating capacity to E. ON U.S. (E.ON). In addition, Big Rivers capacity rights in the Henderson Municipal Power & Light (HMP&L) Station Two facility (under an operation agreement with HMP&L) was assigned to E.ON. The E.ON lease transaction includes a Purchase Power Agreement whereby Big Rivers purchases from LG&E Marketing (LEM-a subsidiary of E.ON) certain minimums and maximums of energy, for supplying member load requirements, at fixed energy rates throughout the 25-year lease term.

Ref. Page: 326 Southeastern Power Administration
The contract with Southeastern Power Administration shall continue in effect until terminated on June 30 of any year by Big Rivers Electric Corporation, upon written notice to SEPA of not less than 37 months in advance of the date of termination, or by SEPA upon written notice to Big Rivers Electric Corporation of not less than 36 months in advance of termination. Power purchased from Southeastern Power Administration is not based on non-coincident peak (NCP) or coincident peak (CP).

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

Transmission of Electricity for Others (456) (Ref Page: 328)

Line	Payment By (a)	Energy Received From (b)	Energy Delivered to (c)	Classification (d)
1	LG&E Energy Marketing, Inc.	Western Kentucky Energy Corp.	Tennessee Valley Authority	LF
2	LG&E Energy Marketing, Inc.	Western Kentucky Energy Corp.	Tennessee Valley Authority	SF
3	LG&E Energy Marketing, Inc.	Western Kentucky Energy Corp.	Tennessee Valley Authority	OS
4	LG&E Energy Marketing, Inc.	Western Kentucky Energy Corp.	Midwest ISO	LF
5	LG&E Energy Marketing, Inc.	Western Kentucky Energy Corp.	Midwest ISO	OS
6	LG&E Energy	Western Kentucky Energy Corp.	LG&E Energy	OS
7	Southern Indiana Gas & Electric Co.	Western Kentucky Energy Corp.	Southern Indiana Gas & Electric Co.	OS
8	Hoosier Energy Cooperative	Western Kentucky Energy Corp.	Hoosier Energy Cooperative	OS
9	Kenergy Corp.	Big Rivers Electric Corporation	Kenergy Corp.	LF
10	Big Rivers Power Supply	Big Rivers Electric Corporation	Kenergy Corp.	LF
11	Big Rivers Power Supply	Western Kentucky Energy Corp.	Tennessee Valley Authority	LF
12	Big Rivers Power Supply	Western Kentucky Energy Corp.	Tennessee Valley Authority	SF
13	Big Rivers Power Supply	Western Kentucky Energy Corp.	Tennessee Valley Authority	OS
14	Big Rivers Power Supply	Western Kentucky Energy Corp.	Midwest ISO	OS
15	Henderson Municiple Power & Light	Tennessee Valley Authority	Henderson Municiple Power & Light	OS
16	Southern Illinois Power Marketing	Southern Illinois Power Cooperative	Tennessee Valley Authority	OS
17	Southern Illinois Power Marketing	Tennessee Valley Authority	Southern Illinois Power Cooperative	LF

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

Transmission of Electricity for Others (456) pg 2 (Ref Page: 329)

Line	Ferc Rate Schedule	Point of Receipt (f)	Point of Delivery (g)	Billing Demand MW	MWh Received (i)	MWh Delivered (j)
1		Big Rivers' Switchyards	Barkley/Paradise	216	490,416	490,416
2		Big Rivers' Switchyards	Barkley/Paradise	0	12,772	12,772
3		Big Rivers' Switchyards	Barkley/Paradise	0	109	109
4		Big Rivers' Switchyards	Midwest ISO Ties	150	765,785	765,785
5		Big Rivers' Switchyards	Midwest ISO Ties	0	470	470
6		Big Rivers' Switchyards	Hardinsburg/Green River Plant	0	187	187
7		Big Rivers' Switchyards	Henderson County Tie	0	171	171
8		Big Rivers' Switchyards	Newtonville/Taswell	0	519	519
9		Big Rivers' Switchyards	Alcan/Century	235	634,631	634,631
10		Big Rivers' Switchyards	Weyerhaeuser	0	0	0
11		Big Rivers' Switchyards	Barkley/Paradise	102	295,563	295,563
12		Big Rivers' Switchyards	Barkley/Paradise	0	7,815	7,815
13		Big Rivers' Switchyards	Barkley/Paradise	0	14,134	14,134
14		Big Rivers' Switchyards	Midwest ISO Ties	0	51,237	51,237
15		Barkley/Paradise	HMP&L Ties	0	18,314	18,314
16		Gallatin/Barkley	Barkley/Paradise	0	417	417
17		Barkley/Paradise	Gallatin/Barkley	0	40,388	40,388

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

Transmission of Electricity for Others (456) pg 2 (Ref Page: 329)

Line	Ferc Rate Schedule	Point of Receipt (f)	Point of Delivery (g)	Billing Demand MW	MWh Received (i)	MWh Delivered (j)
Total				703	2,332,928	2,332,928

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

Transmission of Electricity for Others (456) pg 3 (Ref Page: 330)

Line	Demand (k)	Energy (l)	Other (m)	Total (n)
1	$1,770,000.00	$0.00	$0.00	$1,770,000.00
2	$213,786.00	$0.00	$0.00	$213,786.00
3	$354.50	$0.00	$0.00	$354.50
4	$2,476,000.00	$0.00	$0.00	$2,476,000.00
5	$1,332.92	$0.00	$0.00	$1,332.92
6	$18,596.80	$0.00	$103.20	$18,700.00
7	$17,482.68	$0.00	$128.20	$17,610.88
8	$51,383.78	$0.00	$379.00	$51,762.78
9	$2,313,054.74	$0.00	$0.00	$2,313,054.74
10	$401,637.57	$0.00	$0.00	$401,637.57
11	$1,205,767.50	$0.00	$172,252.50	$1,378,020.00
12	$279,545.00	$0.00	$39,935.00	$319,480.00
13	$40,620.00	$0.00	$2,870.36	$43,490.36
14	$140,743.79	$0.00	$9,945.49	$150,689.28
15	$27,471.00	$0.00	$0.00	$27,471.00
16	$4,348.75	$0.00	$621.25	$4,970.00
17	$0.00	$0.00	$0.00	$0.00
Total	$8,962,125.03	$0.00	$226,235.00	$9,188,360.03

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

Tranmission of Electricity by Others (565) (Ref Page: 332)

Name (a)	MWH Received (b)	MWH Delivered (c)	Demand Charges (d)	Energy Charges (e	Other Charges (f)	Total Cost (g)
Cargill	1,588	1,588	$5,488.00	$0.00	$0.00	$5,488.00
MISO	7,798	7,798	$23,483.00	$0.00	$0.00	$23,483.00
PJM Interconnection	740	640	$1,709.00	$0.00	$0.00	$1,709.00
Tennessee Valley Authority	263,951	263,951	$1,290,798.00	$0.00	$0.00	$1,290,798.00
Total	274,077	273,977	$1,321,478.00	$0.00	$0.00	$1,321,478.00

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

Miscellaneous General Expenses 930.2 Electric (Ref Page: 335)

	Purpose	Recipient	Amount
Industry Association Dues			$270,335.00
Nuclear Power Research Expenses			
Other Experimental and general Research Expenses			
Publishing and Distributing Information and Reports to Stockholders; Trustee, Registrar and Transfer Agent Fees and Expenses, and Other Expenses of Servicing Outstanding securities of the Respondent			
Other Expenses (List items of $5000 or more in this column showing the Purpose, Recipient and amount of such items.			
Group amounts of less than $5000 by classes if the number of items so grouped is shown.			
	Annual Report	Commercial Printing	$12,839.00
	Debt Expense/Bank Services	U S Bank	$24,827.00
	Debt Expense/Bank Services	Deutsche Bank Co. Americas	$12,495.00
	Debt Expense/Bank Services	Moody's Investor Services	$5,000.00
	Directors Fees and Expenses	Directors	$174,078.00
	Economic Development	Northwest Kentucky Forward	$7,000.00
	Economic Development	West Kentucky Academy Town Hall Inc.	$5,000.00
	General Plant Property Tax	State of KY and Local Taxing Districts	$135,161.00
	Insurance	E M Ford	$27,978.00
	Insurance	Federated Rural Electric	$5,080.00
	Chamber of Commerce Dues	5 Items	$11,263.00
	Economic Development	1 Item	$1,000.00
	Insurance	1 Item	$3,448.00
	Misc Expenses	1 Item	$10.00
TOTAL			$695,514.00

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

Depreciation and Amortization of Electric Plant (Ref Page: 336)

	Dep Exp 403 (b)	Dep Exp Asset Retirement	Amort 404 (d)	Amort 405 (e)	Total (f)
Intangible Plant					
Steam Product Plant					
Nuclear Production Plant					
Hydraulic Production Plant -- Conventional					
Hydraulic Production Plant -- Pumped Storage					
Other Production Plant					
Transmission Plant	$4,785,056.00	$0.00	$0.00	$0.00	$4,785,056.00
Distribution Plant					
General Plant	$267,721.00	$0.00	$0.00	$0.00	$267,721.00
Common Plant -- Electric					
Total	$5,052,777.00	$0.00	$0.00	$0.00	$5,052,777.00

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

Regulatory Commission Expenses (Ref Page: 350)

	Description (a)	Assessed By Reg. Comm	Expenses of Util (c)	Total Current Yr (d)	Def. 182.3 Beg. Yr (e)	Exp Charged Dept (f)
	Kentucky Public Service Commission (KPSC)	$0.00	$0.00	$0.00	$0.00	
	Case 2006-00045	$0.00	$60,205.00	$60,205.00	$0.00	Electric
	Case 2006-00137	$0.00	$115.00	$115.00	$0.00	Electric
	Administrative Case 387	$0.00	$207.00	$207.00	$0.00	Electric
	Assessment for Maintenance of KPSC KRS 278.130	$366,528.00	$0.00	$366,528.00	$0.00	Electric
Total		$366,528.00	$60,527.00	$427,055.00	$0.00	

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

Regulatory Commission Expenses (Ref Page: 350) (Part Two)

	Description (a)	Exp Charged Acct (g)	Exp Charged Amt (h)	Def to 182.3 (i)	Contra Acct (j)	Amort Amount (k)	Amort Def 182.3 End Yr (l)
	Kentucky Public Service Commission (KPSC)		$0.00	$0.00		$0.00	$0.00
	Case 2006-00045	928	$60,205.00	$0.00		$0.00	$0.00
	Case 2006-00137	928	$115.00	$0.00		$0.00	$0.00
	Administrative Case 387	928	$207.00	$0.00		$0.00	$0.00
	Assessment for Maintenance of KPSC KRS 278.130	928	$366,528.00	$0.00		$0.00	$0.00
Total			$427,055.00	$0.00		$0.00	$0.00

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

Research Developement and Demonstration Activities (Ref Page: 352)

Classification (a)	Description (b)	Costs Internal (c)	Costs External (d)	Acct (e)	Amt Charged (f)	Unamort Accum (g)
Total						

NOT APPLICABLE

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

Distribution of Salaries and Wages - Electric (Ref Page: 354)

	Specify	Direct Payroll (b)	Alloc Clearing Accts (c)	Total (d)
Electric				
Operation				
3. Production				
4. Transmission		$1,621,136.00		
5. Distribution				
6. Customer Accounts				
7. Customer Service and Informational		$326,913.00		
8. Sales				
9. Administrative and General		$3,826,307.00		
10. Total Operation		$5,774,356.00		
Maintenance				
12. Production				
13. Transmission		$1,319,157.00		
14. Distribution				
15. Administrative and General		$11,578.00		
16. Total Maint		$1,330,735.00		
17. Total Operation and Maintenance				
18. Total Production (Lines 3 and 12)				
19. Total Transmission (Lines 4 and 13)		$2,940,293.00		
20. Total Distribution (Lines 5 and 14)				
21. Customer Accounts (Transcribe from Line 6)				
22. Customer Service and Informational (Transcribe from Line 7)		$326,913.00		
23. Sales (Transcribe from Line 8)				
24. Administrative and General(Lines 9 and 15)		$3,837,885.00		

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

Distribution of Salaries and Wages - Electric (Ref Page: 354)

Specify	Direct Payroll (b)	Alloc Clear Int Acct's (c)	Total (d)
25. Total Oper. and Maint. (Lines 18-24)	$7,105,091.00	($283,460.00)	$6,821,631.00

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

Distribution of Salaries and Wages - Gas (Ref Page: 354)

Specify	Direct Payroll (b)	Allor Clearing Accts (c)	Total (d)
Gas			
Operation			
28. Production -- Manufactured Gas			
29. Production -- Nat. Gas (Including Expl and Dev.)			
30. Other Gas Supply			
31. Storage, LNG Terminaling and Processing			
32. Transmission			
33. Distribution			
34. Customer Accounts			
35. Customer Service and Informational			
36. Sales			
37. Administrative and General			
38. Total Operation			
Maintenance			
40. Production -- Manufactured Gas			
41. Production -- Natural Gas			
42. Other Gas Supply			
43. Storage, LNG Terminaling and Processing			
44. Transmission			
45. Distribution			
46. Administrative and General			
47. Total Maint			
48. Total Operation and Maintenance			

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

Distribution of Salaries and Wages - Gas (Ref Page: 354)

	Specify	Direct Payroll (b)	Alloc Clearing Accts (c)	Total (d)
49. Total Production -- Manufactured Gas (Lines 28 and 40)				
50. Total Production -- Natural Gas (Lines 29 and 41)				
51. Total Other Gas Supply (Lines 30 and 42)				
52. Total Storage LNG Terminaling and Processing (Lines 31 and 43)				
53. Total Transmission (Lines 32 and 44)				
54. Total Distribution (Lines 33 and 45)				
55. Customer Accounts (Transcribe Line 34)				
56. Customer Service and Informational (Transcribe Line 35)				
57. Sales (Transcribe Line 36)				
58. Total Administrative and General (Lines 37 and 46)				
59. Total Operation and Maintenance				
60. Other Utility Departments				
61. Operation and Maintenance				
62. Total All Utility Dept (25,59,61)		$7,105,091.00	($283,460.00)	$6,821,631.00

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

Distribution of Salaries and Wages - Utility Plant (Ref Page: 355)

	Specify	Direct Payroll (b)	Alloc Clearing Accts (c)	Total (d)
Utility Plant				
Construction (By Utility Departments)				
65. Electric Plant		$247,200.00	$198,519.00	$445,719.00
66. Gas Plant				
67. Other				
68. Total Construction		$247,200.00	$198,519.00	$445,719.00
69. Plant Removal (By Utility Departments)				
70. Electric Plant				
71. Gas Plant				
72. Other				
73. Total Plant Removal				
74. Other Accounts				
	ACCOUNTS RECEIVABLE	$25,836.00	$39,662.00	$65,498.00
	CLEARING	$80,992.00	$45,279.00	$126,271.00
95. Total Other Accounts		$106,828.00	$84,941.00	$191,769.00
96. Total Salaries and Wages		$7,459,119.00	$0.00	$7,459,119.00

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

Electric Energy Account (Ref Page: 401)

	MW Hours
Sources of Energy	
Generation (Excluding Station Use:)	
Steam	
Nuclear	
Hydro--Conventional	
Hydro--Pumped Storage	
Other	
(Less) Energy for Pumping	
Net Generation	
Purchases	5,294,138
Power Exchanges	
Received	
Delivered	
Net Exchanges (line 12 - Line 13)	
Transmission for Other	
Received	2,332,928
Delivered	2,332,928
Net Transmission for Other (Line 16-17)	
Transmission by Other Losses	
Total (Lines 9,10,14,18 and 19)	5,294,138
Disposition of Energy	
Sales to Ultimate Consumers (Including Interdepartmental Sales)	
Requirements Sales for Resale (See Instruction 4 pg 311)	3,188,056
Non-Requirements Sales for Resale (See Instruction 4 pg 311)	2,062,286
Energy furnished without Charge	
Energy Used by the Company (Electric Dept Only, excluding Station Use)	0
Total Energy Losses	43,796

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

Electric Energy Account (Ref Page: 401)

	MW Hours
Total (Lines 22 thru 27)	5,294,138

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

Monthly Peaks and Output (Ref Page: 401)

	Total Mon Energy (b)	Mon Non-Requ Sales for	Mon Peak MW (d)	Peak Day of Mon (e)	Peak Hour (f)
January	458,221	180,570	501	26	0700
February	431,717	163,515	527	18	1900
March	459,391	200,207	482	21	1900
April	422,459	201,200	416	13	2100
May	442,505	200,586	503	31	1700
June	429,372	152,197	593	21	1700
July	462,455	150,753	631	31	1700
August	461,103	139,791	629	1	1700
September	421,703	182,579	478	9	1700
October	442,855	190,237	472	4	1700
November	421,446	163,429	477	21	0700
December	440,911	154,777	593	8	0700
Total	5,294,138	2,079,841			

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

Steam-Electric Generating Plant Statistics - Part One Plant Info (Ref Page: 402)

	Plant
Please enter the information regarding each plant corresponding to the column intended for pg 402	
Col b - Plant name	Reid
Kind of Plant (internal comb, gas turb, nuclear)	Steam
Type of Constr (conventional, outdoor, boiler, etc)	Semi-Outdoor
Col c - Plant name	Coleman
Kind of Plant (internal comb, gas turb, nuclear)	Steam
Type of Constr (conventional, outdoor, boiler, etc)	Outdoor
Col d - Plant name	Green
Kind of Plant (internal comb, gas turb, nuclear)	Steam
Type of Constr (conventional, outdoor, boiler, etc)	Semi-Outdoor
Col e - Plant name	HMP&L Station 2
Kind of Plant (internal comb, gas turb, nuclear)	Steam
Type of Constr (conventional, outdoor, boiler, etc)	Outdoor
Col f - Plant name	Wilson
Kind of Plant (internal comb, gas turb, nuclear)	Steam
Type of Constr (conventional, outdoor, boiler, etc)	Indoor

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

Steam-Electric Generating Plant Statistics - Part Two (Lines 3-33) (Ref Page: 402)

a	b	c	d	e	f
Year Originally Constructed	1,965	1,969	1,979	1,973	1,986
Year Last Unit was Installed	1,965	1,972	1,981	1,974	1,986
Total Installed Cap (Max Gen name Plate Ratings MW)	66	480	484	355	440
Net Peak Demand on Plant - MW (60 minutes)					
Plant Hours Connected to Load					
Net Continuous Plant Capability (MW)					
When Not Limited by Condenser Water					
When Limited by Condenser Water					
Average Number of Employees					
Net Generation, Exclusive of Plant Use - KWh					
Cost of Plant:					
Land and Land Rights	83,342	424,665	1,110,712	0	2,218,858
Structures and Improvements	3,334,220	17,228,625	26,974,478	0	72,480,468
Equipment Costs	21,413,672	124,943,014	335,102,957	169,792,161	844,713,076
Asset Retirement Costs					
Total Cost	24,831,234	142,596,304	363,188,147	169,792,161	919,412,402
Cost per KW of Installed Capacity (line 5)	376	297	750	478	2,090
Production Expenses:					
Oper, Supv and Engr					
Fuel					
Coolants and Water (Nuclear only)					

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

Steam-Electric Generating Plant Statistics - Part Two (Lines 3-33) (Ref Page: 402)

Steam Expenses
Steam from Other Sources
Steam Transferred (Cr)
Electric Expenses
Misc Steam (or Nuclear) Power Expenses
Rents
Allowances
Maintenance Supervision and Engineering
Maintenance of Structures
Maintenance of Boiler (or reactor) Plant
Maintenance of Electric Plant
Maintenance of Misc Steam (or Nuclear) Plant
Total Production Expenses

Note:
Ref. Page: 402 Column B Through F and Page Two: Column B
On July 17, 1998 (effective date of July 15, 1998) Big Rivers Electric Corporation completed a transaction to lease its generating capacity to E.ON U.S.. In addition, Big Rivers capacity rights in Henderson Municipal Power and Light (HMP&L) Station Two facility (under an operating agreement with HMP&L) was assigned to E. ON U.S.

Ref. Page: 402 Column E
HMP&L Station Two - Estimated cost at $169,792,161.

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

Steam-Electric Generating Plant Statistics - Part Two (Line 34) (Ref Page: 402)

Expenses per Net KWh	0.0000	0.0000	0.0000	0.0000	0.0000

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

Steam-Electric Generating Plant Statistics - Part Three (Lines 35-43) (Ref Page: 402)

	Coal-Tons	Oil-Barrel	Gas-MCF	Nuclear-Indicate	Nuclear Unit
Column b					
Nuclear Unit					
Quantity of Fuel Burned	0.0000	0.00000000	0.0000	0.0000	
Avg Heat Cont - Fuel Burned (btu/indicate if nuclear)	0.0000	0.00000000	0.0000	0.0000	
Avg Cost of Fuel/unit as Delvd f.o.b. during year	0.0000	0.00000000	0.0000	0.0000	
Average Cost of Fuel per Unit Burned	0.0000	0.00000000	0.0000	0.0000	
Average Cost of Fuel Burned per Million BTU	0.0000	0.00000000	0.0000	0.0000	
Average Cost of Fuel Burned per KWh Net Gen	0.0000	0.00000000	0.0000	0.0000	
Average BTU per KWh Net Generation	0.0000	0.00000000	0.0000	0.0000	
Column c					
Nuclear Unit					
Quantity of Fuel Burned	0.0000	0.00000000	0.0000	0.0000	
Avg Heat Cont - Fuel Burned (btu/indicate if nuclear)	0.0000	0.00000000	0.0000	0.0000	
Avg Cost of Fuel/unit as Delvd f.o.b. during year	0.0000	0.00000000	0.0000	0.0000	
Average Cost of Fuel per Unit Burned	0.0000	0.00000000	0.0000	0.0000	
Average Cost of Fuel Burned per Million BTU	0.0000	0.00000000	0.0000	0.0000	
Average Cost of Fuel Burned per KWh Net Gen	0.0000	0.00000000	0.0000	0.0000	
Average BTU per KWh Net Generation	0.0000	0.00000000	0.0000	0.0000	
Column d					

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

Steam-Electric Generating Plant Statistics - Part Three (Lines 35-43) (Ref Page: 402)

	Coal Tons	Oil Barrel	Gas Mcf	Nuclear Indicate	Nuclear Unit
Nuclear Unit					
Quantity of Fuel Burned	0.0000	0.00000000	0.0000	0.0000	
Avg Heat Cont - Fuel Burned (btu/indicate if nuclear)	0.0000	0.00000000	0.0000	0.0000	
Avg Cost of Fuel/unit as Delvd f.o.b. during year	0.0000	0.00000000	0.0000	0.0000	
Average Cost of Fuel per Unit Burned	0.0000	0.00000000	0.0000	0.0000	
Average Cost of Fuel Burned per Million BTU	0.0000	0.00000000	0.0000	0.0000	
Average Cost of Fuel Burned per KWh Net Gen	0.0000	0.00000000	0.0000	0.0000	
Average BTU per KWh Net Generation	0.0000	0.00000000	0.0000	0.0000	
Column e					
Nuclear Unit					
Quantity of Fuel Burned	0.0000	0.00000000	0.0000	0.0000	
Avg Heat Cont - Fuel Burned (btu/indicate if nuclear)	0.0000	0.00000000	0.0000	0.0000	
Avg Cost of Fuel/unit as Delvd f.o.b. during year	0.0000	0.00000000	0.0000	0.0000	
Average Cost of Fuel per Unit Burned	0.0000	0.00000000	0.0000	0.0000	
Average Cost of Fuel Burned per Million BTU	0.0000	0.00000000	0.0000	0.0000	
Average Cost of Fuel Burned per KWh Net Gen	0.0000	0.00000000	0.0000	0.0000	
Average BTU per KWh Net Generation	0.0000	0.00000000	0.0000	0.0000	
Column f					
Nuclear Unit					

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

Steam-Electric Generating Plant Statistics - Part Three (Lines 35-43) (Ref Page: 402)

	Coal Tons	Oil Barrel	Gas MCF	Nuclear Indicate	Nuclear Unit
Quantity of Fuel Burned	0.0000	0.00000000	0.0000	0.0000	
Avg Heat Cont - Fuel Burned (btu/indicate if nuclear)	0.0000	0.00000000	0.0000	0.0000	
Avg Cost of Fuel/unit as Delvd f.o.b. during year	0.0000	0.00000000	0.0000	0.0000	
Average Cost of Fuel per Unit Burned	0.0000	0.00000000	0.0000	0.0000	
Average Cost of Fuel Burned per Million BTU	0.0000	0.00000000	0.0000	0.0000	
Average Cost of Fuel Burned per KWh Net Gen	0.0000	0.00000000	0.0000	0.0000	
Average BTU per KWh Net Generation	0.0000	0.00000000	0.0000	0.0000	

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

Steam-Electric Generating Plant Statistics - pg two - Part One Plant Info (Ref Page: 402)

	Plant
Please enter the information regarding each plant corresponding to the column intended for pg 402	
Col b - Plant name	Reid
Kind of Plant (internal comb, gas turb, nuclear)	Combustion Turbine
Type of Constr (conventional, outdoor, boiler, etc)	
Col c - Plant name	
Kind of Plant (internal comb, gas turb, nuclear)	
Type of Constr (conventional, outdoor, boiler, etc)	
Col d - Plant name	
Kind of Plant (internal comb, gas turb, nuclear)	
Type of Constr (conventional, outdoor, boiler, etc)	
Col e - Plant name	
Kind of Plant (internal comb, gas turb, nuclear)	
Type of Constr (conventional, outdoor, boiler, etc)	
Col f - Plant name	
Kind of Plant (internal comb, gas turb, nuclear)	
Type of Constr (conventional, outdoor, boiler, etc)	

Steam-Electric Generating Plant Statistics - pg two - Part Two (Lines 3-33) (Ref Page: 402)

Year Originally Constructed	1,976	0	0	0	0
Year Last Unit was Installed	1,976	0	0	0	0
Total Installed Cap (Max Gen name Plate Ratings MW)	66	0	0	0	0
Net Peak Demand on Plant - MW (60 minutes)					
Plant Hours Connected to Load					
Net Continuous Plant Capability (MW)					
When Not Limited by Condenser Water					
When Limited by Condenser Water					
Average Number of Employees					
Net Generation, Exclusive of Plant Use - KWh					
Cost of Plant:					
Land and Land Rights					
Structures and Improvements	154,233	0	0	0	0
Equipment Costs	7,706,753	0	0	0	0
Asset Retirement Costs					
Total Cost	7,860,986	0	0	0	0
Cost per KW of Installed Capacity (line 5)	119	0	0	0	0
Production Expenses:					
Oper, Supv and Engr					
Fuel					
Coolants and Water (Nuclear only)					

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

Steam-Electric Generating Plant Statistics - pg two - Part Two (Lines 3-33) (Ref Page: 402)

Steam Expenses
Steam from Other Sources
Steam Transferred (Cr)
Electric Expenses
Misc Steam (or Nuclear) Power Expenses
Rents
Allowances
Maintenance Supervision and Engineering
Maintenance of Structures
Maintenance of Boiler (or reactor) Plant
Maintenance of Electric Plant
Maintenance of Misc Steam (or Nuclear) Plant
Total Production Expenses

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

Steam-Electric Generating Plant Statistics - pg two - Part Two (Line 34) (Ref Page: 402)

	b	c	d	e	f
Expenses per Net KWh	0.0000	0.0000	0.0000	0.0000	0.0000

Steam-Electric Generating Plant Statistics - pg two - Part Three (Lines 35-43) (Ref Page: 402)

	Coal - Ton	Oil - Barrel	Gas - Mcf	Nuclear - Indicate	Nuclear Unit
column b					
Nuclear Unit					
Quantity of Fuel Burned	0.0000	0.0000	0.0000	0.0000	
Avg Heat Cont - Fuel Burned (btu/indicate if nuclear)	0.0000	0.0000	0.0000	0.0000 0	
Avg Cost of Fuel/unit as Delvd f.o.b. during year	0.0000	0.0000	0.0000	0.0000	
Average Cost of Fuel per Unit Burned	0.0000	0.0000	0.0000	0.0000	
Average Cost of Fuel Burned per Million BTU	0.0000	0.0000	0.0000	0.0000	
Average Cost of Fuel Burned per KWh Net Gen	0.0000	0.0000	0.0000	0.0000	
Average BTU per KWh Net Generation	0.0000	0.0000	0.0000	0.0000	
column c					
Nuclear Unit					
Quantity of Fuel Burned	0.0000	0.0000	0.0000	0.0000	
Avg Heat Cont - Fuel Burned (btu/indicate if nuclear)	0.0000	0.0000	0.0000	0.0000 0	
Avg Cost of Fuel/unit as Delvd f.o.b. during year	0.0000	0.0000	0.0000	0.0000	
Average Cost of Fuel per Unit Burned	0.0000	0.0000	0.0000	0.0000	
Average Cost of Fuel Burned per Million BTU	0.0000	0.0000	0.0000	0.0000	
Average Cost of Fuel Burned per KWh Net Gen	0.0000	0.0000	0.0000	0.0000	
Average BTU per KWh Net Generation	0.0000	0.0000	0.0000	0.0000	
column d					

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

Steam-Electric Generating Plant Statistics - pg two - Part Three (Lines 35-43) (Ref Page: 402)

	Coal-Tons	Oil-Barrel	Gas-MCF	Nuclear-Indicate	Nuclear Unit
Nuclear Unit					
Quantity of Fuel Burned	0.0000	0.0000	0.0000	0.0000	
Avg Heat Cont - Fuel Burned (btu/indicate if nuclear)	0.0000	0.0000	0.0000	0.0000 0	
Avg Cost of Fuel/unit as Delvd f.o.b. during year	0.0000	0.0000	0.0000	0.0000	
Average Cost of Fuel per Unit Burned	0.0000	0.0000	0.0000	0.0000	
Average Cost of Fuel Burned per Million BTU	0.0000	0.0000	0.0000	0.0000	
Average Cost of Fuel Burned per KWh Net Gen	0.0000	0.0000	0.0000	0.0000	
Average BTU per KWh Net Generation	0.0000	0.0000	0.0000	0.0000	
column e					
Nuclear Unit					
Quantity of Fuel Burned	0.0000	0.0000	0.0000	0.0000	
Avg Heat Cont - Fuel Burned (btu/indicate if nuclear)	0.0000	0.0000	0.0000	0.0000 0	
Avg Cost of Fuel/unit as Delvd f.o.b. during year	0.0000	0.0000	0.0000	0.0000	
Average Cost of Fuel per Unit Burned	0.0000	0.0000	0.0000	0.0000	
Average Cost of Fuel Burned per Million BTU	0.0000	0.0000	0.0000	0.0000	
Average Cost of Fuel Burned per KWh Net Gen	0.0000	0.0000	0.0000	0.0000	
Average BTU per KWh Net Generation	0.0000	0.0000	0.0000	0.0000	
column f					
Nuclear Unit					

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

Steam-Electric Generating Plant Statistics - pg two - Part Three (Lines 35-43) (Ref Page: 402)

	Coal - Tons	Oil - Barrel	Gas - MCF	Nuclear - Indicate	Nuclear Unit
Quantity of Fuel Burned	0.0000	0.0000	0.0000	0.0000	
Avg Heat Cont - Fuel Burned (btu/indicate if nuclear)	0.0000	0.0000	0.0000	0.0000 0	
Avg Cost of Fuel/unit as Delvd f.o.b. during year	0.0000	0.0000	0.0000	0.0000	
Average Cost of Fuel per Unit Burned	0.0000	0.0000	0.0000	0.0000	
Average Cost of Fuel Burned per Million BTU	0.0000	0.0000	0.0000	0.0000	
Average Cost of Fuel Burned per KWh Net Gen	0.0000	0.0000	0.0000	0.0000	
Average BTU per KWh Net Generation	0.0000	0.0000	0.0000	0.0000	

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

HydroElectric Generating Plant Statistics - Part One Plant Info (Ref Page: 406)

Plant

Please enter the information regarding each plant corresponding to the column intended for pg 406

Col b Ferc Licensed Project No

Plant Name

Kind of Plant (Run-of-River or Storage)

Plant Construction type (Conventional or Outdoor)

Col c Ferc Licensed Project No

Plant Name

Kind of Plant (Run-of-River or Storage)

Plant Construction type (Conventional or Outdoor)

Col d Ferc Licensed Project No

Plant Name

Kind of Plant (Run-of-River or Storage)

Plant Construction type (Conventional or Outdoor)

Col e Ferc Licensed Project No

Plant Name

Kind of Plant (Run-of-River or Storage)

Plant Construction type (Conventional or Outdoor)

Col f Ferc Licensed Project No

Plant Name

Kind of Plant (Run-of-River or Storage)

Plant Construction type (Conventional or Outdoor)

NOT APPLICABLE

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

HydroElectric Generating Plant Statistics - Part Two (Lines 3-34) (Ref Page: 406)

Year Originally Constructed
Year Last Unit was Installed
Total installed cap (Gen name plate Rating in MW)
Net Peak Demand on Plant-Megawatts (60 minutes)
Plant Hours Connect to Load
Net Plant Capability (in megawatts)
(a) Under Most Favorable Oper Conditions
(b) Under the Most Adverse Oper Conditions
Average Number of Employees
Net Generation, Exclusive of Plant Use - KWh
Cost of Plant
Land and Land Rights
Structures and Improvements
Reservoirs, Dams, and Waterways
Equipment Costs
Roads, Railroads and Bridges
Asset Retirement Costs
Total Cost
Cost per KW of Installed Capacity (line 5)
Production Expenses
Operation Supervision and Engineering

NOT APPLICABLE

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

HydroElectric Generating Plant Statistics - Part Two (Lines 3-34) (Ref Page: 406)

Water for Power	
Hydraulic Expenses	
Electric Expenses	
Misc Hydraulic Power Generation Expenses	
Rents	
Maintenance Supervision and Engineering	
Maintenance of Structures	
Maintenance of Reservoirs, Dams and Waterways	
Maintenance of Electric Plant	
Maintenance of Misc Hydraulic Plant	
Total Production Expenses	
Expenses per net KWh	

NOT APPLICABLE

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

Pumped Storage Generating Plant Statistics - Part One Plant Info (Ref Page: 408)

	Plant
Please enter the information regarding each plant corresponding to the column intended for pg 406	
Col b Ferc Licensed Project No	
Plant Name	
Type of Plant Construction (Conventional or Outdoor)	
Col c Ferc Licensed Project No	
Plant Name	
Type of Plant Construction (Conventional or Outdoor)	
Col d Ferc Licensed Project No	
Plant Name	
Type of Plant Construction (Conventional or Outdoor)	
Col e Ferc Licensed Project No	
Plant Name	
Type of Plant Construction (Conventional or Outdoor)	
Col f Ferc Licensed Project No	
Plant Name	
Type of Plant Construction (Conventional or Outdoor)	

NOT APPLICABLE

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

Pumped Storage Generating Plant Statistics - Part Two (Lines 3-34) (Ref Page: 408)

Year Originally Constructed
Year Last Unit was Installed
Total installed cap (Gen name plate Rating in MW)
Net Peak Demand on Plant-Megawatts (60 minutes)
Plant Hours Connect to Load
Net Plant Capability (in megawatts)
Average Number of Employees
9. Generation, Exclusive of Plant Use - KWh
10. Energy Used for Pumping
Net Output for Load (line 9 - line 10)
Land and Land Rights
Structures and Improvements
Reservoirs, Dams, and Waterways
Water Wheels, Turbines and Generators
Accessory Electric Equipment
Misc Pwerplant Equipment
Roads, Railroads and Bridges
Asset Retirement Costs
Total Cost
Cost per KW of Installed Capacity (line 5)
Production Expenses

NOT APPLICABLE

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

Pumped Storage Generating Plant Statistics - Part Two (Lines 3-34) (Ref Page: 408)

Operation Supervision and Engineering
Water for Power
Pumped Storage Expenses
Electric Expenses
Misc Pumped Storage Power Generation Expenses
Rents
Maintenance Supervision and Engineering
Maintenance of Structures
Maintenance of Reservoirs, Dams and Waterways
Maintenance of Electric Plant
Maintenance of Misc Pumped Storage Plant
Production Expenses before Pumping Exp (23 thru 33)
Pumping Expenses
Total Production Expenses
Expenses per net KWh

NOT APPLICABLE

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

Generating Plant Statistics (Small Plants) (Ref Page: 410)

Name of Plant (a)	Yr Orig Const (b)	Installed Capacity Name	Net Peak Demand MW	Net Generation	Cost of Plant (f)
		0			

NOT APPLICABLE

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

Generating Plant Statistics (Small Plants) (Ref Page: 410) (Part Two)

Name of Plant (a)	Plant Cost (Include Ass Ret) Per MW	Operation Exc Fuel (h)	Prod Exp. Fuel (i)	Prod Exp Maintenance (j)	Kind of Fuel (k)	Fuel Costs (in cents per Million BTU) (l)

NOT APPLICABLE

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

Transmission Line Statistics (Ref Page: 422)

Line No. (a)	From (b)	To (c)	Volt Operating (e)	Volt Designed (d)	Type Support (e)	Length Line Designated (f)	Length Another Line (g)	Number of Circuits (h)
1	Barkley	Reid	161	161	H-W	58.8000	0.0000	1
2	Coleman	Southwire	161	161	H-W	5.0000	0.0000	1
3	Coleman	EHV Tie Lines	161	161	H-W	2.8000	0.0000	1
4	Reid	Hancock	161	161	H-W	48.2000	0.0000	1
5	Hancock	Harvey	161	161	H-W	1.3000	0.0000	1
6	Coleman	New Hardinsburg	161	161	H-W	24.8000	0.0000	1
7	Paradise	New Hardinsburg	161	161	H-W	46.3000	0.0000	1
8	Hancock	Coleman	161	161	H-W	3.7000	0.0000	1
9	Coleman	HED	161	161	H-W	6.0000	0.0000	1
10	New Hardinsburg	Meade County	161	161	H-W	17.9000	0.0000	1
11	Skillman - West		161	161	H-W	3.0000	0.0000	1
12	Skillman - East		161	161	H-W	3.0000	0.0000	1
13	Barkley Dam	SIPC	161	161	H-W	23.8000	0.0000	1
14	Livingston Co	McCracken Co	161	161	H-W	39.1000	0.0000	1
15	McCracken Co	TVA Line "L"	161	161	H-W	3.2000	0.0000	1
16	Marshall Co	TVA Tle	161	161	H-W	3.1000	0.0000	1
17	Reid	Alcan	161	161	H-W	4.5000	0.0000	1
18	Reid	Reid EHV	161	161	H-W	0.6000	0.0000	1
19	Reid	Henderson Co	161	161	H-W	15.3000	0.0000	1
20	Wilson Start-Up		161	161	H-W	0.6000	0.0000	1
21	Wilson Step-Up		161	161	H-W	0.6000	0.0000	1
22	Scott Paper	Daviess Co Sub	161	161	H-W	15.7000	0.0000	1
23	New Hardinsburg	KU Tie	138	138	H-W	0.4000	0.0000	1
24	Henderson Co	SIGECO	138	138	H-W	5.6000	0.0000	1
25	New Hardinsburg	LG&E	138	138	H-W	8.4000	0.0000	1
26	Wilson	Reid EHV	345	345	H-W	28.3000	0.0000	1

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

Transmission Line Statistics (Ref Page: 422)

Line No.	From (a)	To (b)	Volt Operating (c)	Volt Designed (d)	Type support (e)	Length Line Designated (f)	Length Another Line (g)	Number of Circuits (h)
27	Wilson	Coleman EHV	345	345	H-W	39.1000	0.0000	1
28	Wilson	KU	161	161	H-W	8.0000	0.0000	1
29	Bryan Road		161	161	H-W	0.1000	0.0000	1
30	Skillman Tap	Meade Co	161	161	H-W	0.0000	0.0000	1
31	Daviess Co		345	345	H-W	0.0000	0.0000	1
32	Under 132 kV		69	69	SP-W	814.7100	0.0000	2

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

Transmission Line Statistics (cont) (Ref Page: 423)

Line	Size of	Cost of Line	Cost of Line	Cost of Line	Operation (m)	Maintenance (n)	Rents (o)	Total (p)
1	795ACSR	$151,497.00	$1,265,825.00	$1,417,322.00	$0.00	$0.00	$0.00	$0.00
2	795ACSR	$0.00	$23,349.00	$23,349.00	$0.00	$0.00	$0.00	$0.00
3	795ACSR	$0.00	$15,755.00	$15,755.00	$0.00	$0.00	$0.00	$0.00
4	795ACSR	$113,180.00	$781,231.00	$894,411.00	$0.00	$0.00	$0.00	$0.00
5	336ACSR	$3,019.00	$30,886.00	$33,905.00	$0.00	$0.00	$0.00	$0.00
6	795ACSR	$87,120.00	$459,654.00	$546,774.00	$0.00	$0.00	$0.00	$0.00
7	795ACSR	$155,505.00	$939,669.00	$1,095,174.00	$0.00	$0.00	$0.00	$0.00
8	795ACSR	$23,247.00	$54,586.00	$77,833.00	$0.00	$0.00	$0.00	$0.00
9	795ACSR	$0.00	$97,747.00	$97,747.00	$0.00	$0.00	$0.00	$0.00
10	795ACSR	$429,118.00	$1,661,595.00	$2,090,713.00	$0.00	$0.00	$0.00	$0.00
11	795ACSR	$17,297.00	$335,025.00	$352,322.00	$0.00	$0.00	$0.00	$0.00
12	795ACSR	$16,889.00	$334,763.00	$351,652.00	$0.00	$0.00	$0.00	$0.00
13	795ACSR	$80,337.00	$664,229.00	$744,566.00	$0.00	$0.00	$0.00	$0.00
14	795ACSR	$925,135.00	$4,159,779.00	$5,084,914.00	$0.00	$0.00	$0.00	$0.00
15	1590ACSR	$61,576.00	$436,276.00	$497,852.00	$0.00	$0.00	$0.00	$0.00
16	795ACSR	$62,138.00	$610,820.00	$672,958.00	$0.00	$0.00	$0.00	$0.00
17	795ACSR	$1,427.00	$163,951.00	$165,378.00	$0.00	$0.00	$0.00	$0.00
18	1590ACSR	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
19	795ACSR	$201,433.00	$709,902.00	$911,335.00	$0.00	$0.00	$0.00	$0.00
20	795ACSR	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
21	1590ACSR	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
22	795ACSR	$622,292.00	$1,575,966.00	$2,198,258.00	$0.00	$0.00	$0.00	$0.00
23	795ACSR	$0.00	$17,155.00	$17,155.00	$0.00	$0.00	$0.00	$0.00
24	795ACSR	$73,671.00	$400,736.00	$474,407.00	$0.00	$0.00	$0.00	$0.00
25	795ACSR	$9,395.00	$303,075.00	$312,470.00	$0.00	$0.00	$0.00	$0.00
26	1590ACSR	$632,159.00	$13,086,441.00	$13,718,600.00	$0.00	$0.00	$0.00	$0.00

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

Transmission Line Statistics (cont) (Ref Page: 423)

	Line No.	Size of	Cost of Line	Cost of Line	Cost of Line	Operation (m)	Maintenance (n)	Rents (o)	Total (p)
	27	1590ACSR	$876,205.00	$18,080,561.00	$18,956,766.00	$0.00	$0.00	$0.00	$0.00
	28	795ACSR	$188,093.00	$2,019,337.00	$2,207,430.00	$0.00	$0.00	$0.00	$0.00
	29	795ACSR	$0.00	$152,164.00	$152,164.00	$0.00	$0.00	$0.00	$0.00
	30	795ACSR	$665,116.00	$0.00	$665,116.00	$0.00	$0.00	$0.00	$0.00
	31	795ACSR	$15,924.00	$0.00	$15,924.00	$0.00	$0.00	$0.00	$0.00
	32	VARIOUS	$6,160,430.00	$32,637,263.00	$38,797,693.00	$0.00	$0.00	$0.00	$0.00
Total			$11,572,203.00	$81,017,740.00	$92,589,943.00	$0.00	$0.00	$0.00	$0.00

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

Transmission Lines Added During Year (Ref Page: 424)

Line	From (a)	To (b)	Line Length Lines (c)	Type Support (d)	Ave Number per Miles (e)	Circuits Per Structure Present (f)	Circuits Per Structure Ultimate (g)
	1 Madisonville Tap		5.6000	SP-W	0	1	1
	2 Possum Trot		0.2000	SP-W	0	1	1

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

Transmission Lines Added During Year (cont) (Ref Page: 425)

Line	Conductor Size	Conductor	Config and	Voltage KV	Land and Land	Poles Tower	Conductors	Asset	Total ($)
1	336.4ACSR			69	$122,690.00	$516,676.00	$238,070.00	$0.00	$877,436.00
2	336.4ACSR			69	$0.00	$27,066.00	$63,493.00	$0.00	$90,559.00
Total				138	$122,690.00	$543,742.00	$301,563.00	$0.00	$967,995.00

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

Substations (Ref Page: 426)

Line	Name and Location (a)	Character (b)	Voltage - Primary (c)	Voltage - Secondary (d)	Voltage - Tertiary (e)
1	Barkley Dam	Transmission/U	69.0000	13.8000	4.1600
2	Reid Station	Transmission/U	161.0000	69.0000	4.1600
3	Hancock County	Transmission/U	161.0000	69.0000	4.1600
4	New Hardinsburg	Transmission/U	161.0000	138.0000	13.8000
5	New Hardinsburg	Transmission/U	161.0000	69.0000	13.8000
6	Daviess County	Transmission/U	161.0000	69.0000	13.8000
7	Henderson County	Transmission/U	161.0000	138.0000	13.8000
8	Henderson County	Transmission/U	161.0000	69.0000	13.8000
9	Meade County	Transmission/U	161.0000	69.0000	13.8000
10	Livingston County	Transmission/U	161.0000	69.0000	13.8000
11	McCracken County	Transmission/U	161.0000	69.0000	13.8000
12	Hopkins County	Transmission/U	161.0000	69.0000	13.8000
13	Wilson EHV	Transmission/U	345.0000	161.0000	13.8000
14	Reid EHV	Transmission/U	345.0000	161.0000	13.8000
15	Coleman EHV	Transmission/U	345.0000	161.0000	13.8000
16	National Aluminum	Transmission/U	161.0000	13.8000	0.0000
17	Bryan Road	Transmission/U	161.0000	69.0000	13.8000
18	Caldwell	Transmission/U	161.0000	69.0000	13.8000
19	Totals		0.0000	0.0000	0.0000

Note:
Column A: Barkley Dam

Barkley Dam is owned by the Army Corp of Engineers. Only one (1) transformer and other related special facilities are owned by Big Rivers. Big Rivers finances the expenses on its own equipment.

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

Substations (continued) (Ref Page: 427)

Line	Capacity of	Num Trans (h)	Num spare Trans (h)	Type Equipment (i)	Num Units (j)	Total Capacity (k)
1	35.0000	1	0		0	0
2	200.0000	2	0		0	0
3	90.0000	2	0		0	0
4	200.0000	1	0		0	0
5	95.0000	2	0		0	0
6	200.0000	2	1		0	0
7	200.0000	1	0		0	0
8	100.0000	2	0		0	0
9	100.0000	2	0		0	0
10	100.0000	2	0		0	0
11	200.0000	2	0		0	0
12	50.0000	1	0		0	0
13	600.0000	2	0		0	0
14	600.0000	2	0		0	0
15	600.0000	2	0		0	0
16	45.0000	2	0		0	0
17	100.0000	2	0		0	0
18	20.0000	1	0		0	0
19	3,535.0000	31	1		0	0

CheckList

Item	Value 1	Value 2	Agree	Explain
Balance Sheet (Assets and Other Debts) (ref pg 110)				
Line 2. Utility Plant (101-106) agrees with Sched Sum of Util Plant and Acc Prov for Depr Amort and Depletion (ref pg 200) Sum of Lines Total In Service,Leased to Others and Held for Future Use	1731229629.00	1731229629.00	OK	
Line 3. Construction Work in Progress agrees with Sched Sum of Util Plant and Acc Prov for Depr Amort and Depletion (ref pg 200) Line Construction Work in Progress Col Elec (c)	13084602.00	13084602.00	OK	
Line 4. Total Utility Plant agrees with Sched Sum of Util Plant and Acc Prov for Depr Amort and Depletion (ref pg 200) Line Total Utility Plant Col Elec (c)	1744314231.00	1744314231.00	OK	
Line 5. (Less) Accum. Prov for Dep. Amort. Depl agrees with Sched Sum of Util Plant and Acc Prov for Depr Amort and Depletion (ref pg 200) Line Accum. Prov. for Depr, Amort and Depl.	826646679.00	826646679.00	OK	
Line 6. Net Utility Plant agrees with Sched Sum of Util Plant and Acc Prov for Depr Amort and Depletion (ref pg 200) Line Net Utility Plant	917667552.00	917667552.00	OK	
Line 17. Investments in Subsidiary Companies agrees with Sched Investments in Subsidiary Companies (ref pg 224) Line Total	0	0	OK	
Line 34. Fuel Stock agrees with Sched Materials and Supplies (ref pg 227) Line Fuel Stock	0	0	OK	
Line 35. Fuel Stock Expenses Undistributed agrees with Sched Materials and Supplies (ref pg 227) Line Fuel Stock Expenses Undistributed	0	0	OK	
Line 36. Residuals (Elect) and Extracted Products agrees with Sched Materials and Supplies (ref pg 227) Line Residuals (Elect) and Extracted Products	0	0	OK	
Line 37. Plant Materials and Operating Supplies agrees with Sched Materials and Supplies (ref pg 227) Line Total Plant Materials and Operating Supplies	810996.00	810996.00	OK	

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

CheckList

Item	Value 1	Value 2	Agree	Explain
Line 38. Merchandise agrees with Sched Materials and Supplies (ref pg 227) Line Merchandise	0	0	OK	
Line 39. Other Materials and Supplies agrees with Sched Materials and Supplies (ref pg 227) Line Other Materials and Supplies	0	0	OK	
Line 40. Nuclear Materials Held for Sale agrees with Sched Materials and Supplies (ref pg 227) Line Nuclear Materials Held for Sale	0	0	OK	
Line 43. Stores Expense Undistributed agrees with Sched Materials and Supplies (ref pg 227) Line Store Expense Undistributed	0	0	OK	
Line 55. Extraordinary Property Losses agrees with Sched Extraordinary Property Losses (ref pg 230) Line Total Col Balance (f)	0	0	OK	
Line 62. Misceallaneous Deferred Debits agrees with Sched Miscellaneous Deferred Debits (ref pg 233) Line Total Col Balance (f)	17391259.00	17391259.00	OK	
Line 64. Research, Devel. and Demonstration Expend. agrees with Sched Research Development and Demonstration Activities (ref pg 352) Line Total Col g	0	0	OK	
Line 66. Accumulated Deferred Income Taxes agrees with Sched Accumulated Taxes (ref pg 254) Line Total Acct 190	4789974.00	4789974.00	OK	
Balance Sheet - Liabilities and Other Credits (ref pg 112)				
Line 2. Common Stock Issued (201) agrees with Sched Capital Stock (Acct 201 and 204) ref pg 250 Line Total Common Stock Col f	75.00	0	NO	Amount reported on Ref. Page 112, Line 2, Account 201 is for membership fees. Big Rivers is a cooperative, therefore it does not issue stock.
Line 3. Preferred Stock Issued (204) agrees with Sched Capital Stock (Acct 201 and 204) ref pg 250 Line Total Preferred Stock Col f	0	0	OK	
Line 11. Retained Earnings agrees with Sched Statement of Retained Earnings (ref pg 118) Line Total Retained Earnings Col Amount c	-221814975.00	-221814975.00	OK	

CheckList

Item	Value 1	Value 2	Agree	Explain
Line 12. Unappropriated Undistributed Subsidiary Earnings agrees with Sched Statement of Retained Earnings (ref pg 118) Line Balance End of Year for Unappropriated Undistrib Sub Earnings Col c	0	0	OK	
Line 13. (Less Reaquired Capital Stock) agrees with Sched Capital Stock (ref pg 250) Line Total Col h	0	0	OK	
Line 16. Bonds (221) agrees with Sched Long Term Debt (221, 222,223,224) (ref pg 256) Line Total 221 Col h	0	0	OK	
Line 18. Advances from Associated Companies (223) agrees with Sched Long Term Debt (221, 222,223,224) (ref pg 256) Line Total 223 Col h	0	0	OK	
Line 19. Other Long Term Debt (224) agrees with Sched Long Term Debt (221, 222,223,224) (ref pg 256) Line Total 224 Col h	1218135347.00	1218135347.00	OK	
Line 37. Taxes Accrued agrees with Sched Taxes Accrued, Prepaid and Charged (Ref pg 262) Line Total Col g	296659.00	296659.00	OK	
Line 48. Accumulated Def Investment Tax Credits agrees with Sched Accumulated Deferred Investment Tax Credit (Ref Pg 266) Line Total Col h	0	0	OK	
Line 50. Other Deferred Credits agrees with Sched Other deferred Credits (Ref Pg 269) Line Total Col h	214807917.00	214807917.00	OK	
Line 53. Other Deferred Credits agrees with Sched Other deferred Credits (Ref Pg 269) Line Total Col h	0	0	OK	
Income Statement (Ref pg 114)				
Line 2. Operating Revenues agrees with Sched Electric Operating Revenues (Ref pg 300) Line Total Electric Operating Revenues Col b	200692404.00	200692404.00	OK	
Sum of Lines 4. Operation Exp and 5. Maint Exp agrees with Sched Electric Operation and Maint. Expenses (Ref pg 323) Line Total Elec Operation and Maintence	135755928.00	135755928.00	OK	

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

CheckList

Item	Value 1	Value 2	Agree	Explain
Line 6. Depreciation Expense agrees with Sched Depreciation and Amort of Electric Plant (Ref pg 336) Line Total Col b	5052777.00	5052777.00	OK	
Line 7. Amort and Depl of Utility Plant agrees with Sched Depreciation and Amort of Electric Plant (Ref pg 336) The Sum of Cols d and e Line Total	0	0	OK	
Sum of Lines 13,14 and 15 Col. Electric (e) agrees with Sched Taxes Accrued, Prepaid and Charged (Ref pg 262) Line Total Taxes Col i	1606650.00	1606650.00	OK	
Line 19. Investment Tax Credit Adj. agrees with Sched Accumulated Deferred Investment Tax Credit (Ref pg 266) Line Total Col f	0	0	OK	
Statement of Income (Continued) (Ref Pg 117)				
Line 70. Income Taxes - Federal and Other agrees with Sched Taxes Accrued Prepaid and Charged (ref pg 262) Col j	0	0	OK	
Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization and Depletion				
Line Plant Purchased or Sold Col c Electric agrees with Schedule Electric Plant in Service (ref pg 207) Line Electric Plant Purchased Less Electric Plant Sold Col g	0	0	OK	
Line Experimental Plant Unclassified Col c Electric agrees with Schedule Electric Plant in Service (ref pg 206) Line Experiemental Plant Uncalssified Col g	0	0	OK	
Line Held for Future Use Col c Electric agrees with Schedule Electric Plant Held for Future Use (ref pg 214) Line Total	0	0	OK	
Electric Operating Revenues (Acct 400) (ref pg 300)				
Line Sales for Resale Col b agrees with Sched Sales for Resale (Ref pg 310) Line Total Col k	190834379.00	190834379.00	OK	
Line Sales for Resale Col d MWH agrees with Sched Sales for Resale (Ref pg 310) Line Total Col g MWH	5250342	5250342	OK	

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

CheckList

Item	Value 1	Value 2	Agree	Explain
Electric Operation and Maintenance Expenses (Ref pg 323)				
Line Miscellaneous General Expenes Col b agrees wtih Sched Miscellaneous General Expenses (Ref pg 335) Line Total Amount	695514.00	695514.00	OK	
Electric Energy Account (ref pg 401)				
Line Purchases Col MWHours agrees with Sched Purchased Power (Ref pg 326) Line Total Col g MWH Purchased	5294138	5294138	OK	
Line Sales to Ultimate Consumers Col MWHours agrees with Sched Electric Operating Revenues (Ref pg 300) Line Total Sales to Ultimate Consumers Col d MWH Sold	0	0	OK	
Line Requirements Sales for Resale Col MWHours agrees with Sales for Resale (Ref pg 310) Line Total RQ Col g MWH Sold	3188056	3188056	OK	

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Oath Statement

See Beginning of Report

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

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

EXHIBIT 39

List of all Computer Software, Programs and Models
Used in the Development of the Filing

December 2007

EXHIBIT 39

BIG RIVERS ELECTRIC CORPORATION

LIST OF SOFTWARE, PROGRAMS, AND MODELS USED

Microsoft Word 2003:

System Requirements: Personal computer with an Intel Pentium 233 MHz or faster processor (Pentium III recommended); 128 MB or ram or greater; 150 MB of available hard-disk space; Microsoft Windows 2000 with SP3, Windows XP, or later

Microsoft Word 2007:

System Requirements: 500 megahertz (MHz) processor or higher; 256 megabyte (MB) RAM or higher; 1.5 gigabyte (GB); a portion of this disk space will be freed after installation if the original download package is removed from the hard drive

Microsoft Excel 2003:

System Requirements: 500 Megahertz processor or higher; 256 MB RAM or higher; 1.5 GB hard drive; Microsoft Windows XP with SP, Windows Server 2003 with SP1, or later operating system.

Microsoft Excel 2007:

System Requirements: 500 megahertz (MHz) processor or higher; 256 megabyte (MB) RAM or higher; 1.5 gigabyte (GB); a portion of this disk space will be freed after installation if the original download package is removed from the hard drive

Microsoft PowerPoint 2003:

System Requirements: Personal computer with an Intel Pentium 233 MHz or faster processor (Pentium III recommended); 128 MB or ram or greater; 150 MB of available hard-disk space; Microsoft Windows 2000 with SP3, Windows XP, or later

Form 12:

System Requirements: 486 Processor or higher, 8 MB of ram, 10MB hard disk space minimum, and Windows 3.1x running on top of DOS 5.x or higher.

AS400:

System Requirements: IBM AS400, OS400 operating system, and RPG program

Adobe Acrobat Professional 8:

System Requirements: Intel® Pentium® III processor or equivalent ; Microsoft® Windows® 2000 with Service Pack 4; Windows Server® 2003 (32-bit or 64-bit editions) with Service Pack 1; Windows XP Professional, Home, Microsoft Internet Explorer 6 or 7 ; 256MB of RAM; 860MB of available hard-disk space; 1,024x768 screen resolution.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

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

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Microsoft Excel 2003:

System Requirements: 500 Megahertz processor or higher; 256 MB RAM or higher; 1.5 GB hard drive; Microsoft Windows XP with SP, Windows Server 2003 with SP1, or later operating system.

Microsoft Excel 2007:

System Requirements: 500 megahertz (MHz) processor or higher; 256 megabyte (MB) RAM or higher; 1.5 gigabyte (GB); a portion of this disk space will be freed after installation if the original download package is removed from the hard drive

Microsoft PowerPoint 2003:

System Requirements: Personal computer with an Intel Pentium 233 MHz or faster processor (Pentium III recommended); 128 MB or ram or greater; 150 MB of available hard-disk space; Microsoft Windows 2000 with SP3, Windows XP, or later

Form 12:

System Requirements: 486 Processor or higher, 8 MB of ram, 10MB hard disk space minimum, and Windows 3.1x running on top of DOS 5.x or higher.

AS400:

System Requirements: IBM AS400, OS400 operating system, and RPG program

Adobe Acrobat Professional 8:

System Requirements: Intel® Pentium® III processor or equivalent ; Microsoft® Windows® 2000 with Service Pack 4; Windows Server® 2003 (32-bit or 64-bit editions) with Service Pack 1; Windows XP Professional, Home, Microsoft Internet Explorer 6 or 7 ; 256MB of RAM; 860MB of available hard-disk space; 1,024x768 screen resolution.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

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

EXHIBIT 40

Prospectuses for the most recent stock or bond offerings

December 2007

NEW ISSUE BOOK-ENTRY ONLY

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2001 Bonds is excluded from gross income for federal income tax purposes, except that no opinion is expressed as to the status of interest on any 2001 Bond during any period that such 2001 Bond is held by a "substantial user" of facilities financed or refinanced by the 2001 Bonds or by a "related person" within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954, as amended. In the opinion of Bond Counsel, interest on the 2001 Bonds is not a specific preference item for purposes of calculating the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings in calculating federal corporate alternative minimum taxable income. Interest on the 2001 Bonds is exempt from all present Kentucky personal and corporate income taxes. Bond Counsel expresses no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2001 Bonds. See "TAX MATTERS."

$83,300,000
COUNTY OF OHIO, KENTUCKY
Pollution Control Refunding Revenue Bonds, Series 2001A
(Big Rivers Electric Corporation Project),
Periodic Auction Reset Securities (PARS[SM])

Dated: Date of Delivery	Price: 100%	Due: October 1, 2022
Initial Auction Period: 28 days	First Auction Date: August 28, 2001	First Interest Payment Date: August 29, 2001

The 2001 Bonds are limited obligations of the County, payable solely out of the Receipts and Revenues of the County received under a Financing Agreement and certain other funds pledged therefor under the Bond Indenture. The 2001 Bonds are not general obligations of the County and do not constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers. The 2001 Bonds shall not constitute an indebtedness of the County within the meaning of the Constitution of Kentucky, but shall be payable as to principal and interest solely from the Receipts and Revenues of the County from the Financing Agreement and certain other funds pledged under the Bond Indenture. Such Receipts and Revenues of the County include payments sufficient to pay in full the principal of and interest on the 2001 Bonds when due to be made by

Big Rivers Electric Corporation

The proceeds of the 2001 Bonds, together with other money provided by Big Rivers, will be used to redeem on August 1, 2001 the entire outstanding principal amount of the County's "Variable Rate Demand Pollution Control Refunding Bonds, Series 1985 (Big Rivers Electric Corporation Project)" (the "Refunded Bonds"). The Refunded Bonds were issued to refund bonds previously issued by the County to finance a portion of Big Rivers' cost of certain pollution control and solid waste disposal facilities at Big Rivers' D.B. Wilson Plant Unit No. 1, a coal-fired steam electric generating plant located within the geographical boundaries of the County. In connection with the issuance of the 2001 Bonds, the County and Big Rivers will enter into a Financing and Loan Agreement under which the County will loan the proceeds of the 2001 Bonds to Big Rivers for the purpose of paying the principal amount of the Refunded Bonds on their redemption, and Big Rivers will make loan repayments equal to the principal of and interest on the 2001 Bonds when due. The loan repayment obligations of Big Rivers under the Financing and Loan Agreement equal to principal of and interest on the 2001 Bonds will be evidenced by a mortgage note (the "2001 Note") of Big Rivers which will be assigned to the Trustee for the benefit of the holders of the 2001 Bonds. The 2001 Note will be secured under Big Rivers' Third Restated Mortgage and Security Agreement (the "Mortgage"), on a parity with all other obligations secured thereunder, by a mortgage lien on substantially all of the real, personal, tangible and intangible assets of Big Rivers (subject to the exceptions and exclusions contained in the Mortgage). The Mortgage establishes a priority of payment for the obligations secured thereunder, including the 2001 Note. Payments with respect to certain of the obligations secured under the Mortgage, including the 2001 Note, are to be made prior to payments with respect to certain other obligations secured under the Mortgage. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2001 BONDS – 2001 Note Secured by the Mortgage" in this Offering Statement.

The 2001 Bonds will be initially issued as Periodic Auction Reset Securities (PARS) in authorized denominations of $100,000 and any integral multiples of $25,000 in excess thereof. The 2001 Bonds will bear interest from their date of original delivery for the Initial Auction Period set forth above at the rate established prior to the date of delivery. After the Initial Auction Period, the 2001 Bonds will bear interest at the PARS Rate for a 28-day Auction Period until a conversion to another Auction Period, or until a Fixed Rate Conversion Date as described herein. Regularly scheduled interest will be payable (a) during a daily Auction Period, on the first Business Day of each month, (b) during any Auction Period other than a daily Auction Period or a Special Auction Period, on the Business Day immediately following such Auction Period and (c) during any Special Auction Period of (i) seven or more but fewer than 92 days, the Business Day immediately following such Special Auction Period or (ii) 92 or more days, each thirteenth Wednesday with respect to the 2001 Bonds after the first day of such Special Auction Period or the next Business Day if such Wednesday is not a Business Day and on the Business Day immediately following such Special Auction Period.

Bankers Trust Company, located in New York, New York, will serve as Auction Agent, and Goldman, Sachs & Co., located in New York, New York, will serve as the initial Broker-Dealer.

Payment of the principal of and interest on the 2001 Bonds when due will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation simultaneously with the delivery of the 2001 Bonds.

Ambac

The 2001 Bonds will be issued only as fully registered bonds registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository. Purchases of beneficial interests in the 2001 Bonds will be made in book-entry form through DTC Participants and no physical delivery of 2001 Bonds will be made to purchasers. U.S. Bank Trust National Association is the Trustee and Registrar under the Bond Indenture, and the trustee for the Refunded Bonds.

The 2001 Bonds are subject to mandatory tender for purchase upon any conversion of the 2001 Bonds to the Fixed Interest Rate, and to optional redemption and extraordinary optional redemption prior to maturity, all as described herein.

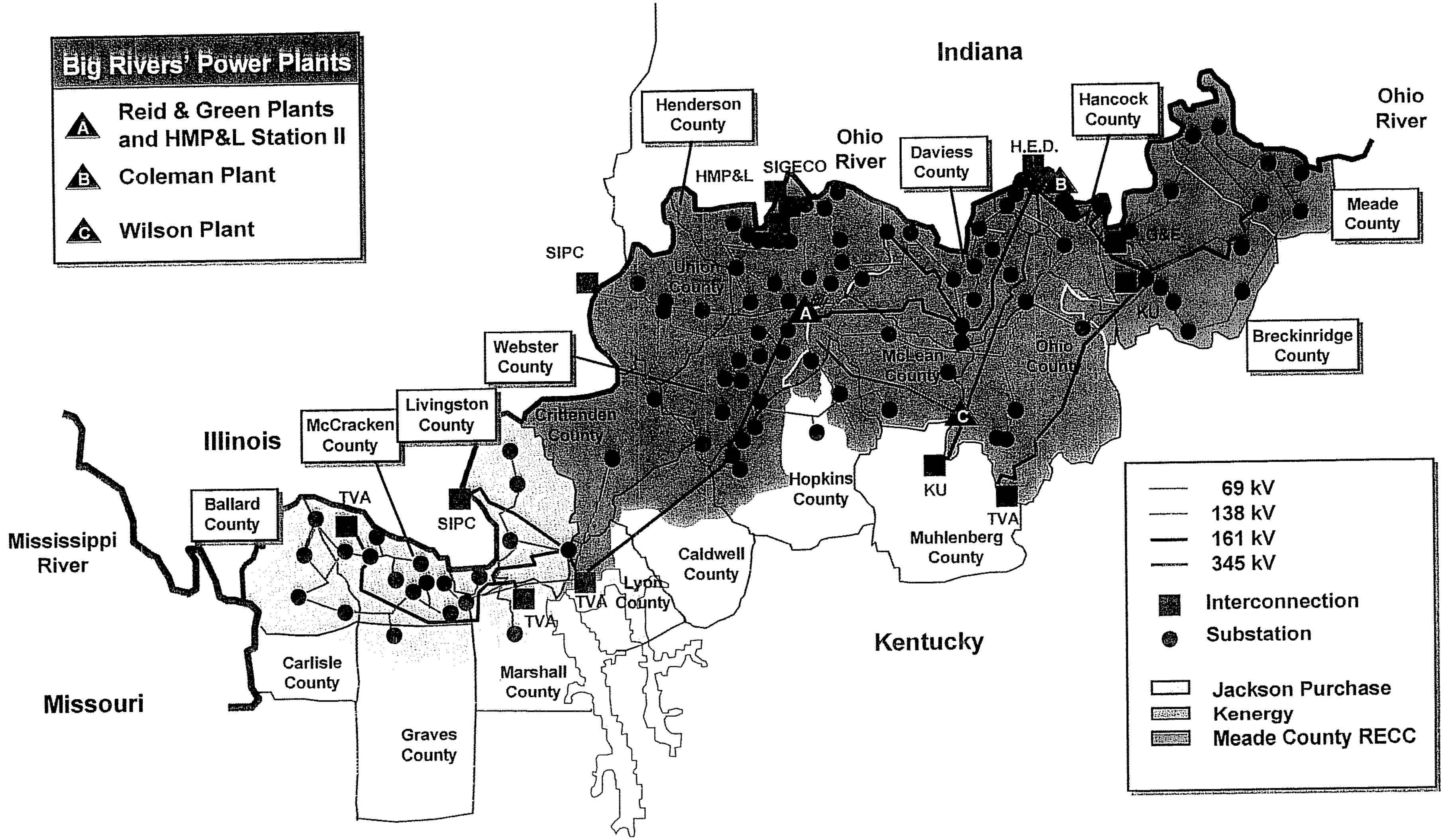
The 2001 Bonds are offered, subject to prior sale, when, as and if issued and accepted by Goldman, Sachs & Co., subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. Certain legal matters will be passed upon for Big Rivers by Sullivan, Mountjoy, Stainback & Miller, P.S.C., Owensboro, Kentucky, General Counsel to Big Rivers and for the Underwriter by Altheimer & Gray, Chicago, Illinois. Certain legal matters for the County will be passed upon by Gregory Hill, Esq., counsel to the County. It is expected that delivery of the 2001 Bonds will be made on or about August 1, 2001.

Goldman, Sachs & Co.

July 18, 2001

[SM] PARS IS A SERVICEMARK OF GOLDMAN, SACHS & CO.

Big Rivers Electric Corporation
System Map



Big Rivers Electric Corporation
201 Third Street
Henderson, Kentucky 42420
Telephone: (270) 827-2561
Fax: (270) 827-2558
[www.bigrivers.com]

Officers

Michael H. Core, President and Chief Executive Officer
C. William Blackburn, Vice President of Power Supply
Travis D. Housley, Vice President of System Operations
Richard W. Beck, Vice President of Marketing
David A. Spainhoward, Vice President of Contract Administration and Regulatory Affairs
Mark A. Hite, Vice President of Finance and Administrative Services

Directors

William C. Denton, Chair
James Sills, Vice Chair
John Myers, Secretary-Treasurer
Lee Bearden
Larry Elder
Leroy Humphrey

Members
Kenergy Corp.
Jackson Purchase Energy Corporation
Mead County Rural Electric Cooperative Corporation

Counsel to Big Rivers
Sullivan, Mountjoy, Stainback & Miller PSC
Owensboro, Kentucky

Independent Public Accountants
Arthur Andersen LLP
Memphis, Tennessee

Bond Counsel
Orrick, Herrington & Sutcliffe LLP
New York, New York

Trustee
U.S. Bank Trust National Association
St. Paul, Minnesota

No dealer, broker, salesperson or other person has been authorized to give any information or to make representations, other than as contained in this Offering Statement, and if given or made, such other information or representations must not be relied upon. This Offering Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2001 Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein (other than that relating to Ambac Assurance Corporation) has been furnished by Big Rivers and includes information obtained from other sources, all of which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Offering Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County, Big Rivers or Ambac Assurance Corporation since the date hereof. Such information and expressions of opinion are made for the purpose of providing information to prospective investors and are not to be used for any other purpose or relied on by any other party.

Other than with respect to information furnished by Ambac Assurance Corporation contained under the caption "BOND INSURANCE" and the specimen financial guaranty insurance policy contained in Appendix J, none of the information in this Offering Statement has been supplied or verified by Ambac Assurance Corporation.

This Offering Statement contains statements which, to the extent they are not recitations of historical fact, constitute "forward-looking statements." In this respect, the words "estimate", "project", "anticipate", "expect", "intend", "believe" and similar expressions are intended to identify forward-looking statements. A number of important factors affecting Big Rivers' business and financial results could cause actual results to differ materially from those stated in the forward-looking statements.

In connection with the offering of the 2001 Bonds, the Underwriter may overallot or effect transactions which stabilize or maintain the market price of such bonds at levels above those which might otherwise prevail in the open market. Such stabilization, if commenced, may be discontinued at any time.

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

The Underwriter has provided the following sentence for inclusion in this Offering Statement: The Underwriter has reviewed the information in this Offering Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

TABLE OF CONTENTS

OFFERING STATEMENT

relating to

$83,300,000

COUNTY OF OHIO, KENTUCKY
Pollution Control Refunding Revenue Bonds, Series 2001A
(Big Rivers Electric Corporation Project),
Periodic Auction Reset Securities (PARS)

INTRODUCTION

The purpose of this Offering Statement, which includes the cover page and appendices hereto, is to provide information in connection with the issuance and sale by the County of Ohio, Kentucky (the "County") of its Pollution Control Refunding Revenue Bonds, Series 2001A (Big Rivers Electric Corporation Project), Periodic Auction Reset Securities (PARS) in the aggregate principal amount of $83,300,000 (the "2001 Bonds"). The 2001 Bonds will be issued pursuant to the Constitution and laws of the Commonwealth of Kentucky, including particularly the provisions of Kentucky Revised Statutes Sections 103.200 through 103.285, inclusive (the "Act"). The 2001 Bonds will be issued under and secured by a Trust Indenture dated as of August 1, 2001 (the "Bond Indenture") between the County and U.S. Bank Trust National Association, as trustee (the "Trustee"). The 2001 Bonds are being issued for the benefit of Big Rivers Electric Corporation, a non-profit rural electrical cooperative corporation organized and existing under the laws of the Commonwealth of Kentucky ("Big Rivers").

The 2001 Bonds will be issued on or about August 1, 2001 to provide funds which, together with money provided by Big Rivers, will be used to redeem on August 1, 2001, the entire outstanding $83,300,000 principal amount (together with accrued interest) of the County's Variable Rate Demand Pollution Control Refunding Bonds, Series 1985 (Big Rivers Electric Corporation Project) (the "Refunded Bonds"). The Refunded Bonds were issued pursuant to a Trust Indenture dated as of October 1, 1985 between the County and the trustee thereunder, which is now U.S. Bank Trust National Association (in such capacity, the "Refunded Bonds Trustee"). The Refunded Bonds were issued to refund certain bonds issued by the County to finance a portion of the costs of certain pollution control and solid waste disposal facilities (the "Facilities") located at Big Rivers' D.B. Wilson Plant Unit No. 1, a coal-fired steam electric generating plant located within the geographical boundaries of the County (the "Plant").

In connection with the issuance of the 2001 Bonds, the County and Big Rivers will enter into a Financing and Loan Agreement (the "Financing Agreement") under which the County will loan the proceeds of the 2001 Bonds to Big Rivers for the purpose of paying the principal amount of the Refunded Bonds upon their redemption, and Big Rivers will make loan repayments equal to the principal of and interest on the 2001 Bonds when due. The loan repayment obligations of Big Rivers under the Financing Agreement will be evidenced by a mortgage note (the "2001 Note") of Big Rivers which will be assigned to the Trustee for the benefit of the holders of the 2001 Bonds.

The 2001 Note will be secured under Big Rivers' Third Restated Mortgage and Security Agreement (hereinafter defined) on a parity with all other obligations secured thereunder, by a mortgage lien on substantially all of the real, personal, tangible and intangible assets of Big Rivers (subject to the exceptions and exclusions contained in the Mortgage). The Mortgage establishes a priority of payment for the obligations secured thereunder, including the 2001 Note. Payments with respect to certain of the obligations secured under the Mortgage, including the 2001 Note, are to be made prior to payments with respect to certain other obligations secured thereunder. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2001 BONDS – 2001 Note Secured by the Mortgage" and "SUMMARY OF CERTAIN PROVISIONS OF THE MORTGAGE AND INTERCREDITOR AGREEMENT" in APPENDIX C hereto.

SECURITY AND SOURCES OF PAYMENT FOR THE 2001 BONDS

Bonds are Limited Obligations, Payment From Loan Repayments

The 2001 Bonds are not general obligations of the County and do not constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers. The 2001 Bonds shall not constitute an indebtedness of the County within the meaning of the Constitution of Kentucky, but shall be payable as to principal and interest solely from the Receipts and Revenues of the County from the Financing Agreement and certain other funds pledged under the Bond Indenture. The Receipts and Revenues of the County from the Financing Agreement are the loan repayments payable by Big Rivers to the County under the Financing Agreement and the 2001 Note.

The payment of the principal of and interest on the 2001 Bonds will be secured by a pledge by the County to the Trustee under the terms of the Bond Indenture for the benefit of the Bondowners of (i) the County's right, title and interest in and to the 2001 Note and payments thereon, (ii) the amounts required to be deposited in the Bond Fund established under the Bond Indenture in accordance with the Bond Indenture, including investments made with such amounts and the proceeds thereof, and (iii) the County's right, title and interest in and to the Receipts and Revenues of the County from the Financing Agreement, all subject to the provisions of the Bond Indenture permitting the application of funds for the purposes and on the terms and conditions set forth in the Bond Indenture.

2001 Note Secured by the Mortgage

The 2001 Note will be secured by the Third Restated Mortgage and Security Agreement, dated as of August 1, 2001 (the "Mortgage"), by and among Big Rivers, the United States of America, acting through the Administrator of the Rural Utilities Service ("RUS"), Ambac Assurance Corporation ("Ambac Assurance"), Credit Suisse First Boston, acting by and through its New York Branch ("CSFBNYB"), the Trustee, National Rural Utilities Cooperative Finance Corporation ("CFC"), PBR-1 Statutory Trust, PBR-2 Statutory Trust, PBR-3 Statutory Trust, FBR-1 Statutory Trust, FBR-2 Statutory Trust and Ambac Credit Products, LLC (PBR-1 Statutory Trust, PBR-2 Statutory Trust, PBR-3 Statutory Trust, FBR-1 Statutory Trust, FBR-2 Statutory Trust and Ambac Credit Products, LLC are sometimes collectively referred to hereinafter as the "2000 Mortgagees" and RUS, Ambac Assurance, CSFBNYB, the Trustee, CFC and the 2000 Mortgagees are sometimes collectively referred to hereinafter as the "Mortgagees"). Upon the issuance of the 2001 Note; the aggregate outstanding principal amount of notes outstanding and secured under the Mortgage will be $1,242,139,000, consisting of two notes evidencing indebtedness to the RUS in the aggregate outstanding principal amount of $1,158,839,000 (together, the "RUS Notes") and the 2001 Note in an aggregate outstanding principal amount of $83,300,000. A note to CFC in the aggregate principal amount of not to exceed $15,000,000 is also secured under Mortgage, of which no amount is currently outstanding. There are also secured under the Mortgage notes to Ambac Assurance and CSFBNYB relating to obligations to Ambac Assurance and CSFBNYB in connection with the County's $58,800,000 Pollution Control Floating Rate Demand Bonds, Series 1983 (Big Rivers Electric Corporation Project) (the "1983 Bonds"). The notes to Ambac Assurance and CSFBNYB are each in the total amount of $220,257,600; however, the total amount outstanding under the Mortgage for obligations owed by Big Rivers to Ambac Assurance and/or CSFBNYB relating to the 1983 Bonds can not exceed $220,257,600 in the aggregate. Such notes secure Big River's reimbursement obligations to Ambac Assurance in connection with a financial guaranty insurance policy and a surety policy issued in connection with the 1983 Bonds and obligations of Big Rivers to CSFBNYB in connection with a standby bond purchase agreement relating to the 1983 Bonds. No amount is outstanding with respect to the notes to Ambac Assurance and to CSFBNYB. In addition to the $1,242,139,000 aggregate outstanding principal amount of notes to be secured under the Mortgage described above, the Mortgage also secures certain contingent obligations to the 2000 Mortgagees consisting of the termination values representing liquidated damages which would result upon default under certain leases entered into by Big Rivers in connection with a sale-leaseback transaction entered into in 2000. For further information on the sale-leaseback transaction, see "SELECTED BIG RIVERS' FINANCIAL DATA-Notes to Statement of Revenues and Expenses", footnote 1 herein. The maximum aggregate termination values under the leases in the sale-leaseback transaction is $1,156,678,671 which will occur in 2009. At the time of Big Rivers' entry into the sale-leaseback transaction, the investors in such transaction and Ambac Credit Products, LLC entered into credit derivatives in the form of swap agreements. Ambac Credit Products, LLC, in turn, entered into credit derivatives in the form of a swap under which Big Rivers' maximum exposure would equal the maximum exposure for the aggregate termination values under the leases in the sale-leaseback. The events which could trigger an obligation to settle the swap between Big Rivers and Ambac Credit Products, LLC constitute defaults under the leases in the sale-leaseback. Big Rivers' potential obligations to Ambac Credit Products, LLC under the swap agreement are also secured by the Mortgage. The claims of the 2000 Mortgagees under any of their notes secured under the Mortgage would be reduced by recoveries under certain financial assets which were used to economically defease the sale-leaseback. The Mortgage provides that payments to RUS and the 2000 Mortgagees are subordinate in payment to the prior payment in full of amounts owed to the Trustee with respect to the 2001 Note, and to Ambac Assurance, CSFBNYB and CFC. Under the Mortgage, payments to the Trustee, Ambac Assurance, CSFBNYB and CFC are all paid on a parity. All obligations (including the 2001 Note) secured under the Mortgage are sometimes hereinafter collectively referred to as the "Notes." Ambac Assurance and CSFBNYB are not secured under the Mortgage with respect to the 2001 Bonds.

The Notes are secured by a mortgage lien on substantially all of the real, personal, tangible and intangible assets of Big Rivers (subject to the exceptions and exclusions contained in the Mortgage). For a further description of the provisions of the Mortgage, see "SUMMARY OF CERTAIN PROVISIONS OF THE MORTGAGE AND THE INTERCREDITOR AGREEMENT" in APPENDIX C hereto.

The Mortgagees, Big Rivers and the LG&E Entities (hereinafter defined) are also parties to the Third Amended and Restated Subordination, Nondisturbance, Attornment and Intercreditor Agreement, dated as of August 1, 2001 (the "Intercreditor Agreement"). In the Intercreditor Agreement, the Mortgagees grant to the LG&E Entities assurances that the agreements relating to the LG&E Transaction will not be disturbed by reason of a default by Big Rivers under the Mortgage, so long as the LG&E Entities are not in default under the agreements relating to the LG&E Transaction.

The Intercreditor Agreement also sets forth the relative priorities upon a foreclosure under the LEM Mortgage (hereinafter defined; see "SUMMARY OF THE LG&E AGREEMENTS-LEM Mortgage" in APPENDIX E hereto for a description of the LEM Mortgage). Pursuant to the provisions of the Intercreditor Agreement, if the LEM Mortgage is foreclosed, the Mortgage will be foreclosed and, following the payment of the costs and expenses of foreclosure, the proceeds of the foreclosure will be distributed, pro rata, to the Trustee, CFC, Ambac Assurance and CSFBNYB, on a priority basis over the other Mortgagees. See "SUMMARY OF THE MORTGAGE AND THE INTERCREDITOR AGREEMENT" in APPENDIX C hereto for a further discussion of the priority of payments.

BOND INSURANCE

Payment of the principal of and interest on the 2001 Bonds when due will be insured by a financial guaranty insurance policy (the "Financial Guaranty Insurance Policy") to be issued by Ambac Assurance Corporation ("Ambac Assurance") simultaneously with the delivery of the 2001 Bonds. A specimen of the Financial Guaranty Insurance Policy is set forth as Appendix J hereto.

General. The following provisions of the Bond Indenture will apply to Ambac Assurance. So long as the Financial Guaranty Insurance Policy is in full force and effect and there is no default under the policy, Ambac Assurance shall be deemed to be the sole Bondowner for all actions under the Bond Indenture or the Financing Agreement that require the consent of Bondowners and for all purposes upon an event of default under the Bond Indenture. If Ambac Assurance pays the principal of or interest on any of the 2001 Bonds, it will be subrogated to all of the rights of the owners of the 2001 Bonds granted under the Bond Indenture, including the right to receive payment of principal of and interest on the 2001 Bonds. Ambac Assurance shall have no rights under the Bond Indenture (except to the extent of amounts previously paid by Ambac Assurance and due and owing to Ambac Assurance) in the event Ambac Assurance is in default on its payment obligations under the Financial Guaranty Insurance Policy. See "SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE – Provisions Relating to Bond Insurance" and "– Amendment of Mortgage and 2001 Note" in APPENDIX D hereto for a discussion of the rights of Ambac Assurance.

There follows under this caption certain information concerning Ambac Assurance and the terms of the Financial Guaranty Insurance Policy. Information with respect to Ambac Assurance and the Financial Guaranty Insurance Policy has been supplied by Ambac Assurance. No representation is made by the County, Big Rivers *or the Underwriter as to the accuracy or adequacy of such information. The Financial Guaranty Insurance Policy does not constitute a part of the contract between the County and the holders of the 2001 Bonds evidenced by the Bond Indenture and the 2001 Bonds. Except for payment of the premium on the Financial Guaranty Insurance Policy, Big Rivers has no responsibility with respect to such insurance in any way, including the maintenance, enforcement or collection thereof.*

Payment Pursuant to Financial Guaranty Insurance Policy. Ambac Assurance has made a commitment to issue the Financial Guaranty Insurance Policy effective as of the date of issuance of the 2001 Bonds. Under the terms of the Financial Guaranty Insurance Policy, Ambac Assurance will pay to The Bank of New York, in New York, New York or any successor thereto (the "Insurance Trustee") that portion of the principal of and interest on the 2001 Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Financial Guaranty Insurance Policy). Ambac Assurance will make such payments to the Insurance Trustee on the later of the date on which such principal and interest becomes Due for Payment or within one business day following the date on which Ambac Assurance shall have received notice of Nonpayment from the Trustee/Paying Agent. The insurance will extend for the term of the 2001 Bonds and, once issued, cannot be canceled by Ambac Assurance.

The Financial Guaranty Insurance Policy will insure payment of the principal of the 2001 Bonds on their stated maturity date and the payment of the interest on the 2001 Bonds on the stated payment dates for interest. In the event of any acceleration of the principal of the 2001 Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration.

In the event the Trustee has notice that the payment of principal of or interest on a 2001 Bond which has become Due for Payment and which is made to a Bondowner by or on behalf of the Issuer has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available.

The Financial Guaranty Insurance Policy does **not** insure any risk other than Nonpayment, as defined in the Policy. Specifically, the Financial Guaranty Insurance Policy does **not** cover:

1. payment on acceleration, as a result of a call for optional redemption or extraordinary optional redemption, upon any tender of the 2001 Bonds, or as a result of any other advancement of maturity.

2. payment of any redemption premium.

3. nonpayment of principal or interest caused by the insolvency or negligence of any trustee or paying agent.

If it becomes necessary to call upon the Financial Guaranty Insurance Policy, payment of principal requires surrender of the 2001 Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such 2001 Bonds to be registered in the name of Ambac Assurance to the extent of the payment under the Financial Guaranty Insurance Policy. Payment of interest pursuant to the Financial Guaranty Insurance Policy requires proof of Bondowner entitlement to interest payments and an appropriate assignment of the Bondowner's right to payment to Ambac Assurance.

Upon payment of the insurance benefits, Ambac Assurance will become the owner of the 2001 Bonds, and the right to payment of principal or interest on such 2001 Bonds and will be fully subrogated to the surrendering Bondowner's rights to payment.

The Financial Guaranty Insurance Policy does not insure against loss relating to payments made in connection with the sale of the 2001 Bonds at Auctions or losses suffered as a result of a Bondowner's inability to sell 2001 Bonds.

Ambac Assurance Corporation. Ambac Assurance is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam and the Commonwealth of Puerto Rico, with admitted assets of approximately $4,568,000,000 (unaudited) and statutory capital of approximately $2,787,000,000 (unaudited) as of March 31, 2001. Statutory capital consists of Ambac Assurance's policyholders' surplus and statutory contingency reserve. Standard & Poor's Credit Markets Services, a Division of The McGraw-Hill Companies, Moody's Investors Service and Fitch, Inc. have each assigned a triple-A financial strength rating to Ambac Assurance.

Ambac Assurance has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by Ambac Assurance will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by Ambac Assurance under policy provisions substantially identical to those contained in the Financial Guaranty Insurance Policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the issuer of the 2001 Bonds.

Ambac Assurance makes no representation regarding the 2001 Bonds or the advisability of investing in the 2001 Bonds and makes no representation regarding, nor has it participated in the preparation of, this Offering Statement other than the information supplied by Ambac Assurance and presented under the heading "BOND INSURANCE" and the furnishing of the specimen Financial Guaranty Insurance Policy set forth in Appendix J hereto.

Available Information. The parent company of Ambac Assurance, Ambac Financial Group, Inc. (the "Company"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information may be viewed and downloaded at the Commission's website (http://www.sec.gov) or may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the Commission's regional offices at 7 World Trade Center, New York, New York 10048 and Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such material can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the aforementioned material may also be inspected at the offices of the New York Stock Exchange, Inc. (the "NYSE") at 20 Broad Street, New York, New York 10005. The Company's Common Stock is listed on the NYSE.

Copies of Ambac Assurance's financial statements prepared in accordance with statutory accounting standards are available from Ambac Assurance. The address of Ambac Assurance's administrative offices and its telephone number are One State Street Plaza, 17th Floor, New York, New York, 10004 and (212) 668-0340.

Incorporation of Certain Documents by Reference. The following documents filed by the Company with the Commission (File No. 1-10777) are incorporated by reference in this Offering Statement:

1) The Company's Current Report on Form 8-K dated January 24, 2001 and filed on January 24, 2001;

2) The Company's Current Report on Form 8-K dated March 19, 2001 and filed on March 19, 2001;

3) The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2000 and filed on March 28, 2001; and

4) The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended March 31, 2001 and filed on May 15, 2001.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Offering Statement will be available for inspection in the same manner as described above under "Available Information".

SOURCES AND USES OF FUNDS

The proceeds of the 2001 Bonds will be deposited by the County with the Refunded Bonds Trustee under an escrow agreement between Big Rivers and the Refunded Bonds Trustee (the "Escrow Agreement") and used to pay the principal amount of the Refunded Bonds on their date of redemption. Amounts previously deposited by Big Rivers with the Refunded Bonds Trustee under the Escrow Agreement will be used to pay the accrued and unpaid interest on the Refunded Bonds on their date of redemption. The date of redemption for the Refunded Bonds is expected to be August 1, 2001.

All of the costs of issuance of the 2001 Bonds, including the costs of the Financial Guaranty Insurance Policy, the compensation to the Underwriter and other issuance costs and expenses, will be paid by Big Rivers.

DESCRIPTION OF THE 2001 BONDS

General Description of the 2001 Bonds

The 2001 Bonds will be issued pursuant to the Bond Indenture. The 2001 Bonds will be issued initially as 2001 Bonds that bear interest at a PARS Rate but may be converted at the option of Big Rivers, subject to certain restrictions, to 2001 Bonds that bear interest at a Fixed Interest Rate. Capitalized terms relating to the PARS provisions are defined in Appendix F. The 2001 Bonds will be dated their date of delivery, and will bear interest from their date of delivery until August 28, 2001 (the "Initial Period") at the initial rate established by Goldman, Sachs & Co. pursuant to the Bond Indenture and thereafter at the PARS Rate determined for each Auction Period pursuant to the Auction Procedures (as hereinafter defined). Following the Initial Period, the 2001 Bonds will initially bear interest for 28-day Auction Periods but all of the 2001 Bonds can be converted to a daily, seven-day, 28-day, 35-day, three-month, six-month or a Special Auction Period as described hereinafter. The Special Auction Period is any period of not less than seven days nor more than 1,092 days which is not another Auction Period. Upon conversion from a PARS Rate Period to a Fixed Rate Period, all of the 2001 Bonds which are outstanding will be subject to mandatory tender on the conversion date at a price equal to 100% of the principal amount thereof plus accrued interest, if any, to such date. Interest on the 2001 Bonds will be payable on August 29, 2001 and on each Interest Payment Date thereafter. Interest on the 2001 Bonds in a daily, seven-day, 28-day, 35-day, a three-month or a Special Auction Period of 180 days or less shall be computed on the basis of a 360-day year for the actual number of days elapsed. Interest on the 2001 Bonds in a six-month Auction Period or a Special Auction Period of more than 180 days shall be computed on the basis of a 360-day year of twelve 30-day months. See "–PARS 2001 Bonds" below and "Appendix F – PARS PROVISIONS."

The 2001 Bonds will be issued as fully registered 2001 Bonds without coupons and in denominations of $100,000 and any integral multiple of $25,000 in excess thereof. The 2001 Bonds will be registered in the name of Cede & Co., as nominee of DTC, pursuant to DTC's Book-Entry Only System. Purchases of beneficial interests in the 2001 Bonds will be made in book-entry form, without certificates. If at any time the Book-Entry Only System is discontinued for the 2001 Bonds, the 2001 Bonds will be exchangeable for other fully registered certificated 2001 Bonds of the same series in the same authorized denominations, maturity and interest rate. See "Appendix G – BOOK-ENTRY ONLY SYSTEM PROCEDURES." The Trustee may impose a charge sufficient to reimburse the County, Big Rivers or the Trustee for any tax, fee or other governmental charge required to be paid with respect to such exchange or any transfer of a 2001 Bond. The cost, if any, of preparing each new 2001 Bond issued upon such exchange or transfer, and any other expenses of the County, Big Rivers or the Trustee incurred in connection therewith, will be paid by the person requesting such exchange or transfer.

Interest on the 2001 Bonds will be payable by check mailed to the registered Owners thereof. However, interest on the 2001 Bonds will be paid to any Owner of $1,000,000 or more in aggregate principal amount of 2001 Bonds by wire transfer to a wire transfer address within the continental United States upon the written request of such Owner received by the Trustee not less than five days prior to the Record Date. As long as the 2001 Bonds are registered in the name of Cede & Co., as nominee of DTC, such payments will be made directly to DTC. See "Appendix G – BOOK-ENTRY ONLY SYSTEM PROCEDURES" herein.

PARS 2001 Bonds

"PARS Rate" means the rate of interest to be borne by such 2001 Bonds during each Auction Period which (other than for the Initial Period) shall equal the Auction Rate for each Auction Period; provided, however, that, if the Auction Agent shall have failed to determine the Auction Rate for any

Auction Period, the PARS Rate for such Auction Period shall be the No Auction Rate; provided, further, that if an Event of Default resulting from a failure by the Trustee and Ambac Assurance to pay principal or interest on any 2001 Bond when due a "Payment Default" shall have occurred (provided, however, that solely for purposes of this provision, payment by Ambac Assurance of such principal or interest shall be deemed to cure such Event of Default and no suspension of the Auction Procedures shall occur), the PARS Rate for the Auction Period during which such Payment Default shall have occurred and each Auction Period thereafter commencing prior to the date on which the Payment Default shall have ceased to be continuing, shall be the Default Rate for such Auction Period; provided, further, that in no event shall the PARS Rate exceed the lesser of 18% per annum or the maximum rate permitted by law, and; provided, further, in the event of a failed conversion from a PARS Rate to a Fixed Interest Rate or the conversion from one Auction Period to another Auction Period, the affected 2001 Bonds will continue as 2001 Bonds with a seven-day Auction Period and bear interest at the Maximum PARS Rate for the next Auction Period.

"Interest Payment Date" means August 29, 2001 and thereafter (a) when used with respect to any Auction Period other than a daily Auction Period or a Special Auction Period, the Business Day immediately following such Auction Period; (b) when used with respect to a daily Auction Period, the first Business Day of the month immediately succeeding such Auction Period; (c) when used with respect to a Special Auction Period of (i) seven or more but fewer than 92 days, the Business Day immediately following such Special Auction Period, or (ii) 92 or more days, each thirteenth Wednesday after the first day of such Special Auction Period or the next Business Day if such Wednesday is not a Business Day and on the Business Day immediately following such Special Auction Period; (d) after the Fixed Rate Conversion Date, each January 1 and July 1; (e) each Mandatory Tender Date; and (f) the Maturity Date.

"Auction Period" means (i) a Special Auction Period, (ii) with respect to the 2001 Bonds in a daily Auction Period, a period beginning on each Business Day and extending to but not including the next succeeding Business Day, (iii) with respect to the 2001 Bonds in a seven-day Auction Period, a period of generally seven days beginning on a Wednesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Tuesday) and ending on the Tuesday thereafter (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (iv) with respect to the 2001 Bonds in a 28-day Auction Period, a period of generally 28 days beginning on a Wednesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Tuesday) and ending on the fourth Tuesday thereafter (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (v) with respect to the 2001 Bonds in a 35-day Auction Period, a period of generally 35 days beginning on a Wednesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Tuesday) and ending on the fifth Tuesday thereafter (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (vi) with respect to the 2001 Bonds in a three-month Auction Period, a period of generally three months (or shorter period upon a conversion from another Auction Period) beginning on the day following the last day of the prior Auction Period and ending on the first day of the month that is the third calendar month following the beginning date of such Auction Period and (vii) with respect to the 2001 Bonds in a six-month Auction Period, a period of generally six months (or shorter period upon a conversion from another Auction Period) beginning on the day following the last day of the prior Auction Period and ending on the next succeeding January 1 or July 1; provided, however, that if there is a conversion from a daily Auction Period to a seven-day Auction Period, the next Auction Period will begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and will end on the next succeeding Tuesday (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), if there is a conversion from a daily Auction Period to a 28-day Auction Period, the next Auction Period will begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and will end on the Tuesday (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 21 days but not more than 28 days from such date of conversion, and, if there is a conversion from a daily Auction Period to a 35-day Auction Period, the next Auction Period will begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and will end on the Tuesday (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 28 days but not more than 35 days from such date of conversion.

Auction Agent. The Trustee will enter into the Auction Agreement initially with Bankers Trust Company located in New York, New York, pursuant to which Bankers Trust Company, as agent for the Trustee, shall perform the duties of Auction Agent. The Auction Agreement will provide, among other things, that the Auction Agent will determine the Auction Rate for each Auction in accordance with the Auction Procedures.

Auction Date. An Auction to determine the interest rate with respect to the 2001 Bonds for the next succeeding Auction Period will be held on August 28, 2001, and on each Auction Date thereafter.

"Auction Date" means with respect to the 2001 Bonds, during any period in which the Auction Procedures are not suspended in accordance with the provisions of the 2001 Bonds, (i) if the 2001 Bonds are in a daily Auction Period, each Business Day, (ii) if the 2001 Bonds are in a Special Auction Period, the last Business Day of the Special Auction Period, and (iii) if the 2001 Bonds are in any other Auction Period, the Business Day next preceding each Interest Payment Date for the 2001 Bonds (whether or not an Auction shall be conducted on such date); provided, however, that the last Auction Date with respect to the 2001 Bonds in an Auction Period other than the daily Auction Period or Special Auction Period shall be the earlier of (a) the Business Day next preceding the Interest Payment Date next preceding the conversion date for such 2001 Bonds and (b) the Business Day next preceding the Interest Payment Date next preceding the final maturity date for such 2001 Bonds; and provided, further, that if the 2001 Bonds are in a daily Auction Period, the last Auction Date shall be the earlier of (x) the Business Day next preceding the conversion date for such 2001 Bonds and (y) the Business Day next preceding the final maturity date for such 2001 Bonds. The last Business Day of a Special Auction Period shall be the Auction Date for the Auction Period which begins on the next succeeding Business Day, if any. On the Business Day preceding the conversion from a daily Auction Period to another Auction Period, there will be two Auctions, one for the last daily Auction Period and one for the first Auction Period following the conversion.

The date of the week on which Auctions are held may be changed by the Auction Agent in accordance with the procedures described in "Appendix F – PARS PROVISIONS".

Order to Existing Owners and Potential Owners. The procedure for submitting orders prior to the Submission Deadline on each Auction Date is described in Appendix F, as are the particulars with regard to the determination of the PARS Rate and the allocation of the 2001 Bonds bearing interest at PARS Rates (collectively, the "Auction Procedures").

Amendment of Auction Procedures. The provisions of the Bond Indenture concerning the Auction Procedures including without limitation the definitions of Default Rate, Maximum PARS Rate, Maximum Interest Rate, Minimum PARS Rate, PARS Index, No Auction Rate and PARS Rate, may be amended by obtaining the consent of the Owners of all 2001 Bonds. All Owners will be deemed to have consented if on the first Auction Date occurring at least 20 days after the Auction Agent mailed notice to such Owners, the PARS Rate determined for such date is the Winning Bid Rate. As long as Ambac Assurance is not in default on the Financial Guaranty Insurance Policy, Ambac Assurance will be deemed the sole holder for the purpose of consenting to the amendment.

Conversion of the 2001 Bonds to Fixed Interest Rate. At the option of Big Rivers, all, and not less than all, of the outstanding 2001 Bonds may be converted to bear interest at a Fixed Interest Rate, all as described in Appendix E. On the conversion date, all of the outstanding 2001 Bonds shall be subject to mandatory tender at a purchase price equal to 100% of the principal amount thereof, plus accrued interest to the date of purchase. The purchase price of the 2001 Bonds so tendered is payable solely from the proceeds of the remarketing of such 2001 Bonds. In the event that the conditions of a conversion are not satisfied, including the failure to remarket all applicable 2001 Bonds on a mandatory tender date, the 2001 Bonds will not be subject to mandatory tender, will be returned to their Owners, will automatically convert to a seven-day Auction Period and will bear interest at the Maximum PARS Rate. It is currently anticipated that, should the 2001 Bonds be converted to bear interest at a Fixed Rate, a remarketing memorandum or remarketing circular will be distributed describing the 2001 Bonds during such Rate Period.

Conversion from One Auction Period to Another. Big Rivers may from time to time on any Interest Payment Date of an Auction Period change the length of the Auction Period with respect to all 2001 Bonds among a daily, weekly, seven-day, 28-day, 35-day, three-month, six-month and a Special Auction Period, provided that in the case of a Special Auction Period the date of such change shall be the Interest Payment Date immediately following the last day of such Special Auction Period. On the conversion date for 2001 Bonds selected for conversion from one Auction Period to another, any 2001 Bonds which are not the subject of a specific Hold Order or Bid will be deemed to be subject to a Sell Order. In the event of a failed conversion to another Auction Period due to the lack of Sufficient Clearing Bids, the 2001 Bonds will automatically convert to a seven-day Auction Period and will bear interest at the Maximum PARS Rate. In connection with a conversion from one Auction Period to another, written notice of such conversion will be given in accordance with the Auction Procedures; however, the 2001 Bonds will not be subject to mandatory tender on such conversion date.

Special Considerations Relating to the 2001 Bonds Bearing Interest at PARS Rates. The Bond Indenture provides that the Auction Agent may resign from its duties as Auction Agent by giving at least 90 days notice or 30 days notice, if it has not been paid, to the County, Big Rivers and the Trustee and does not require, as a condition to the effectiveness of such resignation, that a replacement Auction Agent be in place if its fee has not been paid. The Broker-Dealer Agreement provides that the Broker-Dealer thereunder may resign upon ten business days notice or immediately, in certain circumstances, and does not require, as a condition to the effectiveness of such resignation, that a replacement Broker-Dealer be in place. For any Auction Period during which there is no duly appointed Auction Agent, or during which there is no duly appointed Broker-Dealer, it will not be possible to hold Auctions, with the result that the interest rate on the 2001 Bonds will be the No Auction Rate.

The Broker-Dealer Agreement provides that a Broker-Dealer may submit an Order in Auctions for its own account. If a Broker-Dealer submits an Order for its own account in any Auction, it might have an advantage over other Bidders in that it would have knowledge of orders placed through it in that Auction; such Broker-Dealer, however, would not have knowledge of Orders submitted by other Broker-Dealers (if any) in that Auction. In the Broker-Dealer Agreement, Broker-Dealers will agree to handle customer orders in accordance with their respective duties under applicable securities laws and rules.

Goldman, Sachs & Co. has advised the County and Big Rivers that they intend initially to make a market in the 2001 Bonds between Auctions; however, Goldman, Sachs & Co. is not obligated to make such markets, and no assurance can be given that secondary markets for the 2001 Bonds will develop.

Changes to the Auction Periods and Auction Dates do not require the amendment of the Auction Procedures or any consents.

Redemption Provisions

Optional Redemption Before Fixed Rate Conversion Date. On or prior to the Fixed Rate Conversion Date, during a PARS Rate Period, the 2001 Bonds may be redeemed in whole or in part on any Interest Payment Date immediately following any Auction Period, at the principal amount of the 2001 Bonds to be redeemed without premium; provided, however, in the event of a partial redemption of the 2001 Bonds bearing interest at a PARS Rate, the aggregate principal amount not so redeemed shall be in a principal amount of $100,000 or any integral multiple of $25,000 in excess thereof and the aggregate principal amount of 2001 Bonds bearing interest at a PARS Rate which will remain outstanding is at least $10,000,000 unless otherwise consented to by the Broker-Dealer.

Optional Redemption After Fixed Rate Conversion Date. After a Fixed Rate Conversion Date, the 2001 Bonds may be redeemed after the No-Call Period described below, as a whole or in part at any time (if less than all of the 2001 Bonds are to be redeemed, by lot in such manner as shall be determined by the Trustee), at the following redemption prices (expressed as percentages of the principal amount of 2001 Bonds called for redemption), plus accrued interest to the date fixed for redemption:

Remaining Term to Maturity*	**No-Call Period**	**Redemption Prices**
Greater than or equal to 15 years	10 years	101% declining ½% per 12 months to 100%
Less than 15 years and greater than or equal to 10 years	8 years	101% declining ½% per 12 months to 100%
Less than 10 years and greater than or equal to 5 years	5 years	101% declining ½% per 12 months to 100%
Less than 5 years	remaining term	Not applicable

* Measured from the Fixed Rate Conversion Date

Extraordinary Optional Redemption. Big Rivers may direct the Issuer to redeem the 2001 Bonds, in whole or in part, at any time at a redemption price equal to the principal amount of the 2001 Bonds plus accrued interest on the bonds to the redemption date, without premium, after Big Rivers delivers a certificate to the Trustee relating to the condition of and the practicality of operating the Facilities or the Plant. Specifically, Big Rivers may cause the redemption of the 2001 Bonds if (i) the Facilities or the Plant have been destroyed or damaged to the extent that the Facilities or the Plant cannot be reasonably restored within six months or Big Rivers is prevented as a result from carrying on its normal operation of the Facilities or the Plant for a period of six months from the date of such damage or destruction, (ii) title to, or temporary use of, all or substantially all of the Facilities or the Plant are taken or condemned and Big Rivers is thereby prevented or likely to be prevented from carrying on it normal operation of the Facilities or the Plant for a period of six months, (iii) following a change in law or by final decree or judgment of any court or administrative body, after the contest thereof by Big Rivers, the Financing Agreement becomes void or unenforceable or performance is impossible in accordance with the intent and purposes of the parties or unreasonable burdens or excessive liabilities are imposed on Big Rivers by reasons of the operation of the Facilities; or (iv) a change occurs in the economic availability of raw materials, manufactured products, energy sources, operating supplies or facilities necessary for the operation of the Facilities or the Plant or technological or other changes, which in the reasonable judgment of Big Rivers, render the Facilities or the Plant uneconomical for use.

Notice of Redemption for 2001 Bonds; Conditional Notice; Selection of Bonds to be Redeemed

Notice By Big Rivers. Bonds may be called for redemption in accordance with the terms described above only upon the written notice of Big Rivers, and from amounts representing prepayment of the 2001 Note in accordance with the terms of the 2001 Note and the Financing Agreement. Such notice shall be given by Big Rivers to the County and the Trustee at any time on or prior to the 28th day prior to the date of redemption (or such date which is closer to the date of redemption than the 28th day as shall be agreed to by the Trustee, giving effect to the notice of redemption requirements of DTC). Such notice shall specify that Big Rivers is electing to prepay the 2001 Note and have the amount of such prepayment applied to the redemption of the principal amount of the 2001 Bonds specified in the notice (together with any required premium) on the date for their redemption specified in such notice (which must be a date permitted by the Bond Indenture). If, at the time Big Rivers gives this notice, the Trustee does not have on deposit sufficient available funds to pay the principal of, premium, if any, and interest accrued and to accrue through the redemption date on the 2001 Bonds so called for redemption, then Big Rivers' notice of redemption is conditional and revocable, that is, Big Rivers is under no obligation to provide, or cause to be provided, to the Trustee funds to effect such redemption and, if it does not elect to do so by 12:00 noon, New York City time, on the redemption date, then the 2001 Bonds called for redemption shall not be redeemed pursuant to the above-mentioned notice of redemption or the notice of redemption given by the Trustee pursuant to the Bond Indenture as described below. Neither the Trustee, Big Rivers nor the County shall be liable to any Bondowner if Big Rivers does not provide, or cause to be provided, funds sufficient to effect redemption of any such 2001 Bonds with the result that such 2001 Bonds are not redeemed on the redemption date specified in such notices. If, at the time Big Rivers gives this notice, the Trustee has on deposit sufficient funds to effect such redemption, then Big Rivers' notice is unconditional and irrevocable and the 2001 Bonds specified in the notice of Big Rivers and given by the Trustee pursuant to the Bond Indenture shall become due and payable at the specified redemption price on the specified redemption date.

Notice By Trustee. In the event any of the 2001 Bonds are called for redemption upon the direction of Big Rivers as described in the prior paragraph, the Trustee shall give notice, in the name of the County, of the redemption of such 2001 Bonds, which notice shall specify the 2001 Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable, which shall be the principal office of the Trustee as paying agent for the 2001 Bonds, and the principal office of any Co-Paying Agent for the 2001 Bonds, and, if less than all of the 2001 Bonds are to be redeemed, the numbers of such 2001 Bonds so to be redeemed. Such notice shall be given by mailing a copy of the redemption notice by first-class mail at least ten (10) days prior to the date fixed for redemption to the Bondowners of the 2001 Bonds to be redeemed at the addresses shown on the registration books; provided, however, that failure duly to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of 2001 Bonds. If Big Rivers' notice of redemption for these Bonds as described above is conditional and revocable, then the notice of redemption given by the Trustee shall so state and shall further state (i) that the redemption of these 2001 Bonds is conditional upon Big Rivers providing, or causing to be provided, to the Trustee, by 12:00 noon New York City time on the redemption date, funds sufficient to effect such redemption, (ii) that if such funds are not so provided, the 2001 Bonds will not be redeemed on such date and the Trustee's notice of the redemption of these 2001 Bonds given pursuant to this subsection will be of no force or effect, (iii) that Big Rivers is under no obligation to provide, or cause to be provided, such funds and, (iv) that neither the Trustee, Big Rivers nor the County shall be liable to any Bondowner if Big Rivers does not provide, or cause to be provided, funds sufficient to effect such redemption with the result that such 2001 Bonds are not redeemed on the redemption date specified in such notice. If such funds shall not have been so received, the Trustee shall give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. If the Big Rivers notice is unconditional and irrevocable, then the Trustee's notice shall so state, and shall also state (i) that the Trustee has on deposit sufficient funds to effect such redemption and (ii) that the 2001 Bonds shall become due and payable at the specified redemption price (plus accrued interest) on the redemption date specified in the notice. On presentation and surrender of the 2001 Bonds so called for redemption at the place or places of payment, such 2001 Bonds shall be paid and redeemed.

Selection of Bonds to be Redeemed. If less than all the 2001 Bonds shall be called for redemption, the particular 2001 Bonds to be redeemed shall be selected by the Trustee in such manner as the Trustee in its discretion may deem proper; provided, however, that the portion of any 2001 Bond to be redeemed (a) prior to the Fixed Rate Conversion Date, shall be in the principal amount of $25,000 or any integral multiple thereof (but in no event shall the unredeemed portion be in a principal amount less than $100,000) and (b) on or after the Fixed Rate Conversion Date, $5,000 or any integral multiple thereof and that, in selecting 2001 Bonds for redemption, the Trustee shall treat each 2001 Bond as representing that number of bonds which is obtained by dividing the principal amount of such 2001 Bond by $5,000 or $25,000, as appropriate. If it is determined that one or more, but not all of the $5,000 or $25,000, as appropriate, units of principal amount represented by any such 2001 Bond is to be called for redemption, then upon notice of intention to redeem such $5,000 or $25,000, as appropriate, unit or units, the owner of such 2001 Bond shall forthwith surrender such 2001 Bond to the Trustee for (i) payment of the redemption price (including the interest to the date fixed for redemption) of the $5,000 or $25,000, as appropriate, unit or units of principal amount called for redemption and (ii) exchange for a new 2001 Bond or Bonds of the aggregate principal amount of the unredeemed balance of the principal amount of such 2001 Bond and of like maturity and interest rate. New 2001 Bonds representing the unredeemed balance of the principal amount of such 2001 Bond shall be issued to the registered Owner thereof, without charge therefor. If the Owner of any such 2001 Bond to be redeemed in part shall fail to present such 2001 Bond to the Trustee for payment and exchange as aforesaid, such 2001 Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the $5,000 or $25,000, as appropriate, unit or units of principal amount called for redemption (and to that extent only).

Effect of Redemption. Any 2001 Bonds called for redemption, which are deemed to be not Outstanding under the provisions of the Bond Indenture, will cease to bear interest on the specified redemption date and shall no longer be protected under the Bond Indenture.

THE COUNTY

The County is a public body corporate and politic duly created and existing as a county and political subdivision under the Constitution and laws of the Commonwealth of Kentucky. The County is authorized pursuant to the provisions of the Act to issue the 2001 Bonds to refund the Refunded Bonds and to perform its obligations under the Financing Agreement and the Bond Indenture. The County did not participate in the preparation of this Offering Statement and does not have or assume any responsibility as to the accuracy or completeness of any information herein, all of which has been furnished by others.

BIG RIVERS ELECTRIC CORPORATION

Introduction

General. Big Rivers is an electric generation and transmission ("G&T") rural electric cooperative corporation. Big Rivers was organized as a nonprofit rural electric cooperative under the laws of the Commonwealth of Kentucky on June 14, 1961 to enable its Members to pool their resources and provide for the power and transmission needs of their combined service territories. Big Rivers provides wholesale electric service to its three member electric distribution cooperatives (the "Members") under wholesale power contracts (individually, a "Wholesale Power Contract", collectively, the "Wholesale Power Contracts") with each Member, which expire on January 1, 2023.

Big Rivers owns 1,459 net MW of electric generating facilities (the "Generating Facilities"), described herein under "GENERATING FACILITIES AND THE STATION TWO FACILITY", and approximately 1,200 miles of transmission lines and 16 substations (the "Transmission Facilities"), described herein under "TRANSMISSION FACILITIES".

In 2000, Big Rivers' average wholesale rate to its Members was $.033579 per kWh, $.036249 per kWh for rural loads and $.030115 per kWh for large industrial loads. Big Rivers' MWh sales to its Members were 3,540,880 MWh in 2000, 1,999,539 MWh for rural loads and 1,541,341 MWh for large industrial loads. Member MWh sales have increased an average of 6.12 percent annually since 1994, 4.09 percent for rural loads and 9.23 percent for large industrial loads. To the extent surplus capacity and energy are available, Big Rivers may sell electricity to non-Member utilities and power marketers ("Non-Members"). During 2000, Big Rivers sold 598,474 MWh to Non-Members. Margins for the year 2000 were $10,382,663.

The Members. The Members of Big Rivers are Kenergy Corp. ("Kenergy"), Meade County Rural Electric Cooperative Corporation ("Meade") and Jackson Purchase Energy Corporation ("Jackson"). Green River Electric Corporation ("Green River") and Henderson Union Electric Cooperative ("Henderson Union") were members of Big Rivers prior to July 1999. In July 1999, they were consolidated into a new entity – Kenergy – that became a Member, as their successor, in Big Rivers.

The Members of Big Rivers are local consumer-owned distribution cooperatives providing retail electric service on a not-for-profit basis to their customers, who are their members. The customer base of the Members generally consists of residential, commercial and industrial consumers within specific geographic areas. The Members provide electric power and energy to customers located in portions of 22 western Kentucky counties. As of December 31, 2000, the Members served approximately 101,000 member-customers (meters).

1996 Bankruptcy. In September 1996, Big Rivers filed a voluntary petition for relief under Chapter 11 ("Chapter 11") of the United States Bankruptcy Code (the "1996 Bankruptcy"). This filing was precipitated primarily by its inability to sell its excess capacity (capacity in excess of that required to serve its Members) at a sufficient price. In July 1998, after much negotiation, a bankruptcy court-approved Plan of Reorganization (the "Plan") for Big Rivers became effective (the "Effective Date"), by which Big Rivers' excess capacity situation was resolved through a lease transaction with LEC referred to herein as the "LG&E Transaction". Big Rivers' long-term debt was also restructured at that time. This generally settled the 1996 Bankruptcy and, as a result, resolved Big Rivers' financial difficulties. See "BIG RIVERS' LITIGATION" herein for a discussion of certain unresolved issues in the bankruptcy reorganization relating to the fees of the examiner.

LG&E Transaction. As part of the LG&E Transaction, Big Rivers leased its Generating Facilities to Western Kentucky Energy Corp. ("WKEC"), a wholly owned subsidiary of LG&E Energy Corporation ("LEC"), under a Lease and Operating Agreement (the "Lease"). As a result, WKEC owns the output of the Generating Facilities. The LG&E Transaction also includes certain arrangements with respect to the operation of the 312 net MW Henderson Municipal Power & Light Station Two Generating Facility (the "Station Two Facility"). The City of Henderson, Kentucky ("Henderson") owns the Station Two Facility but Big Rivers, prior to the Effective Date, operated the facility on behalf of the City of Henderson Utility Commission, doing business as Henderson Municipal Power & Light ("HMP&L"). Prior to the Effective Date, Big Rivers purchased all Station Two Facility output not used by Henderson from HMP&L. As part of the LG&E Transaction, WKE Station Two Inc., a subsidiary of LEC, (the "Station Two Subsidiary" and, collectively with LEC, LG&E Energy Marketing ("LEM") and WKEC, the "LG&E Entities") assumed certain of Big Rivers' obligations to Henderson with respect to the Station Two Facility pursuant to the underlying contracts between Big Rivers and Henderson. The Station Two Subsidiary, in turn, is entitled to the rights of Big Rivers in the capacity and energy of the Station Two Facility not taken by Henderson (the "Station Two Agreement"), currently 220 MW through May 31, 2002. WKEC and the Station Two Subsidiary are now generally responsible for what would otherwise be Big Rivers' operating and maintenance costs, including fuel, and management of the Generating Facilities and the Station Two Facility, acquisition of capital assets for the Generating Facilities and the Station Two Facility and the development of annual operating and maintenance and capital budgets.

In order for Big Rivers to obtain the power to supply its Members and Non-Members after the Effective Date of the LG&E Transaction, Big Rivers entered into a power purchase agreement (the "Power Purchase Agreement") with LEM, a wholly owned subsidiary of LEC. The Power Purchase Agreement establishes minimum hourly and annual power purchase amounts that Big Rivers is required to take and certain maximum hourly and annual power purchase amounts that LEM is required to make available to Big Rivers. Big Rivers pays specified fixed rates for power purchased under the Power Purchase Agreement that are not dependent upon market prices for electric power and energy. If the power available to Big Rivers under the Power Purchase Agreement is not sufficient for Big Rivers' purposes, Big Rivers must arrange for purchases from the Southeastern Power Administration ("SEPA") and other third-party suppliers (the market). Big Rivers dispatches its Members' 178 MW SEPA allocations of hydroelectric power and associated energy (the "SEPA Power") in accordance with the SEPA contract. Big Rivers is working with Reliant Energy Services, Inc. ("Reliant") as its market interface partner. Through Reliant, Big Rivers buys and sells power on the market as its load and market conditions dictate. See "THE LG&E Transaction" herein for a more detailed discussion of the terms and provisions of the LG&E Transaction. See also, "GENERATING FACILITIES AND THE STATION TWO FACILITY – Other Power Supply Resources" and "– Power Marketing" herein.

Big Rivers' Operations After the Plan and the LG&E Transaction. As a result of the implementation of the Plan and the LG&E Transaction entered into in connection therewith, Big Rivers' operations today involve the following:

- WKEC and the Station Two Subsidiary are generally responsible for maintaining and operating the Generating Facilities and the Station Two Facility, although Big Rivers' still owns the Generating Facilities

- WKEC and the Station Two Subsidiary are responsible for most operating and maintenance costs for the Generating Facilities and the Station Two Facility, including fuel, through 2023

- Big Rivers receives monthly lease payments from LEM (subject to certain adjustments) for the Lease of the Generating Facilities and the Station Two Facility

- Big Rivers is entitled to 35% of the capacity from the Generating Facilities and the Station Two Facility and is responsible for 20% of the Incremental Capital Costs and Incremental O&M (as such terms are hereinafter defined), prior to 2011

- Under its contractual arrangements with the LG&E Entities, Big Rivers has an ascertainable, and generally limited, responsibility for Non-Incremental Capital Costs of the Generating Facilities and the Station Two Facility

- Big Rivers serves its Members from power purchased from LEM under the Power Purchase Agreement at specified prices and Big Rivers is able to sell any excess energy available thereunder to Non-Members

- Big Rivers is entitled to the benefits of the Power Purchase Agreement whether or not the Generating Facilities and the Station Two Facility are operating

- The Contract Limits (hereinafter defined) contained in the Power Purchase Agreement provide additional opportunities for sales to Non-Members for Big Rivers

- Big Rivers currently is able to sell its excess capacity to Non-Members at favorable rates

- The risks of serving the load from two aluminum smelters (currently approximately 849 MW) through the term of their contracts has been transferred from Big Rivers to LEM, although the Plan requires that LEM pays Big Rivers annually the negotiated margins from the two aluminum smelters that Big Rivers would have received had it continued to serve the load of the aluminum smelters through the term of their respective contracts

- Big Rivers provides transmission services to its Members and Non-Members pursuant to its Open Access Transmission Tariff ("OATT")

See "The LG&E Transaction" herein for a more detailed description of the terms and provisions of the LG&E Transaction and "SELECTED BIG RIVERS' FINANCIAL DATA" herein for a discussion of the financial results of Big Rivers subsequent to the Effective Date.

Cooperative Principles

Generally, G&T cooperatives, such as Big Rivers, are business organizations owned by their member distribution cooperatives, which are also their wholesale customers. As nonprofit organizations, cooperatives are intended to provide low cost services to their members, in part by eliminating the need to produce profits or a return on equity. Cooperatives may make sales to non-members, the effect of which is generally to reduce costs to members. Today, cooperatives operate throughout the United States in such diverse areas as utilities, agriculture, irrigation, insurance and credit.

All cooperatives are based on similar business principles and legal foundations. Generally, an electric cooperative designs its rates to recover its cost-of-service and provide for working capital (i.e., margins). Any margins that are considered capital contributions from the members are held for the accounts of the members without interest and returned to them when the board of directors of the cooperative deems it prudent to do so. The timing and amount of any actual return of capital to the members depends on the financial goals of the cooperative and the cooperative's loan and security agreements.

Management

Board of Directors. Big Rivers is governed by a Board of Directors (the "Board") comprised of six persons. Each Member has two directors on the Board. Each director is elected by a majority vote of the delegates at the annual membership meeting in September. Each Member designates one delegate to represent it at the annual membership meeting. At least one of the two directors from each Member must be, at the time of their election, a director of such Member. Each term is for a three-year period, ending the later of September 1 or the annual meeting date, and staggered such that two directors from different Members are elected each year.

Management The following are the principal management personnel at Big Rivers with a brief summary of their qualifications:

Michael H. Core, President and Chief Executive Officer, age 54, graduated from Bowling Green State University with a Bachelor of Science in Communications. Before joining Big Rivers as President and CEO in January 1997, Mr. Core was the Chief Executive Officer of the Indiana Association of Rural Electric Cooperatives Inc. From 1986 to 1991, Mr. Core was Vice President, Statewide Services, for Ohio Rural Electric Cooperatives, Inc. Mr. Core served as General Manager of the

Delaware Rural Electric Cooperative from 1983 to 1986. Mr. Core also served on the Buckeye Power Board of Trustees for the Delaware Rural Electric Cooperative during such period.

C. William Blackburn, Vice President of Power Supply, age 50, graduated from Murray State University with a Bachelor of Science in Business and Mathematics in 1972. Mr. Blackburn is a Certified Management Accountant. He has been employed with Big Rivers since 1977, and has served in various accounting and finance positions prior to assuming his current position of Vice President of Power Supply in 1997.

Travis D. Housley, Vice President of System Operations, age 58, graduated with a bachelor of science degree in electrical engineering in 1966 from Mississippi State University. Mr. Housley is a registered professional engineer in Kentucky. From 1982 to present, Mr. Housley has been employed by Big Rivers in various positions including Maintenance Engineer, Managing Engineer, Vice General Manager of System Operations and, currently, as Vice President of System Operations.

Richard W. Beck, Vice President of Marketing, age 48, graduated from East Carolina University with a Bachelors of Arts in 1975 and a Masters of Business Administration from Wake Forest University in 1994. Prior to joining Big Rivers, Mr. Beck was employed by R.J. Reynolds in Winston-Salem, North Carolina, where he was responsible for strategic marketing and operations for a consumer goods business unit comprised of all U.S.-based military and duty-free outlets.

David A. Spainhoward, Vice President of Contract Administration and Regulatory Affairs, age 51, graduated from Oakland City College (now Oakland City University) with a Bachelor degree in 1993 and a Master of Science degree in Management from Oakland City University in 1997. Mr. Spainhoward has been an employee of Big Rivers since January of 1972. He served in various positions with Big Rivers prior to assuming his current position of Vice President of Contract Administration and Regulatory Affairs.

Mark A. Hite, Vice President of Finance and Administrative Services, age 44, graduated from the University of Evansville with a Bachelor of Science in Accounting in 1980 and a Master of Business Administration in 1985. He is a licensed CPA. Mr. Hite has been employed with Big Rivers since 1983, and has served in various accounting and finance capacities prior to assuming his current position of Vice President of Finance and Administrative Services.

Labor Relations

Big Rivers has 92 full-time employees. The International Brotherhood of Electrical Workers, Local 1701, represents 27 of Big Rivers' transmission operating employees. The contract between such union and Big Rivers expires July 15, 2002. Big Rivers believes that its relations with labor are good.

Relationship with RUS

Federal loan programs administered by RUS (previously known as the Rural Electrification Administration or the REA) have provided the principal source of financing for electric cooperatives. Direct insured loans from RUS and loans guaranteed by RUS have been a major source of funding for Big Rivers and the Members. RUS exercises substantial control and supervision over Big Rivers in such areas, among others, as accounting, the nature of Big Rivers' investments, issuance of securities and rates and charges for the sale of electric power and energy through provisions in the Mortgage. In recent years, there have been legislative, administrative and budgetary initiatives intended to reduce or, in some cases, eliminate federal funding for electric cooperatives. Therefore, the future cost, availability and magnitude of RUS-guaranteed loans cannot be predicted. More specifically, RUS is not obligated to make or guarantee any further loans to Big Rivers.

Regulation of Big Rivers

Big Rivers is subject to regulation at the state and federal level because Big Rivers operates as a G&T cooperative. The Kentucky Public Service Commission ("KPSC") regulates Big Rivers' rates for the sale of wholesale power to its Members. Among other things, Kentucky law authorizes the KPSC to (i) approve rates for Big Rivers which are "fair, just and reasonable," (ii) regulate Big Rivers' construction of new generation and transmission facilities by issuing certificates of public convenience and necessity, (iii) approve changes in ownership or control of Big Rivers through sales of assets or otherwise, and (iv) approve the issuance or assumption of any securities or evidence of indebtedness, other than to RUS. The KPSC has approved the issuance of the 2001 Bonds.

In addition to the KPSC's direct regulation of Big Rivers, RUS has certain rights that impact Big Rivers' operations. Big Rivers' discretion to sell or dispose of its property, rights or franchises without the approval of RUS is limited. In addition, RUS's loan documents with Big Rivers limit Big Rivers' discretion with respect to all wholesale power sales contracts and the construction of new facilities without RUS approval. Further, an extensive body of RUS Bulletins and other regulations limit certain operational discretion of Big Rivers while the RUS Notes remain outstanding.

Under currently applicable precedent of the Federal Energy Regulatory Commission ("FERC"), because Big Rivers is an RUS-financed utility, Big Rivers' sale of power at wholesale and certain aspects of Big Rivers' transmission of power in interstate commerce are not regulated by FERC to the extent those functions otherwise would be regulated by FERC if Big Rivers were a non-RUS financed public utility. FERC does have jurisdiction, however, to regulate Big Rivers' provision of transmission services to third parties under the Federal Power Act to the extent that Big Rivers has transmission capacity available and declines to make it available to third parties requesting its use at a reasonable fee. In the absence of regulation by FERC, the KPSC has asserted jurisdiction over such otherwise FERC jurisdictional activities. See "TRANSMISSION SYSTEM—Interconnections and Open Access Tariff" herein.

Wholesale Power Contracts

Big Rivers has a Wholesale Power Contract with each of its three Members. The term of each of the Wholesale Power Contracts extends through January 1, 2023. None of the Wholesale Power Contracts may be unilaterally terminated by a party, without cause, prior to January 1, 2023. Each Wholesale Power Contract may be terminated by either party after January 1, 2023, upon six months notice.

The Wholesale Power Contract with Kenergy requires Kenergy to purchase all of its wholesale power requirements from Big Rivers other than that required to serve the two aluminum smelters. The Wholesale Power Contracts with Meade and Jackson require these Members to purchase all of their wholesale power requirements from Big Rivers.

Income Tax Status

Big Rivers was initially formed as a tax-exempt cooperative organization under section 501(c)(12) of the Internal Revenue Code. To retain tax-exempt status under this section of the Internal Revenue Code, at least 85% of Big Rivers' receipts must be generated from transactions with the

Members. In 1983, sales to Non-Members resulted in Big Rivers being unable to meet the 85% requirement. In a letter dated March 23, 1984, the Internal Revenue Service notified Big Rivers that, effective for 1983 and subsequent years, Big Rivers would be considered a taxable organization until such year that sales to Members would satisfy the 85% requirement and Big Rivers formally reapplies for tax-exempt status. Big Rivers is also subject to Kentucky income tax.

Under the provisions of Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes," Big Rivers is required to record deferred tax assets and liabilities for temporary differences between amounts reported for financial reporting purposes and amounts reported for income tax purposes. Deferred tax assets and liabilities are determined based on these temporary differences using enacted tax rates in effect for the year in which these differences are expected to reverse.

At December 31, 2000 and 1999, Big Rivers had deferred tax assets of approximately $508 million and $400 million, respectively, which primarily relate to net operating losses and the effect of the sale-leaseback transaction described in Footnote 1 to the "Notes to Statement of Revenues and Expenses" under the caption "SELECTED BIG RIVERS' FINANCIAL DATA" herein. At December 31, 2000, these net operating losses amounted to approximately $302 million. The Non-Member portion of the net operating losses expire in 2001 through 2012. Additionally, at December 31, 2000 and 1999, Big Rivers had deferred tax liabilities of approximately $261 million and $241 million, respectively, which primarily relate to depreciation differences on utility plant. At December 31, 2000 and 1999, Big Rivers did not anticipate utilization of a portion of the deferred tax assets, thus a valuation allowance was established of approximately $247 million and $159 million, respectively.

LG&E Transaction

General. The LG&E Transaction, which extends through 2023, includes the lease of the Generating Facilities by Big Rivers to WKEC under the Lease, the assignment to the Station Two Subsidiary of Big Rivers' rights to the Station Two Facility under the Station Two Agreement and the purchase by Big Rivers of power from LEM under the Power Purchase Agreement for sales to Members and, to the extent of any excess energy available thereunder, to Non-Members.

Payments During LG&E Transaction. On the Effective Date Big Rivers received an initial payment from WKEC under the LG&E Transaction of approximately $68 million, and also received approximately $36 million for the sale of certain inventories and property used in connection with the Generating Facilities and the Station Two Facility. Big Rivers receives monthly lease payments, beginning in July 2000, equal to approximately $31 million annually through 2010, $34 million in 2011, and $35 million from 2012 through 2023. These monthly lease payments are subject to adjustment for certain environmental costs and changes in the amount of power available to Big Rivers from LEM during the LG&E Transaction. Similarly, the Station Two Agreement subjects the monthly lease payments to adjustment if the output from the Station Two Facility in excess of Henderson's needs generally is not available to LEM or the Station Two Subsidiary due to certain actions of Big Rivers.

As required by the Plan, through 2011 LEM will pay Big Rivers an average of approximately $18 million annually for the negotiated margins from the two aluminum smelters that Big Rivers would have received had it continued to serve the load of the aluminum smelters through the term of their respective contracts, December 31, 2010, for one smelter and December 31, 2011, for the other smelter. Together, the current load of the aluminum smelters is currently approximately 849 MW. Because it was determined that the risks associated with serving such loads were too great for Big Rivers, the Plan required the transfer of certain risks and service of the aluminum smelters to LEM, while ensuring that Big Rivers retained the expected margins from such transferred service obligation.

Big Rivers provides transmission service to its Members and Non-Members pursuant to its OATT. While the FERC waived jurisdiction over Big Rivers' OATT, the KPSC exercises authority over this tariff. Under the LG&E Transaction, LEM pays Big Rivers a minimum $5 million annually for transmission service through December 31, 2023.

Big Rivers, WKEC and the Station Two Subsidiary share certain costs relating to the Generating Facilities and the Station Two Facility during the LG&E Transaction. These costs include property taxes (Big Rivers pays 70%), capital expenditures that are necessary to maintain the current capacity (Non-Incremental Capital Costs) or to comply with the requirements of new law or regulation (Incremental Capital Costs), and certain increased operation and maintenance costs attributable to any new law or regulation since the Effective Date (Incremental O&M). The portion of each of these costs to be borne by each party changes during the LG&E Transaction to reflect changes in the minimum and maximum hourly and annual power purchase amounts under the Power Purchase Agreement in 2011, again in 2012, and if Big Rivers elects to reduce the minimum and maximum annual and hourly power purchase amounts. Under the LG&E Transaction, Big Rivers' annual funding responsibility with regard to Non-Incremental Capital Costs is generally known and limited, approximating 49 percent of such estimated costs through 2010, 40.26 percent in 2011 and 33.90 percent from 2012 through 2023. Big Rivers' funding responsibility for Incremental Capital Costs and Incremental O&M is 20 percent through 2010, 40.26 percent in 2011 and 33.90 percent from 2012 through 2023. The LG&E Transaction calls for Big Rivers to make a payment to LEC at the end of the LG&E Transaction for the residual value of WKEC's and the Station Two Subsidiary's capital contributions. Such residual value is estimated to be approximately $136 million in December 2023.

Operation of the Generating Facilities and the Station Two Facility. Under the LG&E Transaction, WKEC leases the Generating Facilities from Big Rivers pursuant to the Lease. Similarly, the Station Two Subsidiary has assumed certain obligations of Big Rivers relating to the operation of the Station Two Facility pursuant to the Station Two Agreement. As lessee of the Generating Facilities, WKEC has title to the power generated by the Generating Facilities. The Station Two Subsidiary, as Big Rivers' assignee, is entitled to that portion of the power generated by the Station Two Facility not taken by Henderson. WKEC (with respect to the Generating Facilities) and the Station Two Subsidiary (with respect to the Station Two Facility) are generally responsible for the operation (including fuel), maintenance, and management of the Generating Facilities and the Station Two Facility, oversight of the design, construction and placing into service of all capital assets, and development of the annual capital budget and operations and maintenance ("O&M") budget for the Generating Facilities and the Station Two Facility.

Power Purchase Arrangements Between Big Rivers and LEM. WKEC, as lessee of the Generating Facilities, owns all of the power generated by the Generating Facilities and sells such output to LEM. Similarly, the Station Two Subsidiary owns Big Rivers' contractual entitlement to the output of the Station Two Facility and sells such output to LEM. Pursuant to the Power Purchase Agreement, LEM sells certain quantities of power to Big Rivers, subject to certain hourly and annual minimums and maximums. LEM makes this power available to Big Rivers for sale at the specified prices in the Power Purchase Agreement.

Source of LEM Base Power. The Power Purchase Agreement does not link the power LEM sells to Big Rivers to the power produced by the Generating Facilities and the Station Two Facility and does not obligate LEM to supply power to Big Rivers from any particular source. It does, however, require delivery of certain amounts of power on Big Rivers' transmission system at points of delivery specified at the time of scheduling. As a result, the obligation of LEM to supply power to Big Rivers is independent of the continued production of power from the Generating Facilities and the Station Two Facility, provided Big Rivers does not default on any of its obligations under the agreements relating to the LG&E Transaction. Accordingly, the Power Purchase Agreement requires LEM to continue to deliver power to Big Rivers, subject to certain uncontrollable forces, even if the production of power at the Generating

Facilities or the Station Two Facility is inhibited, as long as such occurrence is not caused by an event of default by Big Rivers.

Minimum and Maximum Hourly and Annual Power Purchase Amounts. The Power Purchase Agreement establishes minimum hourly and annual power purchase amounts that Big Rivers is required to take and certain maximum hourly and annual power purchase amounts LEM will be required to make available to Big Rivers. These hourly and annual minimum and maximum amounts of power have been established at fixed quantities that change over three separate periods – 2001 through 2010, 2011, and from 2012 through 2023. These quantities were generally based on Big Rivers' expected load requirements during the LG&E Transaction.

Together, the minimum hourly and annual power purchase amounts and the maximum hourly and annual power purchase amounts are the "Contract Limits" referred to in the Power Purchase Agreement. Power purchased by Big Rivers in amounts up to the maximum hourly and annual amounts are referred to as "Base Power." The Power Purchase Agreement establishes the fixed rates for Base Power. During the term of the LG&E Transaction, LEM is under no obligation to provide power to Big Rivers above the Contract Limits. Big Rivers is responsible for arranging for deliveries of power from SEPA and other third parties when the hourly and annual maximums are exceeded. Subject to the applicable Contract Limits, Big Rivers may schedule and purchase any amount of Base Power from LEM during the LG&E Transaction. Although Big Rivers is required by the minimum hourly power purchase amounts to purchase from LEM the lesser of a stated minimum amount or the Member's load in each hour (exclusive of the Smelter load) or pay the applicable penalty for amounts not taken, the Power Purchase Agreement does not prevent Big Rivers from paying this penalty in certain hours to purchase lower cost power from others, if available. Big Rivers may also resell a portion of its purchases of Base Power from LEM (excess to the needs of its Members) to a third-party. Big Rivers also may purchase only its minimum obligation of Base Power and purchase additional power to meet its Member's loads from other suppliers without penalty. These activities are referred to as arbitraging the LEM Base Power. These arbitrage opportunities are available in any hour in which Big Rivers' power purchase rate from the market plus any applicable hourly LEM penalty is less than the amount that Big Rivers would be charged by LEM at the specified Base Power rates or in which Big Rivers can resell Base Power to Non-Members at a profit.

Failure to Purchase Minimum Amounts. If Big Rivers does not purchase an amount of Base Power from LEM equal to or in excess of the minimum annual amount during a calendar year, the Power Purchase Agreement provides that Big Rivers will be deemed to have received a certain percentage of the difference in the amount of power actually purchased from LEM and the minimum annual amount. LEM will bill Big Rivers for such percentage of the shortfall as if Big Rivers had purchased it. In effect, this payment serves to penalize Big Rivers for failing to schedule and purchase such amount of power.

The minimum hourly power purchase amount constitutes a minimum hourly obligation of Big Rivers equal to the lesser of the actual Members' load in that hour (exclusive of power supplied by Kenergy to the two aluminum smelters) or the applicable specified minimum hourly amount. In hours where Big Rivers fails to purchase such amount, Big Rivers will generally be treated as having purchased 32 percent of such deficiency. In such cases, LEM may resell such power in that hour to others.

To prevent hourly penalties during a calendar year from being cumulatively onerous, Big Rivers' cumulative annual obligation for failing to meet minimum hourly and annual power purchase amounts will be limited to 16 percent of the product of the minimum annual power purchase amount and the applicable Base Power rate.

Adjustment of Contract Limits. The Power Purchase Agreement allows Big Rivers, subject to certain limitations, to adjust the Contract Limits downward by giving written notice to LEM at any time. Contract Limits reductions will be limited to a maximum of 12 MW in any one-year period and a maximum of 72 MW over the term of the Power Purchase Agreement. Any reduction to one of the

Contract Limits will be made as a uniform decrease to all four Contract Limits. Once made, any such reduction will remain effective for the balance of the term of the Power Purchase Agreement. No reduction will become effective until the January 1 following the expiration of two consecutive full years after notice of such reduction has been given. Further, the adjusted minimum annual power purchase amount may not be less than 102 percent of the loads of the Members (excluding the load of the two aluminum smelters) in the prior calendar year.

If Big Rivers adjusts the Contract Limits, the LG&E Transaction requires corresponding adjustments increasing WKEC's rental payments, property taxes, capital costs and Incremental O&M, according to the new ratio of power retained by Big Rivers from the Generating Facilities and the Station Two Facility.

Purchased Power – LEM Base Power. The Power Purchase Agreement obligates LEM to make available to Big Rivers Base Power in amounts up to the maximum Contract Limits at fixed prices per kWh.

The rates charged by LEM to Big Rivers may be adjusted in 2004, 2011 and 2018 based on the Coal Index (DRI Price of Coal to Electric Utilities - National) and the Labor Index (DRI Unit Labor Cost - National) and the comparison of a calculated reference rate against specified baseline rates set forth in the Power Purchase Agreement. Because the baseline rates were set at relatively wide ranges, Big Rivers does not anticipate that the Base Power rates will change during the term of the Power Purchase Agreement, based on adjustments for fuel and labor costs.

Ancillary Generation Services. Big Rivers is entitled to the amounts of Base Power under the Power Purchase Agreement because it has leased the Generating Facilities and assigned its rights in the Station Two Facility to WKEC and the Station Two Subsidiary. In order to ensure the generation-based ancillary services required to operate the transmission system are available, LEM has agreed to supply these generation-based ancillary services to Big Rivers for the benefit of its Members and to Non-Member transmission customers. With respect to Big Rivers' need to provide these services to the Members in excess of the specified quantities of such services supplied by LEM and included in the Base Power rates, LEM has agreed to provide Big Rivers certain generation-based ancillary services needed to support these transmission requirements in its role as transmission system operator. These services will be provided to Big Rivers at cost-based tariff rates, which Big Rivers will pass through to its transmission customers.

Ownership and Control of the Assets During the Term of the LG&E Transaction. Big Rivers retains title to the Generating Facilities, including all capital improvements made thereto during the LG&E Transaction. Upon expiration of the LG&E Transaction, control over the Generating Facilities and the Station Two Facility, together with any capital improvements made during the LG&E Transaction which have been paid for by WKEC will revert to Big Rivers. Big Rivers retains full ownership and control of its Transmission Facilities during the LG&E Transaction. Big Rivers also retains ownership and control over all of its other assets not subject to the Lease.

Pursuant to the Lease, Big Rivers and the LG&E Entities work together through a committee structure throughout the LG&E Transaction, which, among other things, makes decisions regarding capital expenditures needed to comply with new laws and regulations and to maintain the capacity of the Generating Facilities and the Station Two Facility at their current levels. Big Rivers and WKEC each pay an agreed-upon share of the cost of such capital expenditures pursuant to the provisions of the Lease. At the end of the LG&E Transaction, upon any sale by Big Rivers of the Generating Facilities, or early termination of the Station Two Agreement, Big Rivers will pay the LG&E Entities a residual value amount based on such capital costs funded by WKEC and the Station Two Subsidiary, respectively.

Financial Information Relating to LEC. LEC files reports and other information with the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934. Information about LEC is set forth in its Annual Report on Form 10-K for the fiscal year ended December 31, 2000, and its Quarterly Report for the period ended March 31, 2001. Copies of these filings can be inspected and copied at the offices of the SEC in Washington D.C., New York, New York and Chicago, Illinois. In addition, the SEC maintains a World Wide Web site (http://www.sec.gov) that contains information statements and other information regarding registrants such as LEC that file electronically with the SEC.

Summary of LG&E Transaction Agreements. Summaries of certain principal agreements relating to the LG&E Transaction are contained in Appendix E to this Offering Statement. The agreements summarized include the Participation Agreement, the Power Purchase Agreement, the Lease, the Station Two Agreement, the LEC Guarantee, the LG&E Mortgages and the Transmission Services and Interconnection Agreement. These summaries do not purport to be complete or definitive and are qualified in their entirety by reference to such documents.

SELECTED BIG RIVERS' FINANCIAL DATA

The selected financial data presented in the following table under the captions "Statement of Revenues and Expenses" and "Balance Sheet" for and as of the end of each year in the three-year period ended December 31, 2000 have been derived from the financial statements of Big Rivers, which have been audited by Arthur Andersen LLP, independent public accountants. This data should be read in conjunction with the financial statements of Big Rivers and the notes located in APPENDIX A hereto. As discussed in Note 1 to the financial statements in APPENDIX A hereto, effective July 15, 1998, Big Rivers emerged from bankruptcy and adopted a new basis of accounting whereby all liabilities were adjusted to their estimated fair values. Accordingly, the financial statements for periods subsequent to the confirmation of the reorganization are not comparable to the financial statements presented for prior periods. The selected financial data presented in the following table for the three-month periods ended March 31, 2000 and 2001 are derived from the unaudited financial statements of Big Rivers and, in the opinion of Big Rivers' management, include all adjustments necessary for a fair presentation of the unaudited financial information. The results of operations for any interim period are not necessarily indicative of the results of operations for the fiscal year. **All dollar amounts presented under this caption "SELECTED BIG RIVERS' FINANCIAL DATA" have been rounded to the nearest thousand.**

BIG RIVERS
STATEMENT OF REVENUES AND EXPENSES
(dollars in thousands)

	Three Months Ended March 31 (Unaudited)		Year Ended December 31 (Audited)			
	2001	2000	2000	1999	1998	
Operating revenues:						
Member electric energy revenues	$29,415	$29,300	$118,899	$117,179	$180,657	(2)
Non-Member electric energy revenues	8,026	2,317	20,588	24,739	45,742	(3)
Lease Revenue	13,227	13,613	54,014	54,265	24,247	(4)
Other operating revenues	2,227	1,782	8,877	8,376	3,908	(5)
Total operating revenues	$52,895	$47,012	$202,378	$204,559	$254,554	
Operating expenses:						
Operations:						
Fuel for electric generation	$ –	$ –	$ -	$ –	$51,876	(6)
Power purchased and interchanged	22,399	19,359	81,834	86,288	59,586	(7)
Production, excluding fuel	–	–	-	–	15,038	(6)
Transmission and other	2,986	3,032	12,554	12,676	13,246	
Maintenance	461	511	2,362	2,951	19,764	(6)
Depreciation	6,902	6,789	27,290	27,589	31,032	(8)
Total operating expenses	$32,748	$29,691	$124,040	$129,504	$190,542	
Electric operating margins	$20,147	$17,321	$78,338	$75,055	$64,012	
Interest expense and other:						
Interest, net of capitalized interest	$16,164	$17,859	$71,814	$71,908	$75,021	
Interest on obligations under long-term lease (1)	1,894	-	5,417	–	–	
Other, net	14	18	65	69	(184)	
Total interest expense and other	18,072	$17,877	$77,296	$71,977	$74,837	
Operating margin (loss) before non-operating margin (loss) and extraordinary loss	$2,075	$ (556)	$1,042	$3,078	$(10,825)	
Non-operating margin (loss):						
Reorganization expenses					$(17,373)	(9)
Interest income on restricted investments under long-term lease (1)	2,512	-	7,168	–	–	
Interest income and other	1,087	369	2,173	1,015	1,321	
Total non-operating margin (loss)	$3,599	$ 369	$9,341	$1,015	$(16,052)	
Net Margin (loss) before extraordinary loss	$5,674	$ (187)	$10,383	$4,093	$(26,877)	
Extraordinary loss	–	–		–	$(40,527)	(10)
Net margin (loss)	$5,674	$ (187)	$10,383	$4,093	$(67,404)	

(For footnotes, see "Notes to Statement of Revenues and Expenses" following)

BIG RIVERS
BALANCE SHEET
(dollars in thousands)

	March 31 (Unaudited)		December 31 (Audited)		
	2001	**2000**	**2000**	**1999**	**1998**
Assets:					
Utility plant, net	$ 866,802	$ 865,350	$ 864,060	$ 868,450	$ 876,647
Restricted investments under long-term lease (1)	150,339	---	153,707	–	–
Other deposits and investments, at cost	8,394	8,052	7,385	16,279	7,688
Current Assets::					
Cash and cash equivalents	46,345	9,474	30,434	14,074	32,016
Receivables	17,800	16,322	21,788	13,663	13,614
Materials and supplies	632	612	626	706	546
Investments	25,803	13,000	34,003	–	–
Prepaid expenses	488	770	405	721	1,381
Total current assets	$ 91,068	$ 40,178	$ 87,256	$ 29,164	$ 47,557
Deferred charges and other	$ 32,853	$ 36,450	$ 33,065	$ 33,427	$ 32,651
Total assets	$1,149,456	$ 950,030	$1,145,473	$ 947,320	$ 964,543
Equities (Deficit) and Liabilities:					
Capitalization:					
Equities (deficit)	$ (339,806)	$ (356,050)	$ (345,481)	$ (355,864)	$ (359,957)
Long-term debt	1,160,735	1,233,084	1,159,214	1,231,055	1,228,837
Obligations under long-term lease (1)	139,462	---	142,781	–	–
Other long-term obligations	1,780	2,290	1,843	2,290	2,904
Total Capitalization	$ 962,171	$ 879,324	$ 958,357	$ 877,481	$ 871,784
Current liabilities:					
Current maturities of long-term obligations	$ 16,514	$ 12,883	$ 20,139	$ 5,967	$ 8,062
Purchased power payable	7,757	6,390	13,644	6,997	10,903
Accounts payable	5,294	3,694	8,659	6,146	4,441
Accrued expenses	4,675	3,621	7,224	3,356	3,528
Accrued interest	26,541	3,604	17,962	3,025	3,744
Total current liabilities	$ 60,781	$ 30,192	$ 67,628	$ 25,491	$ 30,678
Deferred credits and other:					
Deferred lease revenue	$ 22,529	$ 24,849	$ 20,890	$ 30,823	$ 54,652
Deferred gain on sale-leaseback (1)	72,509	---	73,176	–	–
Other	31,466	15,665	25,422	13,525	7,429
Total deferred credits and other	$ 126,504	$ 40,514	$ 119,488	$ 44,348	$ 62,081
Commitments and contingencies (see note 1 in APPENDIX A)					
Total equities and liabilities	$1,149,456	$ 950,030	$1,145,473	$ 947,320	$ 964,543

(For footnote (1), see "Notes to Statement of Revenues and Expenses" following)

Notes to Statement of Revenues and Expenses

1. In April, 2000, Big Rivers completed a sale-leaseback of two of the Generating Facilities (the Green Plant and the Wilson Plant). The sale-leaseback provides Big Rivers a $1,089,000,000 fixed price purchase option, at the end of the respective Facility's lease term (25 and 27 years), which was partially defeased at closing with certain of the proceeds and will be fully defeased when combined with future contractual interest receipts. This transaction has been recorded as a financing for financial reporting purposes and a sale for Federal income tax purposes. The sale-leaseback transaction has not affected the operation and maintenance of the Generating Facilities by WKEC pursuant to the LG&E Transaction

Footnotes 2 through 10 set forth the main reasons why the financial statements for periods subsequent to the effective date of the Plan (July 15, 1998) are not comparable to the financial statements presented for periods prior to the effective date of the Plan:

2. As of July 15, 1998, Big Rivers completed the LG&E Transaction which involved the lease of the Generating Facilities to LEC. As part of the LG&E Transaction, Big Rivers is no longer responsible for supplying energy to Kenergy for resale to the two aluminum smelters.

3. Big Rivers' ability to sell energy to potential off-system purchasers was reduced significantly following the effective date of the LG&E Transaction. The Power Purchase Agreement entitles LEM to much of the excess capacity.

4. The revenue for Big Rivers from the LG&E Transaction is recognized, in accordance with Generally Accepted Accounting Principles (GAAP), on a straight-line basis.

5. Pursuant to the Transmission Services Agreement, part of the LG&E Transaction, Big Rivers receives revenues for transmission services provided by Big Rivers to the LG&E Entities following the effective date of the Plan in an amount equal to or greater than $5,000,000 each year.

6. As of July 15, 1998, Big Rivers completed the LG&E Transaction which involved the lease of the Generating Facilities to LEC. In addition, Big Rivers' capacity rights in the Station Two Facility (under the Station Two Agreement) were assigned to the Station Two Subsidiary. Pursuant to the LG&E Transaction, WKEC and the Station Two Subsidiary have responsibility for all generation-related operation and maintenance costs, other than a portion of the Incremental O&M, relating to the Generating Facilities and the Station Two Facility.

7. The LG&E Transaction includes the Power Purchase Agreement whereby Big Rivers purchases from LEM certain minimums and maximums of energy at fixed costs throughout the 25-year term. Additionally, Big Rivers has available to it 178 MW of hydroelectric peaking capacity through a long-term contract with SEPA. Power requirements not met through the LEM and the SEPA agreements are obtained by accessing the wholesale power market.

8. During 1998, Big Rivers commissioned a depreciation study to evaluate the remaining economic lives of its assets. The study received the approval of the RUS and the KPSC. As a result of this study, the remaining service lives of the Big Rivers' depreciable assets were extended, reducing depreciation expense. This study was adopted effective July 1, 1998.

9. As of July 15, 1998, Big Rivers completed the LG&E Transaction which involved the lease of the Generating Facilities to LEC. In connection with the Chapter 11 filing and subsequent effectiveness of the LG&E Transaction, certain items were segregated and presented as reorganization expenses for 1998 in the statement of revenues and expenses as costs which were directly associated with the bankruptcy.

10. In accordance with Statement of Position ("SOP") 90-7, "Financial Reporting by Entities in Reorganization Under Bankruptcy Code," at the effective date of the LG&E Transaction, Big Rivers was required to record its liabilities at fair value. In determining and recording the fair value of its liabilities Big Rivers incurred and recorded a $54,727,000 extraordinary loss associated with the restructured RUS debt in the statement of revenues and expenses in 1998. Also, on the effective date of the LG&E Transaction, the 1983 Bonds and 1985 Bonds were secured and remarketed following a mandatory tender of the bonds, resulting from Ambac Assurance replacing the letter of credit banks on the effective date. In connection therewith, Big Rivers realized cash proceeds of $14,200,000 and recognized an extraordinary gain in the statement of revenues and expenses in 1998.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Margins and Patronage Capital. Cooperatives, such as Big Rivers, operate on a non-profit basis for the mutual benefit of their members and patrons and, accordingly, seek to generate revenues sufficient to recover their cost of service and establish reasonable working capital. Revenues in excess of costs in any year are designated as margins in Big Rivers' statement of revenues and expenses. In order to induce patronage and assure that, as required, the cooperative operates on a not-profit basis, Big Rivers accounts on a patronage basis to all its Members and patrons for all patronage-sourced margins, both operating and nonoperating. Big Rivers became taxable in 1983 due to being unable to meet the 85 percent member income requirement under section 501 (c)(12) of the Internal Revenue Code. The amount allocated by Big Rivers as patronage capital for a given year shall not be less than the greater of regular taxable patronage-sourced income or alternative minimum taxable patronage-sourced income, both as determined for federal income tax purposes, if not less than zero. All nonpatronage taxable income is retained as a permanent source of after-tax equity. The Plan extinguished all existing patronage claims of the patrons and Members, and accordingly all patronage allocations previously made by Big Rivers were written off. In September 2001 Big Rivers expects to make its patronage allocation for the year 2000, the first patronage allocation since the Plan became effective. In accordance with the Mortgage, Big Rivers may not pay any patronage capital to the Members if after giving effect to any such distribution the total equity of Big Rivers, as determined pursuant to RUS prescribed accounting methods, will not equal or exceed 40 percent of its total assets; provided that Big Rivers may make distributions in any year up to 25 percent of the patronage capital allocated in the preceding year if after giving effect to any such distribution the total equity of Big Rivers will equal or exceed 20 percent of its total assets.

Rate Requirements. The Mortgage requires Big Rivers to design its wholesale rates for electric energy and other services furnished by it with a view to paying and discharging taxes, maintenance expenses, cost of electric energy and other operating expenses of its electric transmission system and electric generating facilities, payments on notes secured thereunder, and providing reasonable working capital. As a result of the bankruptcy reorganization and various other factors, Big Rivers has reduced its wholesale rates to its Members 22.03 percent since 1994, averaging $.033579 per kWh in 2000. Big Rivers' rates to its Members are generally subject to the approval of the RUS, requiring a 60-day notice before revision. Big Rivers' rates are subject to the approval of the KPSC. The Mortgage contains no DSC, TIER or MFI requirements, as its current rates were based upon cash flow requirements. Cash flow forecasts indicate no need for an increase in the wholesale rates charged to the Members for at least five years.

Results of Operations

The Three Months Ended March 31, 2001 Compared With the Three Months Ended March 31, 2000. Big Rivers' total assets increased to $1,149,456,000 as of March 31, 2001, from $950,030,000 as of March 31, 2000 primarily due to investments under long-term lease (see footnote 1 to "Notes to Statement of Revenues and Expenses" and higher cash investments. Big Rivers' long-term obligations increased by $66,603,000, reflecting the net impact of the sale-leaseback transaction (see footnote 1 to "Notes to Statement of Revenues and Expenses" – obligations under long-term lease, offset by the principal payment on the New RUS Note (hereinafter defined) as required under the terms of the sale-leaseback transaction. Big Rivers' liabilities exceeded assets by $339,806,000 as of March 31, 2001 as compared to $356,050,000 as of March 31, 2000. This decrease was due to a net margin of $16,244,000 for the twelve months ended March 31, 2001. Revenues for the three months ended March 31, 2001 were $52,895,000 compared to $47,012,000 for the three months ended March 31, 2000. This net increase in revenue resulted primarily from an increased volume and price for Non-Member sales. Operating expenses for the three months ended March 31, 2001, increased by $3,057,000 reflecting increased volume and price of power purchased. Interest expense for the three months ended March 31, 2001 was lower by $1,695,000 due to the sale-leaseback principal payment on the New RUS Note, lower payments applied to the RUS ARVP Note (hereinafter defined), and lower interest rates on the 1983 Bonds and the Refunded Bonds. The sale-leaseback (see footnote 1 to "Notes to Statement of Revenues and Expenses") gain recognized during the three months ended March 31, 2001 was $667,000. Interest income from cash investments for the three month period ended March 31, 2001, increased by $718,000 as a result of additional cash generated from operations.

The Year Ended December 31, 2000 Compared With the Year Ended December 31, 1999. Big Rivers' total assets increased to $1,145,473,000 as of December 31, 2000, from $947,320,000 as of December 31, 1999, primarily due to investments under long-term lease that was consummated April 18, 2000 (see footnote 1 to "Notes to Statement of Revenues and Expenses") and an increase in working capital, primarily from sales to Non-Members. Big Rivers' long-term obligations increased by $70,493,000 and primarily reflects the net impact of the sale-leaseback transaction (see footnote 1 to "Notes to Statement of Revenues and Expenses") – obligations under long-term lease, offset by a principal payment on the New RUS Note as required under the terms of the sale-leaseback transaction. Big Rivers' liabilities exceeded assets by $345,481,000 as of December 31, 2000, as compared to $355,864,000 as of December 31, 1999. This decrease was due to a net margin of $10,383,000 for 2000. Revenues for 2000 were $202,378,000 compared to $204,559,000 for 1999. This net decrease in revenue resulted from a reduced volume of Non-Member sales, offset by a 2.07 percent increase in Member sales volume. Operating expenses for 2000 decreased by $5,464,000 reflecting reduced volume and price of power purchased and lower transmission operating expense. Interest expense for 2000 was lower by $94,000 due to the net result of the sale-leaseback principal payment on the New RUS Note and lower RUS ARVP Note payments, offset by a higher interest rate on the variable rate 1983 Bonds and the Refunded Bonds and higher principal balance on the LEM Advances Note. Of the $75,050,000 sale-leaseback (see footnote 1 to "Notes to Statement of Revenues and Expenses") gain, $1,874,000 was recognized during 2000. Interest income from cash investments for 2000 increased by $1,158,000 as a result of additional cash generated from operations.

The Year Ended December 31, 1999 Revenues and Expenses. As previously mentioned, the financial statements for periods subsequent to the confirmation of the reorganization are not comparable to the financial statements presented for prior periods. See footnotes 2 through 10 to the "Notes to Statement of Revenues and Expenses" herein. The results of operations for the year ended December 31, 1998 are not compared to results of operations for the year ended December 31, 1999. The first full calendar year for Big Rivers after the Effective Date of the Plan ended with margins of $4,093,000, the first positive margin in a decade. Big Rivers' energy sales to its Members were 3,468,972 MWh, a growth of 5.48 percent over 1998 (excluding sales to the two aluminum smelters). Rural loads increased by 3.26 percent and large industrial loads grew by 8.37 percent. Big Rivers wholesale rates to the Members averaged $33.78 per MWh during 1999; $36.44 per MWh for rural sales and $30.47 per MWh for large industrial sales. Non-Member energy sales for 1999 were 739,873 MWh with an average sales price of $33.44 per MWh. Lease revenue of $54,265,000 was recognized from the LG&E Transaction. Other operating revenues include $7,134,000 of Non-Member transmission revenue (including $5,000,000 from LEM) realized by Big Rivers under its OATT. The remaining $1,242,000 consists primarily of compensation for work performed by Big Rivers under various ancillary LG&E Transaction agreements and rentals of electric property.

Power purchases under the Power Purchase Agreement, the SEPA contract, and the wholesale power market during 1999 totaled 4,282,545 MWh at an average cost of $19.55 per MWh.

Big Rivers implemented a new depreciation study effective July 1, 1998, that extended the remaining service lives of utility plant in service. This resulted in an approximate $10,000,000 decrease in depreciation expense annually, to $27,589,000 in 1999.

Factors Affecting Future Financial Performance. Energy sales volumes and rates, to both Members and Non-Members, are the principal drivers affecting future results of operations. Sales to

Non-Members have significantly benefited the financial performance of Big Rivers since the Effective Date, and Big Rivers' forecasts continued profitable selling of available surplus capacity and energy, excess to its Member requirements, to Non-Members. The electric utility industry is being affected by a number of factors beyond the control of Big Rivers, primarily regulatory and environmental in nature. See "FACTORS AFFECTING THE UTILITY INDUSTRY" and "GENERATING FACILITIES AND THE STATION TWO FACILITY – Station Two Facility and Environmental Matters" herein.

Liquidity and Sources of Capital. Big Rivers obtained the majority of its long-term debt from the RUS. No additional borrowings may be secured by the Mortgage without the prior written consent of all of the creditors secured thereunder (other than the Trustee whose consent will not be required). At December 31, 2000, Big Rivers' cash position (including short-term investments with maturities under twelve months) was $64,437,000, sufficient for forecasted operating, debt service, capital expenditure and working capital requirements. If needed to meet short-term cash requirements, Big Rivers maintains a $15,000,000 line of credit with CFC, of which no amount is currently outstanding. Big Rivers anticipates funding capital expenditures with internally generated cash flow, as called for in the Plan. Financial forecasts indicate sufficient cash flow to fund all capital expenditures through 2005.

Capital Requirements. *Generating Facilities and Station Two Facility.* As part of its ongoing capital expenditure planning, Big Rivers' forecasts capital expenditures required for the Generating Facilities and the Station Two Facility. As previously discussed, through 2023 Big Rivers is partially responsible for funding Non-Incremental Capital Costs, those not required to comply with new laws or regulations, to maintain the net capacity of the Generating Facilities at 1,459 MW and the net capacity of the Station Two Facility at 312 MW, up to an estimated maximum of 49 percent through 2010. Big Rivers is not required to participate in any capital expenditure that serves to increase the net capacity of the Generating Facilities above 1,459 MW and the Station Two Facility above 312 MW. The Participation Agreement in the LG&E Transaction establishes Big Rivers' maximum annual contribution for Non-Incremental Capital Costs for the Generating Facilities and the Station Two Facility, exclusive of certain exceptions for major capital repairs and Incremental Capital Costs, capital expenditures required by new laws or regulations. Under the LG&E Transaction, Big Rivers is also partially responsible for Incremental Capital Costs, such as NOx compliance. Big Rivers plans to currently fund its share of these generation capital expenditures from operating cash flow. Such amount is forecast to be approximately $54,159,000 for the next five years. The following table sets forth Big Rivers' share of the forecasted capital expenditures for the Generating Facilities and the Station Two Facility for the years 2001 through 2005.

Big Rivers' Share of Forecasted Generating Facilities and Station Two Facility Capital Expenditures
(In Thousands of $)

	2001	2002	2003	2004	2005	Total
Non-Incremental	$ 4,824	$ 5,512	$ 5,637	$ 5,763	$5,892	$27,628
Incremental (NOx)	4,040	7,860	12,440	2,191	-0-	26,531
Total	$8,864	$13,372	$18,077	$ 7,954	$5,892	$54,159

Actual construction costs may vary from the estimates listed above because of factors such as changes in business conditions, fluctuating load growth, environmental requirements, design changes and rework required by regulatory bodies, delays in obtaining necessary federal and state regulatory approvals, construction delays and cost of capital, equipment, material and labor.

Big Rivers does not have any new generation facilities under construction and does not anticipate the need for construction of any new capacity to meet Member load requirements.

Transmission Capital Expenditures. As part of its ongoing capital planning, Big Rivers forecasts capital expenditures required to maintain its transmission system to reliably serve existing and growing Member load. Big Rivers plans to currently fund these transmission capital expenditures from operating cash flow. Big Rivers' capital expenditures for the Transmission Facilities are forecast to be approximately $25,870,000 for the five-year period 2001 through 2005. The following table sets forth the forecasted Transmission Facilities capital expenditures, by year, for 2001 through 2005.

Five-Year Forecast of Transmission Facilities Capital Expenditures
(In Thousands of $)

2001	2002	2003	2004	2005	Total
$7,615	$8,985	$4,465	$420	$4,385	$25,870

Capitalization

The consolidated capitalization of Big Rivers as of March 31, 2001, was as follows (in thousands):

	Outstanding (in thousands)
Long-term debt:	
• New RUS Note, stated interest rate of 5.75%, recorded at a fair value interest rate of 5.81%, payable in quarterly installments through April 2022, Stated Amount - $925,609	$903,572
• RUS ARVP Note, no stated interest rate, recorded at a fair value interest rate of 5.81%, maturing December 2023, Stated Amount - $259,000	69,872
• LEM Advances, interest rate of 6.98%, payable in monthly installments through July 2003	42,398
• LEM Settlement Note, interest rate of 8.0%, payable in monthly installments through July 2023	18,940
• Promissory Note supporting County of Ohio, Kentucky Variable Rate Demand Pollution Control Refunding Bonds, Series 1985 (Big Rivers Electric Corporation), bearing interest at 3.5% per annum on March 31, 2001 and maturing on October 1, 2015 (the Refunded Bonds)	83,300
• Promissory Note supporting County of Ohio, Kentucky Pollution Control Floating Rate Demand Bonds, Series 1983 (Big Rivers Electric Corporation Project), bearing interest at 3.5% per annum on March 31, 2001 and maturing on June 1, 2013	58,800
Long-Term Obligations:	
• Defeased sale-leaseback obligation, interest rate of 7.57%, payable in installments through December 2027*	139,462
• Green River Coal Settlement, no interest, payable in installments through August 2008	2,147
Total long-term debt and long-term obligations	$1,318,491
Less: Current maturities	(16,514)
Total long-term debt and long-term obligations, excluding current maturities	$1,301,977
Equity:	
Operating & Non-Operating Margins	$ (344,251)
Other Margins & Equities	4,445
Total Margins & Equities	(339,806)
Total Capitalization	$ 962,171

* The sale-leaseback obligation has been economically defeased with a restricted investment.

Big Rivers' Debt

General. Big Rivers' debt (at March 31, 2001) consists of (i) amounts owed to RUS, (ii) amounts owed under a note (the "1983 Note") equal to the principal and interest when due on the 1983 Bonds, (iii) indebtedness under a revolving line of credit provided by CFC in an amount not exceeding $15,000,000 (with nothing outstanding under the line of credit), (iv) indebtedness in the principal amount of approximately $18,940,000 (the "Settlement Note") owed to LEM and $42,398,000 owed to LEM in connection with certain advances, (v) amounts in connection with the defeased sale-leaseback transaction, which amounts have been economically defeased, and (vi) amounts in connection with the settlement with Green River Coal. As of March 31, 2001, Big Rivers owes $2,147,000 in connection with the settlement with Green River Coal and this amount is not secured under the Mortgage or under any of the subordinated mortgages. In connection with the issuance of the 2001 Bonds, the debt relating to the Refunded Bonds will be paid and Big Rivers will execute the 2001 Note relating to the 2001 Bonds.

Debt Secured By The Mortgage – The following debt is secured under the Mortgage:

RUS Debt. As part of the Plan, Big Rivers issued to RUS a secured note in the principal amount of $1,022,583,000, of which $925,609,000 is outstanding as of March 31, 2001 (the "New RUS Note"). The New RUS Note matures in April, 2022. In addition, Big Rivers issued a second secured note to RUS in the aggregate principal amount of $265,000,000 (the "RUS ARVP Note"), of which $259,000,000 is outstanding as of March 31, 2001. The RUS ARVP Note will not bear interest and will not require any payments prior to its maturity date of December 31, 2023. The Plan requires, however, that Big Rivers make payments on the RUS ARVP Note equal to one-third of certain arbitrage profits, if any.

2001 Note. The 2001 Note, which is expected to be secured under the Mortgage in connection with the issuance of the 2001 Bonds, obligates Big Rivers to pay the principal of and interest on the 2001 Bonds when due. The 2001 Note will mature on October 1, 2022. Big Rivers may prepay the 2001 Note in accordance with the terms of the Financing Agreement.

Obligations to Ambac Assurance and CSFBNYB. The 1983 Note obligates Big Rivers to pay the principal, premium, if any, and interest on the 1983 Bonds when due. The 1983 Note and the 1983 Bonds are not secured under the Mortgage; however, notes to Ambac Assurance and CSFBNYB are secured under the Mortgage.

The notes to Ambac Assurance and CSFBNYB are each in the total amount of $220,258,000; however, the total amount outstanding under the Mortgage for obligations owed by Big Rivers to Ambac Assurance and/or CSFBNYB relating to the 1983 Bonds can not exceed $220,258,000 in the aggregate. Such notes secure Big River's reimbursement obligations to Ambac Assurance in connection with a financial guaranty insurance policy and a surety policy issued in connection with the 1983 Bonds and obligations of Big Rivers to CSFBNYB in connection with a standby bond purchase agreement relating to the 1983 Bonds. No amount is outstanding with respect to the notes to Ambac Assurance and to CSFBNYB.

CFC Line of Credit. CFC provides Big Rivers with a revolving line of credit, having a five-year term, in an aggregate principal amount not to exceed $15,000,000 (the "Line of Credit") subject to certain conditions. There are currently no amounts outstanding under the CFC Line of Credit. The Line of Credit be used for short-term cash flow needs of Big Rivers. CFC requires that no amounts be outstanding under the Line of Credit for a period of five business days at least once each year. Any advances under the Line of Credit will bear interest at CFC's standard line of credit rate. Big Rivers has agreed to make payments of interest on any amounts outstanding under the Line of Credit on a quarterly basis. Amounts due under the Line of Credit are secured under the Mortgage.

Contingent Obligations in Connection with Sale-Leaseback. There also is secured under the Mortgage certain contingent obligations to the 2000 Mortgagees in connection with a sale-leaseback transaction entered into in 2000 consisting of (i) the termination values which would be payable in the event of a default under certain leases entered into by Big Rivers and (ii) the amounts which would be payable by Big Rivers under certain credit swaps entered into by Big Rivers and Ambac Credit Products, LLC at the time of the sale-leaseback transaction. For further information on the sale-leaseback transaction, see footnote 1 to the "Notes to Statement of Revenues and Expenses" herein. The maximum aggregate amount of the termination values under the leases in the sale-leaseback transaction is $1,156,679,000. The maximum aggregate exposure under the credit swap agreements entered into with Ambac Credit Products, LLC in connection with the sale-leaseback is also $1,156,679,000. However, the structure of these transactions , the sale-leaseback and the credit swap agreements with Ambac Credit Products, LLC, is such that it is extremely unlikely that Big Rivers would have to pay under both the leases and the credit swap agreements. The claims of any of the holders of notes evidencing Big Rivers' obligations under the leases in the sale-leaseback and the swap agreement with Ambac Credit Products, LLC would be reduced by recoveries under certain financial assets which were used to economically defease the sale-leaseback and which secure Big Rivers' obligations under both the credit swap agreements and the leases in the sale-leaseback transactions.

Debt Secured by Subordinated Mortgages. The following debt is secured under mortgages that are subordinate to the Mortgage:

LEM Debt. In connection with the LG&E Transaction, Big Rivers delivered a promissory note to LEM, in exchange for certain agreements entered into by affiliates of LEC (the "Settlement Note"). The Settlement Note requires Big Rivers to pay to LEM $18,940,000, plus interest, through July 2023. The Settlement Note is secured under a Mortgage and Security Agreement, dated as of July 15, 1998, between Big Rivers, LEM and WKEC (the "LEM Mortgage") and a foreclosure under the LEM Mortgage is governed by the terms of the Intercreditor Agreement. In addition to the Settlement Note, there is also secured under the LEM Mortgage (i) all payments, sums and debts due and owing to WKEC under certain provisions of the Participation Agreement, including the "Residual Value Payments," and (ii) payments due and owing with respect to enhancements and capital improvements. See APPENDIX E – Summary of the LG&E Agreements–LEM Mortgage" and APPENDIX C – "Summary of Certain Provisions of the Mortgage and the Intercreditor Agreement." In addition, as of March 31, 2001, $42,398,000 is outstanding with respect to the LEM advances. The LEM advances are at an interest rate of 6.98% and are payable in monthly installments through July 2003. The LEM advances are not secured.

Obligations in Connection with Sale-Leaseback. In connection with the sale-leaseback transaction, Big Rivers entered into a subordinated mortgage with certain financing parties in the sale-leaseback transaction, including the 2000 Mortgagees, which is subordinate to the Mortgage and the LEM Mortgage. This mortgage secures such parties to the sale-leaseback transaction for any obligations relating to the sale-leaseback transaction, including the amounts described under "Contingent Obligations in Connection with Sale-Leaseback" and potential indemnity payments.

GENERATING FACILITIES AND THE STATION TWO FACILITY

General

As mentioned under "BIG RIVERS ELECTRIC CORPORATION – Introduction – Big Rivers' Operations after the Plan and the LG&E Transaction," WKEC and the Station Two Subsidiary are responsible for maintaining and operating the Generating Facilities and the Station Two Facility, respectively, through 2023. Big Rivers is entitled to 35% of the capacity from the Generating Facilities and the Station Two Subsidiary through 2010 and is responsible for certain costs. See "BIG RIVERS ELECTRIC CORPORATION – Introduction – Big Rivers' Operations after the Plan and the LG&E Transaction" and "The LG&E Transaction" herein for a more detailed discussion of these arrangements.

The following table sets forth certain information about the Generating Facilities and the Station Two Facility.

Facilities	Type of Fuel	Net Capacity (MW)	Commercial Operation Date
Kenneth C. Coleman Plant			
Unit 1	Coal	150	1969
Unit 2	Coal	150	1970
Unit 3	Coal	155	1972
Robert D. Green Plant			
Unit 1	Coal	231	1979
Unit 2	Coal	223	1981
Robert A. Reid Plant			
Unit 1	Coal	65	1966
Combustion Turbine	Oil	65	1976
D.B. Wilson Unit No. 1	Coal	420	1986
Station Two Facility Units No. 1 and No. 2*	Coal	312	1973/1974
Total		1771	

* Big Rivers operates but does not own the Station Two Facility Units No. 1 and No. 2 and not all net capacity of such facility is available to Big Rivers or the LG&E Entities.

Kenneth C. Coleman Plant

The Kenneth C. Coleman Plant is a three unit, coal-fired steam electric generating unit (the "Coleman Plant") located near Hawesville, Kentucky. Each of the units has a turbine nameplate rating of 160 MW. Units No. 1 and No. 2 each have a net capacity of 150 MW while Unit No. 3 has a net capacity of 155 MW. All three boilers are positive pressure, outdoor units; the turbine generators are semi-outdoor. The equivalent availability factor for the Coleman Plant for 2000 was 92.3 percent.

Capital improvements to the Coleman Plant include the addition of a reverse-osmosis water treatment facility and the conversion of the burners to low nitrogen oxides ("NOx"). The replacement of the burners and reheat sections on all three units has been completed.

Environmental controls in place at the Coleman Plant include the use of precipitators (air pollution control devices that collect particles from gaseous emissions) which limit particulate emissions to a maximum of 0.27 pounds per million Btu, and the use of low to medium sulfur coal which limits SO_2

emissions to a maximum of 5.2 pounds per million Btu. NOx emissions are limited to a maximum of 0.5 pounds per million Btu. This is achievable with the low NOx burners.

Robert D. Green Plant

The Robert D. Green Plant is a two unit, coal-fired steam electric generating station (the "Green Plant") located on the same site as the Reid Plant and the Station Two Facility described below. Both boilers at the Green Plant are balanced draft units and they were designed and built with low NOx burners. The Green Plant is also equipped with sulfur dioxide scrubbers. Unit No. 1 has a net capacity of 231 MW while Unit No. 2 has a net capacity of 223 MW. The equivalent availability factor for the Green Plant for 2000 was 86.3 percent.

Environmental controls in place at the Green Plant include the use of precipitators which limit particulate emissions to a maximum of 0.1 pounds per million Btu, and the use of flue gas desulfurization ("FGD") scrubbers which limit SO_2 emissions to a maximum of 0.8 pounds per million Btu. NOx emissions are limited to a maximum of 0.5 pounds per million Btu.

Robert A. Reid Plant

The Robert A. Reid Plant, located near Sebree, Kentucky, is a coal-fired steam electric generating unit with a turbine nameplate rating of 66 MW and a net capacity of 65 MW (the "Reid Plant"). Also located at the Reid Plant is a combustion turbine generating unit, with a 72 MW turbine nameplate and a net capacity of 65 MW. The combustion turbine is used for power emergencies and for peaking purposes. The equivalent availability factor for the Reid Plant for 2000 was 78.3 percent.

Environmental controls in place at the Reid Plant include the use of precipitators which limit particulate emissions to a maximum of 0.28 pounds per million Btu, and the use of medium-sulfur coal which limit SO_2 emissions to a maximum of 5.2 pounds per million Btu. NOx emissions are limited to 0.46 pounds per million Btu.

D.B. Wilson Unit No. 1 Plant

The single unit D.B. Wilson Plant (the "Wilson Plant") is the largest generating unit in the Big Rivers system. The Wilson Plant, located near Centertown, Kentucky on the Green River, is a coal-fired, balanced draft steam electric generating unit equipped with sulfur dioxide scrubbers. The unit has a turbine nameplate rating of 440 MW and a net capacity of 420 MW. The equivalent availability factor for the Wilson Plant for 2000 was 90.7 percent.

Environmental controls in place at the Wilson Plant include the use of a precipitator which limits particulate emissions to a maximum of 0.03 pounds per million Btu, and the use of FGD scrubbers which are ninety percent effective in removing SO_2 emissions. NOx emissions are limited to a maximum of 0.6 pounds per million Btu.

Station Two Facility

The Station Two Facility's Units Nos. 1 and 2 have a total turbine nameplate rating of 354.7 MW and a total net capacity of 312 MW. The Station Two Facility is located on the same site as the Reid Plant and the Green Plant, near Henderson. The Station Two Facility consists of two positive pressure outdoor type boilers with scrubbers installed. The equivalent availability factor for the Station Two Facility for 2000 was 88.8 percent.

Environmental controls in place at the Station Two Facility include the use of precipitators which limit particulate emissions to a maximum of 0.21 pounds per million Btu, and the use of FGD scrubbers to allow for compliance with the 1990 Amendments to the Clean Air Act. NOx emissions are limited to a maximum of 0.5 pounds per million Btu.

Environmental Matters

General. As is typical for electric utilities, Big Rivers is subject to a variety of federal environmental statutes including the Clean Air Act, the Clean Water Act, the Toxic Substances Control Act, the Resource Conservation & Recovery Act, the Endangered Species Act, the Comprehensive Environmental Response, Compensation, and Liability Act, the Emergency Planning and Community Right to Know Act, as well as the regulations implementing these statutes. Big Rivers is also subject to various state and local environmental laws and regulations. Among other things, these laws and regulations govern the emission of pollutants such as particulate matter, sulfur oxides and nitrogen oxides into the air; the discharge of pollutants, including heat, into waters of the United States; and the transport, storage and disposal of various types of waste.

Environmental requirements for electric utilities are becoming increasingly stringent. New requirements may increase the cost of electric service or transmission service by requiring changes in the design or operation of the Generating Facilities and the Station Two Facility or changes or delays in the location, design or construction or operation of new facilities. Failure to comply with these requirements could result in the imposition of civil and criminal penalties as well as the complete shutdown of non-compliant generating units.

Generally, capital improvements and O&M expenses related to the Generating Facilities and the Station Two Facility that result from changes in environmental law will be allocated between Big Rivers and the LG&E Entities pursuant to, among other things, the Participation Agreement and the Lease, and as related to the Station Two Facility, are to be allocated among Henderson, the Station Two Subsidiary and Big Rivers pursuant to the Station Two Agreement. See "LG&E Transaction-General" herein. The sharing of certain costs with the LG&E Entities will mitigate the financial consequences for Big Rivers of many of these expenses.

To provide a better understanding of the nature and possible amount of some of these expenses, a general summary of the most significant environmental matters with which it is presently involved is set forth within. Big Rivers routinely is involved with many additional environmental matters in its day-to-day operations that are not discussed specifically herein. There is no guarantee that the costs associated with such other matters, if any, may not become significant in the future.

Compliance with environmental standards will continue to be reflected in Big Rivers' capital expenditures and operating costs. Based on the current status of regulatory requirements, Big Rivers does not anticipate that any capital expenditures or operating expenses associated with its compliance with current laws and regulations will have a material adverse effect on its results of operations or its financial condition. Apart from recently promulgated NOx requirements discussed in more detail below, Big Rivers does not expect that any significant direct capital costs will be required for the Generating Facilities and the Station Two Facility to achieve compliance with current environmental requirements for 2001, 2002 and 2003. However, it is possible that significant capital costs could be required to allow the Generating Facilities and the Station Two Facility to achieve compliance with certain pending or proposed environmental regulations if such requirements are finalized and become effective.

1990 Amendments to the Clean Air Act. Environmental concerns of the public, the scientific community and Congress have resulted in the enactment of legislation that has had and will continue to have a significant impact on the electric utility industry. In particular, on November 15, 1990, legislation was enacted (the "1990 Amendments") that revised substantially the federal Clean Air Act. The 1990 Amendments seek to improve the ambient air quality throughout the United States and will ultimately impact all of the Generating Facilities and the Station Two Facility.

Title IV of the 1990 Amendments. A main component of the 1990 Amendments is Title IV, which contains provisions relating to the country's acid rain program. Title IV is designed to reduce the adverse effects of acid deposition in the United States through reductions in emissions of sulfur dioxide and nitrogen oxides caused by electric utility power plants, particularly those fueled by coal. The sulfur dioxide reductions prescribed by the 1990 Amendments are being imposed through a sulfur dioxide emission allowance trading program. An emission allowance, which gives the holder the authority to emit one ton of sulfur dioxide during a calendar year, is transferable and can be bought, sold or banked for future use.

Big Rivers plan for compliance with the sulfur dioxide emissions limits for the Generating Facilities and the Station Two Facility called for a combination of emission controls and fuel switching to meet the emission limitations imposed by Title IV. During Phase I, the Coleman Plant switched its coal to a coal which has a lower sulfur content roughly equivalent to 2.6 lbs. SO_2/mmBTU. The Green Plant operates sulfur dioxide scrubbers at a removal efficiency of at least 90%. The Station Two Facility operates sulfur dioxide scrubbers on both Unit 1 and Unit 2. These sulfur dioxide scrubbers also operate at a removal efficiency of at least 90%. Big Rivers' strategy enabled the Phase I facilities to operate at emissions levels well within the quantities of allowances which were available in each unit's account for each year of Phase I. Big Rivers' strategy called for its units to bank their excess allowances during Phase I so that they could be used to offset emissions during Phase II. These excess allowances were transferred to WKEC and the Station Two Subsidiary as part of the LG&E Transaction in 1998.

During Phase II, as defined in the Clean Air Act, Big Rivers anticipates (but cannot guarantee) that the Coleman Plant will continue to burn lower sulfur coal and that the Green Plant and the Station Two Facility will continue to operate their sulfur dioxide scrubbers at the removal efficiency of at least 90%. Additionally, Big Rivers would expect (but cannot guarantee) that the Wilson Plant sulfur dioxide scrubbers will operate at a removal efficiency of at least 90%. These efficiency levels will enable the Generating Facilities and the Station Two Facility to collectively be in compliance with Phase II standards, which Big Rivers believes will satisfy the EPA and the Commonwealth of Kentucky. As described above, the LG&E Entities, during the term of the LG&E Transaction, will have responsibilities with respect to the operation of the Generating Facilities and the Station Two Facility and compliance with applicable laws, including implementation of an appropriate compliance strategy.

Title IV of the 1990 Amendments also required the EPA to develop new annual nitrogen oxide and nitrogen dioxide emission standards for all coal-fired units based on low nitrogen oxide and nitrogen dioxide burner ("LNB") technology. As with the sulfur dioxide control programs, compliance is to be achieved in two stages. Phase I wall-fired boilers were to comply with the nitrogen oxide limits of 0.5 lb/mmBTU by January 1, 1995. Phase II wall-fired units were required to comply with the more stringent Phase II limits by January 1, 2000.

Low NOx burners are installed on Coleman Plant and the Station Two Facility. The Green Plant was constructed with burners capable of meeting the Phase I limits for NOx. As a result of these installations, all of the Phase I units which Big Rivers owns (as well as the units it operates for Henderson) individually meet the Phase I requirements for NOx emissions. The Wilson Plant is a Phase II unit and was constructed with low NOx burners which are presently meeting Phase II limits.

Opacity Issues. Excess opacity at wet-scrubbed units is a common problem for utilities. Virtually all utilities with wet scrubbers in Kentucky have experienced opacity problems in the last few years. Opacity is commonly measured using a subjective visual observation test known as Method 9. On the basis of such a test, on September 29, 1997, the Kentucky Department of Air Quality ("DAQ") issued a notice of violation for alleged opacity violations at the Green Plant. However, through confirmatory testing using Method 9, it appears that the alleged violations identified in the notice of violation have been resolved. No similar opacity violations are known to have occurred since that time at the Green Plant.

Recent Developments Potentially Impacting the Electric Utility Industry. A number of recently finalized regulations, proposed regulations, proposals to change regulations, petitions and on-going studies could result in more stringent controls on all emissions, including utility emissions.

First, on July 18, 1997, the EPA promulgated a more stringent National Ambient Air Quality System ("NAAQS") for particulate emissions. At some point in the future, the EPA may impose additional requirements on facilities to reduce their particulate emissions to comply with the revised particulate NAAQS. At the present time, it would be impossible to quantify the impact of such additional restrictions, if any, on the emissions of the Generating Facilities and the Station Two Facility.

Second, on July 18, 1997, the EPA additionally published its final rule for a more stringent NAAQS for ozone. It is widely expected that the revised NAAQS for ozone will result in a significant increase in the number of nonattainment areas throughout the United States. Although the exact locations of areas in nonattainment of the new NAAQS for ozone have yet to be identified, it is anticipated that there may be such areas located within the service area of the Generating Facilities and the Station Two Facility. Should this be the case, it is likely that some additional controls would be required. However, given the other regulatory movements that are currently underway (as detailed herein), Big Rivers expects that the controls which would be required for those programs will provide the necessary reductions for compliance with any nonattainment area requirements for ozone. Although challenged in litigation, the United States Supreme Court has upheld the more stringent ozone NAAQS.

Third, on September 24, 1998, EPA finalized a rule (known as the NOx SIP Call) requiring 22 States and the District of Columbia to submit State implementation plans that address the regional transport of ground-level ozone. The rule requires emission reduction measures to be in place by May 31, 2004. Kentucky is one of the states subject to the SIP call, and is required to submit a plan to EPA that will impose large reductions in NOx on coal-fired utilities throughout the state. WKEC has announced plans to install control technologies at the Wilson Plant, the Green Plant and the Reid Plant as part of its NOx control strategy. Big Rivers will share in the cost of installing this technology pursuant to the LG&E Transaction documents. It is currently estimated that the cost to WKEC and the Station Two Subsidiary of installing technology to control NOx to the level required under the Commonwealth of Kentucky SIP will be approximately $144 million, of which Big Rivers will be responsible for twenty percent (20%).

Fourth, on June 2, 1999 the EPA announced its final regional haze program, which is designed to protect the visibility at 156 specific areas of concern around the country, including national parks, an action that could affect sources that emit particulate matter or otherwise contribute to visibility degradation. Depending on the date on which EPA makes its area designations, states that have nonattainment areas for regional haze are required to submit revised SIPs addressing affected sources within three years of the designation, or approximately 2006 to 2008. Those states that do not have nonattainment areas will have one year following the designation to submit a revised SIP, or approximately 2004 to 2006.

Finally, on December 20, 2000, the EPA published its determination concerning emissions of Hazardous Air Pollutants from electric utility steam generating units. As part of this determination, the agency found that regulation of mercury emissions from coal and oil-fired electric utility steam generating units under Section 112 of the Clean Air Act is appropriate and necessary. The agency has indicated that it will propose regulations by 2003 and issue final rules requiring reductions in mercury emissions by 2004. The type of control technology to be required has not been determined, but the potential exists for significant additional costs related to the control of mercury emissions.

Depending on the final outcome of the foregoing matters, and the implementation approach selected by the EPA and state regulators, significant capital expenditures and increased operation expenses may be incurred in order to continue operating the Generating Facilities and the Station Two Facility. Because of the uncertainty associated with these various developments, however, Big Rivers cannot presently predict the exact effect that any of these potential requirements may have on the Generating Facilities and the Station Two Facility.

New Source Review. On September 11, 2000, WKEC received a request for information from EPA pursuant to Section 114 of the Clean Air Act for purposes of evaluation of the compliance status of the units owned and formerly operated by Big Rivers. The request is part of a large-scale enforcement initiative by EPA which targets units that were grandfathered under the Clean Air Act standards for new major sources that have had physical changes or changes in the method of operation that would trigger the more stringent new source standards for reduction in pollutants. Big Rivers is currently cooperating with WKEC in submitting a response to the information request, and does not believe that any physical changes or changes in the method of operation have been made that created a significant net emissions increase which would trigger the new source standards.

If EPA proves that Big Rivers or WKEC have committed acts that require the Generating Facilities to comply with the new source standards, Big Rivers or WKEC, or both, could be exposed to civil penalties and the expense of installing and operating new control technologies, which could include sulfur dioxide scrubbers, at one or more of the generating stations that comprise the Generating Facilities.

Other Environmental Issues. On May 22, 2000, the EPA announced its determination that regulation of fossil fuel combustion wastes is not warranted under subtitle C of the Resource Conservation and Recovery Act (RCRA), and elected to retain the hazardous waste exemption for such wastes under RCRA section 3001(b)(3)(C). However, the EPA determined that national solid waste regulations under subtitle D of RCRA are warranted for coal combustion wastes when they are managed in landfills or surface impoundments, which are commonly used for management of such wastes by electric utilities, including the Generating Facilities and the Station Two Facility. Although the agency has not indicated what type of national regulations would be imposed, the potential exists for significant additional costs related to alternative forms of waste management.

Big Rivers is named as a potentially responsible party for contributing waste to the Green River Disposal Site near Maceo, Kentucky. Although the potential for joint and several liability under Comprehension Environmental Response, Compensation and Liability Act does exist, Big Rivers anticipates that it will qualify as a de minimis contributor and does not anticipate that its liability with respect to this site will be significant.

Big Rivers recently completed an evaluation of site conditions at the Generating Facilities and the Station Two Facility by conducting soil and groundwater sampling. Among other things, the evaluation revealed elevated levels of sulfates and chlorides at some of the Generating Facilities and the Station Two Facility. Big Rivers is unable at this time to determine whether such conditions identified during the evaluation will result in material expense for Big Rivers.

Other Power Supply Resources

SEPA Allocation. In addition to the LEM Power Purchase Agreement, Big Rivers fulfills its power supply responsibilities to the Members with their allocations from SEPA. Generally, Big Rivers must schedule and accept 1,500 hours of the contracted 178 MW each fiscal year ending June 30. The maximum amount scheduled in any month shall not exceed 240 hours and the minimum amount scheduled in any month shall not be less than 60 hours. It is a take-or-pay contract, currently $2.90 per kW month of contract demand, or $.023200 per kWh (through June 30, 2004). The SEPA contract cannot be terminated prior to June 30, 2017, albeit subject to congressional authority.

Other. To the extent the LEM Base Power or the SEPA Power is insufficient to enable Big Rivers to fulfill its obligations to the Members, it may purchase power from other suppliers. Also, depending on economics, market power purchases may replace LEM Base Power.

Power Marketing

Big Rivers uses Reliant Energy Services, Inc., a wholly owned subsidiary of Reliant Resources, Inc., as its wholesale electricity market interface partner. Big Rivers' power supply department communicates daily with Reliant regarding Member load, actual and forecast. Aided by Reliant's expertise, Big Rivers power supply department makes all final decisions regarding sales to Reliant for resale to Non-Members, or purchases from Reliant for Big Rivers. Reliant takes title to Big Rivers' energy at Big Rivers' buss and takes all counter-party credit risk for all sales made to Non-Members. Similarly, any risks associated with Big Rivers' credit are mitigated. Reliant Resources, Inc. has issued a guarantee on behalf of Reliant in favor of Big Rivers.

As noted under the caption "Forecast of Member Load and Big Rivers' Resources" below, Big Rivers currently has excess capacity which is forecasted to continue at least through the study period shown below. Currently, this surplus capacity is being sold on a forward basis to Non-Members at favorable rates. Big Rivers is also making hourly sales to Non-Members at a profit.

Forecast of Member Load and Big Rivers' Resources

Big Rivers is responsible for providing all wholesale power requirements of its three Members, excluding power for Kenergy to serve the two aluminum smelters, through a Wholesale Power Contract with each Member, which expire January 1, 2023. The Members then serve the retail customers, including service by Kenergy to the two aluminum smelters.

Big Rivers meets its power supply obligations through a Power Purchase Agreement with LEM, currently limited to 597 MW, Member allocations from SEPA, 178 MW, and the wholesale power market. Big Rivers' Member peak demand was set July 29, 1999, at 664 MW, excluding the Smelter load. Big Rivers has been working with one of the Member's large industrial customers to install a co-generation facility. This project is expected to be operational July 1, 2001, and will free-up approximately 60 MW to Big Rivers, of which 50 MW can be sold on the market until such time it is needed to meet Member load growth. With this co-generation facility, Big Rivers believes it has adequate capacity and energy to meet the Member's requirements into the foreseeable future.

While a new load forecast study is being performed in 2001, the five-year forecast from Big Rivers' 1999 load forecast study, as adjusted for known large industrial changes, together with Big Rivers' LEM and SEPA resources, is summarized in the table below. The information in the table is taken from a load forecast study prepared in 1999 by Burns & McDonnell. The 1999 load forecast study covers the period through 2018. It contains annual compound rural MWh sales growth of 2.66% and no large industrial load growth. Member annual compound load growth was forecast at 1.50% during this period. Historically, from 1994 through 2000, the Members' rural and large industrial sales increased 4.09% and 9.23% annually, respectively. The Members' historical annual sales growth for this period was 6.12%.

Power Resources and Member Load

	2001	2002	2003	2004	2005
Available MW					
LEM Base Power	597	597	597	597	597
SEPA Power	178	178	178	178	178
	775	775	775	775	775
Member Peak Demand MW					
Rural	490	504	520	534	550
Large Industrial	220	158	148	148	148
	710	662	668	682	698
Available Surplus	65	113	107	93	77
Annual Energy MWh Sales					
Rural	2,130,875	2,194,118	2,267,802	2,329,407	2,396,862
Large Industrial	1,367,042	1,116,089	1,092,788	1,092,788	1,092,786
	3,497,917	3,310,207	3,360,590	3,422,195	3,489,650

Big Rivers' Wholesale Rates to the Members

Big Rivers' wholesale power rates to its Members for the period 1996 through 2000 are as follows:

	1996	1997	1998	1999	2000
Rural	$42.72	$40.17	$36.72	$36.44	$36.25
Large Industrial	$35.35	$32.43	$30.70	$30.47	$30.12
Average	$39.87	$36.94	$34.11	$33.78	$33.58

TRANSMISSION FACILITIES

Transmission Systems

Big Rivers owns, operates and maintains its Transmission Facilities and provides transmission services to the Members and Non-Members pursuant to its OATT. As of March 31, 2001, Big Rivers had in service 787.5 miles of 69 kilovolt ("kV") transmission lines, 14.4 miles of 138 kV transmission lines, 335.4 miles of 161 kV transmission lines, 67.4 miles of 345 kV transmission lines, and related station land and equipment. Big Rivers also owns 16 substations.

Interconnections

Big Rivers has several interconnections between its transmission system and those of other power suppliers. These interconnections permit mutual support in emergencies, decrease overall transmission losses, facilitate the arrangement of electric power and energy sales and minimize the duplication of transmission lines. Big Rivers currently has interconnection agreements with eight power suppliers: HMP&L, Southern Illinois Power Cooperative, Kentucky Utilities Company, Louisville Gas and Electric Company ("LG&E"), Southern Indiana Gas and Electric Company, Hoosier, SEPA, and the Tennessee Valley Authority ("TVA"). Big Rivers, however, cannot purchase power from TVA due to restrictions on TVA's authority to sell power outside of its service area fixed by statute. Although the LG&E Entities have not made any specific arrangements with Big Rivers to provide additional support, these various interconnection agreements generally provide that any party will furnish emergency and scheduled maintenance assistance to a requesting party subject to the availability of such energy and to the condition that such supply will not result in an impairment of firm power service to the supplying party's system. The agreement with TVA provides transmission service by TVA to enable Big Rivers to interchange power and energy with four utilities located in the southern United States.

In addition to interconnections with neighboring transmission systems, Big Rivers also has received several requests from independent power producers that may determine to locate within the Big Rivers control area and interconnect new generators to the Big Rivers' transmission system. Big Rivers has developed certain interconnection procedures and guidelines which it uses when generators request interconnection without a concurrent request for transmission service.

Open Access Tariff

Big Rivers voluntarily agreed to comply with FERC Order No. 888 by filing the Tariff with FERC as an open access transmission tariff. This Tariff also has been filed with the KPSC, and the KPSC has determined to assert jurisdiction over it to the extent FERC does not exert such jurisdiction. FERC Order No. 888 requires utilities regulated by FERC to offer third parties access to, and terms for the use of, their transmission systems on a basis comparable to the access and terms under which such transmission system owners provide transmission service to themselves. FERC Order No. 888 permits utilities to deny transmission service to a utility which does not have a comparable open access transmission tariff. Although Big Rivers is not subject to FERC Order No. 888, Big Rivers may require reciprocal access to other utilities' transmission systems in the future in order to meet future obligations to the Members or sell power off-system. See "CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY—Energy Policy Act of 1992" herein for a discussion of the background of, and proceedings relating to, FERC Order No. 888. Big Rivers filed the Tariff with FERC on May 29, 1998 and subsequently received a letter order from FERC dated September 18, 1998 finding that Big Rivers' OATT met the requirements for reciprocity.

Pursuant to the Tariff, Big Rivers will provide firm and non-firm transmission service on its transmission system and network services to parties desiring to purchase available transmission capacity on Big Rivers' transmission system. Big Rivers will maintain the OASIS on which Big Rivers posts transmission capacity available between certain points of delivery and certain points of receipt on its system. Parties taking service under the Tariff reserve transmission capacity on the OASIS on either a firm or non-firm basis for varying periods of time, with requests for longer periods of time taking precedence over those for shorter periods, and with firm service taking precedence over non-firm service. In operating its OASIS, Big Rivers is subject to certain standards of conduct that prevent its employees in the transmission function from communicating with employees engaging in wholesale sales functions. As part of its OATT, Big Rivers has implemented certain guidelines for interconnection by generators that seek to interconnect to Big Rivers' transmission system without a concurrent request for transmission services. These generator interconnection procedures are posted on Big Rivers' OASIS.

THE MEMBERS

General

The Members of Big Rivers are local consumer-owned cooperative corporations serving retail residential, commercial and industrial customers on a non-profit basis. The territories served by the

Members include portions of 22 counties in western Kentucky. The majority of the Members' customers are individual residences.

Kenergy sells electricity to two aluminum smelters. Prior to the Effective Date of the Plan, the load of the two aluminum smelters was served from Big Rivers under the Wholesale Power Contract. After the Effective Date, Kenergy purchases power to serve the two aluminum smelters from LEM and other wholesale power suppliers, which may include Big Rivers. However, in accordance with the LG&E Transaction, Big Rivers continues to receive from LEM the margins it had expected to receive from serving the two aluminum smelters during the terms of their contracts.

Retail Residential Rates

The following chart compares the average residential rate for each of the Members in 2000. The residential rates for geographically adjacent utilities most likely to compete with or be compared to the Members, whether or not such competition or comparison has occurred, are also presented.

2000 Average Residential Rate (cents per kWh) (1)

Kenergy	6.05
Jackson Purchase	6.33
Meade County	6.29
Louisville Gas & Electric	5.49
Kentucky Utilities	4.09
Kentucky Power (AEP)	4.85
Union Light Heat and Power	6.72

(1) Derived from annual information filed with the KPSC for the year 2000. Louisville Gas & Electric Company, a wholly owned subsidiary of LEC, and Kentucky Utilities Company merged in 1998.

Regulation of the Members

The KPSC regulates the retail energy rates of the Members. Under Kentucky law, a utility may revise its rates on 30 days' notice to the KPSC of the proposed changes and the effective date of such changes. The KPSC has the statutory power to suspend such changes pending a hearing for a period not to exceed six months from the proposed effective date of such changes. This suspension period begins with the effective date named by the utility, and thus, the utility may avoid or minimize the effect of such suspension by naming an early effective date in its notice to the KPSC. Rate changes may be placed in effect, in whole or in part, during any such suspension period on a finding by the KPSC that an emergency exists or that the utility's credit or operations will be materially impaired by the suspension. Rates placed into effect on an emergency basis are subject to refund to the extent that the final rates approved by the KPSC are lower than the emergency rates. The KPSC's decision on a new rate schedule filed by a utility must be issued not later than ten months after the filing of the rate schedule.

Members' Relationship with RUS

Through provisions in the loan documents securing loans to the Members, RUS exercises control and supervision over the Members that borrow from it in such areas as accounting, borrowings, construction and acquisition of facilities, and the purchase and sale of power. Historically, direct insured loans from RUS and loans guaranteed by RUS have been a major source of funding for the Members. However, in recent years, there have been legislative, administrative and budgetary initiatives intended to reduce or, in some cases, eliminate federal funding for electric cooperatives. In addition, RUS loan and guarantee programs have been characterized by the imposition of increasingly problematic terms and conditions and extended delays in access to necessary funding. RUS has adopted new standard forms of mortgages and loan contracts for distribution borrowers the stated purpose of which is to update and modernize the loan and security documentation employed by RUS. Distribution borrowers are required to adopt these new forms as a condition to receiving new loans from RUS.

Recent changes and proposals for further changes have made the direct loan program administered by RUS more costly. The Rural Electrification Loan Restructuring Act of 1993 eliminated the long-standing 5% loan program and substituted a new program, the interest rates for which are based on the rates being paid on municipal bonds with comparable maturities. Certain borrowers with either low consumer density or higher-than-average rates and lower-than-average consumer income are still eligible for the 5% loans program. The future cost, availability and amount of RUS's direct and guaranteed loans which may be available to the Members cannot be predicted.

Territorial Protection

Under a Kentucky statute adopted in 1972, the Members are "Retail Electric Suppliers" that are certified by the KPSC as the exclusive suppliers of energy to their respective certified service areas. Thus, the Members are the exclusive suppliers of energy to electricity consumers located in their respective certified service areas. If a Retail Electric Supplier is providing adequate service within its certified territory, other Retail Electric Suppliers may not sell power to retail customers located within that certified territory. Municipal utilities are not Retail Electric Suppliers under the statute. If a new electric consuming facility locates in two or more adjacent certified territories, the KPSC determines which Retail Electric Supplier may provide retail electric service to that facility.

Member Financial and Statistical Information

The Members operate on a not-for-profit basis. Accumulated margins remaining after payment of expenses and provision for depreciation constitute patronage capital of the Members' consumers. Refunds of accumulated patronage capital to the individual consumers are made from time to time on a patronage basis subject to Member policies and in conformity with limitations contained in the Members' RUS mortgage. These mortgages generally prohibit such refunds unless, after any such refunds, the Member's total equity will equal or exceed 40 percent of its total assets and other debits, except that distributions may be made to estates of deceased patrons as required by the Member's articles of incorporation and bylaws. If estate refunds in any year do not exceed 25 percent of the patronage margins received by the Members in the preceding year, the Members may refund additional amounts which, when combined with estate distributions in the current year, do not exceed this 25 percent limitation.

The Members own Big Rivers; they are not subsidiaries of Big Rivers. Big Rivers has no legal interest in, or obligations in respect of, any of the assets, liabilities, equity, revenues or margins of the Members except with respect to the contractual obligations of the Members to Big Rivers under their Wholesale Power Contracts and under the Big Rivers' articles of incorporation, bylaws and membership certificates. The following selected information on the Members is intended to show, in the aggregate, the assets, liabilities, equity, revenues and margins of the Members. Member assets, liabilities, equity, revenues and margins should not, however, be attributed Big Rivers. In addition, the revenues of the Members are not pledged to Big Rivers, but are pledged to the Members' lenders, including RUS, and supplemental lenders. However, the Members' revenues are the source from which moneys are derived by the Members to pay for electric power and energy received from Big Rivers and transmission charges.

For calendar years 2000, 1999 and 1998, the information on the Members is presented in the succeeding tables as follows: Table 1, Selected Statistics of Each Member; Table 2, Average Number of Consumers Served by Each Member Per Month By Consumer Class; Table 3, Annual MWh Sales By Consumer Class Of Each Member; Table 4, Annual Revenues By Consumer Class Of Each Member; Combined Condensed Operating Statement Information; Table 5, Summary of Operating Results Of Each Member; and, Table 6, Condensed Balance Sheet Information of Each Member (as of December 31).

Table 1
SELECTED STATISTICS OF EACH MEMBER
(as of December 31)

	Kenergy	Meade	Jackson Purchase
2000			
Avg. Monthly Residential Rev ($)	3,237,191	1,387,045	1,884,674
Avg. Monthly kWh	53,505,417	22,053,410	29,790,640
Avg. Residential Rev.(cents/kWh)	6.05	6.29	6.33
Times Interest Earned Ratio	1.55	1.85	1.49
Equity/Assets	32%	32%	38%
Equity/Total Capitalization	46%	35%	43%
1999			
Avg. Monthly Residential Rev. ($)	3,276,074	1,315,293	1,786,779
Avg. Monthly kWh	52,400,917	20,882,602	28,006,008
Avg. Residential Rev. (cents/kWh)	6.25	6.30	6.38
Times Interest Earned Ratio	1.54	1.86	1.17
Equity/Assets	35%	34%	38%
Equity/Total Capitalization	45%	37%	46%
1998			
Avg. Monthly Residential Rev. ($)	3,265,273	1,278,695	1,798,499
Avg. Monthly kWh	51,341,167	20,213,676	28,401,466
Avg. Residential Rev. (cents/kWh)	6.36	6.33	6.33
Times Interest Earned Ratio	(9.42)	1.33	1.11
Equity/Assets	36%	34%	39%
Equity/Total Capitalization	44%	37%	45%

Table 2
AVERAGE NUMBER OF CONSUMERS SERVED BY EACH MEMBER PER MONTH BY CONSUMER CLASS
(Year ended December 31)

	Kenergy	Meade	Jackson Purchase
2000			
Residential Service	43,661	22,391	23,808
Commercial & Industrial	6,312	1,616	2,301
Other	163	6	14
Total Consumers Served	50,136	24,013	26,123
1999			
Residential Service	42,912	21,729	23,451
Commercial & Industrial	6,042	1,599	2,260
Other	157	6	14
Total Consumers Served	49,111	23,334	25,725
1998			
Residential Service	42,426	21,133	23,056
Commercial & Industrial	5,589	1,580	2,197
Other	151	6	14
Total Consumers Served	48,166	22,719	25,267

Table 3
ANNUAL MWh SALES BY CONSUMER CLASS OF EACH MEMBER
(Year ended December 31)

	Kenergy	Meade	Jackson Purchase
2000			
Residential Service	642,065	264,641	357,488
Commercial & Industrial	8,137,544	84,058	237,770
Other	1,819	920	522
Total MWh Sales	8,781,428	349,619	595,780
1999			
Residential Service	628,811	250,591	336,072
Commercial & Industrial	7,413,436	77,967	250,956
Other	1,665	908	685
Total MWh Sales	8,043,912	329,466	587,713
1998			
Residential Service	616,094	242,564	340,818
Commercial & Industrial	6,805,171	75,467	236,583
Other	1,558	885	523
Total MWh Sales	7,422,823	318,916	577,924

Table 4
ANNUAL REVENUES BY CONSUMER CLASS OF EACH MEMBER
(Year ended December 31)

	Kenergy	Meade	Jackson Purchase
2000			
Residential Service	$ 38,846,288	$16,644,535	$22,616,082
Commercial & Industrial	219,865,629	5,672,090	11,515,443
Other	188,047	57,738	67,419
Total Electric Sales	$258,899,964	$22,374,363	$34,198,944
Other Operating Revenue	705,576	607,560	501,868
Total Operating Revenue	$259,605,540	$22,981,923	$34,700,812
1999			
Residential Service	$ 39,312,891	$15,783,514	$21,441,353
Commercial & Industrial	203,178,832	5,279,470	12,062,664
Other	178,897	57,264	89,097
Total Electric Sales	$242,670,620	$21,120,248	$33,593,114
Other Operating Revenue	680,666	640,686	474,625
Total Operating Revenue	$243,351,286	$21,760,934	$34,067,739
1998			
Residential Service	$ 39,183,281	$15,344,335	$21,581,991
Commercial & Industrial	189,947,653	5,128,433	11,397,976
Other	162,556	56,029	64,569
Total Electric Sales	$229,293,490	$20,528,797	$33,044,536
Other Operating Revenue	712,936	649,272	400,438
Total Operating Revenue	$230,006,426	$21,178,069	$33,444,974

Table 5
SUMMARY OF OPERATING RESULTS OF EACH MEMBER
(Year ended December 31)

	Kenergy	Meade	Jackson Purchase
2000			
Operating Revenue & Patronage Capital	$259,605,540	$22,981,923	$34,700,812
Depreciation & Amortization	4,494,353	1,706,303	3,672,192
Other Operating Expenses	249,179,032	18,771,945	28,505,985
Electric Operating Margin	$ 5,932,155	$ 2,503,675	$ 2,522,635
Other Income	436,204	309,666	240,282
Gross Operating Margin	$ 6,368,359	$ 2,813,341	$ 2,762,917
Interest on Long-term Debt	3,508,151	1,499,454	1,826,879
Tax Expenses	237,303	20,935	40,902
Other Deductions	682,062	23,150	800
Net Margins	$ 1,940,843	$ 1,269,802	$ 894,336
1999			
Operating Revenue & Patronage Capital	$243,351,286	$21,760,934	$34,067,739
Depreciation & Amortization	4,271,152	1,526,553	3,516,986
Other Operating Expenses	233,921,868	17,967,162	28,858,998
Electric Operating Margin	$ 5,158,266	$ 2,267,219	$ 1,691,755
Other Income	265,954	239,606	204,535
Gross Operating Margin	$ 5,424,220	$ 2,506,825	$ 1,896,290
Interest on Long-term Debt	3,526,244	1,325,488	1,582,182
Tax Expenses	70,221	24,048	38,581
Other Deductions	(60,371)	18,804	4,097
Net Margins	$ 1,888,126	$ 1,138,485	$ 271,430
1998			
Operating Revenue & Patronage Capital	$230,006,426	$21,178,069	$33,444,974
Depreciation & Amortization	3,997,236	1,369,371	2,901,729
Other Operating Expenses	218,694,773	17,139,980	28,779,407
Electric Operating Margin	$ 7,314,417	$ 2,668,718	$ 1,763,838
Other Income	894,455	(998,886)	111,420
Gross Operating Margin	$ 8,208,872	$ 1,669,832	$ 1,875,258
Interest on Long-term Debt	3,366,894	1,219,580	1,647,054
Tax Expenses	204,688	24,280	36,624
Other Deductions	39,711,614(1)	25,222	9,998
Net Margins	$(35,074,324)(1)	$ 400,750	$ 181,582

(1) Includes Extraordinary Item of $39,689,199 for write-off of Big Rivers' patronage capital upon the effective date of the Plan

Table 6
CONDENSED BALANCE SHEET INFORMATION OF EACH MEMBER
(as of December 31)

	Kenergy	Meade	Jackson Purchase
2000			
ASSETS			
Total Utility Plant (1)	$160,749,721	$54,187,494	$83,957,209
Depreciation	30,942,057	12,586,905	21,571,516
Net Plant	$129,807,664	$41,600,589	$62,385,693
Other Assets	41,432,269	6,592,866	8,873,324
Total Assets	$171,239,933	$48,193,455	$71,259,017
EQUITY & LIABILITIES			
Equity	$ 55,234,084	$15,651,417	$27,086,779
Long-term Debt	63,750,042	29,048,712	35,870,340
Other Liabilities	52,255,807	3,493,326	8,301,898
Total Equity & Liabilities	$171,239,933	$48,193,455	$71,259,017
1999			
ASSETS			
Total Utility Plant (1)	$146,507,056	$49,035,702	$78,489,645
Depreciation	29,253,581	11,741,235	19,145,098
Net Plant	$117,253,475	$37,294,467	$59,344,547
Other Assets	35,408,442	6,526,372	9,191,915
Total Assets	$152,661,917	$43,820,839	$68,536,462
EQUITY & LIABILITIES			
Equity	$ 54,128,217	$14,893,784	$26,188,898
Long-term Debt	65,016,719	25,740,740	30,257,834
Other Liabilities	33,516,981	3,186,315	12,089,730
Total Equity & Liabilities	$152,661,917	$43,820,839	$68,536,462
1998			
ASSETS			
Total Utility Plant (1)	$135,710,493	$45,143,073	$74,545,828
Depreciation	28,404,744	10,859,703	16,931,020
Net Plant	$107,305,749	$34,283,370	$57,614,808
Other Assets	38,981,943	7,395,160	8,714,340
Total Assets	$146,287,692	$41,678,530	$66,329,148
EQUITY & LIABILITIES			
Equity	$ 52,265,875	$14,209,770	$25,913,714
Long-term Debt	65,486,012	24,287,265	31,341,600
Other Liabilities	28,535,805	3,181,495	9,073,834
Total Equity & Liabilities	$146,287,692	$41,678,530	$66,329,148

(1) Including construction work in progress.

MEMBERS COMPETITIVE POSITION

No legislation to require retail wheeling has yet been enacted in Kentucky. As determined by the Energy Information Administration of the U.S. Department of Energy, Kentucky had the third lowest electricity rates in the nation for 1999. The Kentucky Legislature continues to study restructuring and retail competition, but no decision has been made to pursue retail competition at this time. Big Rivers can make no prediction regarding the effect retail competition may have on its Members.

BIG RIVERS' LITIGATION

Big Rivers is involved in various legal actions, proceedings and claims. The Big Rivers Chapter 11 reorganization in bankruptcy, In Re: Big Rivers Electric Corporation, Bankruptcy Case No. 96-41168, Chapter 11, United States Bankruptcy Court, Western District of Kentucky, Owensboro Division, remains open solely because of unresolved issues regarding the fees of the Bankruptcy Court-appointed Examiner and his counsel.

The Bankruptcy Court awarded the Examiner base compensation of $527,000 for the period October 1996 through October 1998, and a bonus of $2.1 million. On appeal, the District Court reversed the bonus and remanded the matter to the Bankruptcy Court for proceedings to determine what portion of the base compensation the Examiner should be required to refund to Big Rivers. Those proceedings are now pending before the District Court, which took over the bankruptcy case to resolve the fee issues. At the conclusion of those proceedings, it is anticipated that the Examiner will appeal the fee dispute to the Sixth Circuit Court of Appeals.

For the period after October 1998, Big Rivers paid the fees of the Examiner and his counsel monthly, until relieved of the obligation to do so by order of the District Court dated April 12, 2001. If the Examiner is successful in defending his fee, Big Rivers may be required to pay the Examiner and his counsel for services rendered after August 24, 2000.

The EPA has informed Big Rivers that it may be liable for damages with respect to the Green River Disposal Superfund Site, as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980. According to the EPA's record of decision on this matter issued December 14, 1994, Big Rivers' share of the cost, based on volume waste calculations, will be less than one percent.

The DAQ issued a Notice of Violation to Big Rivers for visible emissions ("opacity") exceeding Big Rivers' permit limit at Unit No. 2 of the Green Plant on September 29, 1997. The Notice of Violation states that the violations set forth in the notice are subject to the maximum penalty of $25,000 per day for each air quality violation. Big Rivers believes follow-up emissions readings conducted by Big Rivers and the DAQ evidence compliance with the opacity limit in its permit. In correspondence from Big Rivers to the DAQ dated October 24, 1997, Big Rivers expressed its understanding that the issues raised by the September 29, 1997, Notice of Violation have been resolved. In this letter, Big Rivers requested that the DAQ notify Big Rivers if its understanding was incorrect by the end of October, 1997. Big Rivers did not receive such a notice from the DAQ. While there can be no guarantee that the DAQ will not take action against Big Rivers in connection with this notice of violation, Big Rivers currently does not expect that the DAQ will pursue this matter against it.

In late 1997, Big Rivers' employees discovered that certain wastes subject to federal environmental laws had been stored at a Big Rivers' facilities in excess of the regulatory time limits for such storage. This situation was subsequently disclosed to the EPA in accordance with regulatory requirements. The EPA has not asserted a claim for damages at this time.

By letter dated July 15, 1999, WKEC notified Big Rivers of claims arising from the alleged breach by Big Rivers of certain representations and warranties, as set forth in the agreements among Big Rivers, and the LG&E Entities entered into in connection with the LG&E Transaction. The Participation Agreement requires that WKEC notify Big Rivers of any such claims within one (1) year after the Effective Date of the LG&E Transaction. The letter states that WKEC is sending the letter to preserve its rights pending further investigation and discussions with Big Rivers.

The letter alleges that the condition of the Wilson Plant storm water runoff pond was not as represented by Big Rivers under the warranties and representations contained in the LG&E Transaction agreements. Big Rivers has been given limited details about the alleged problem with the Wilson Plant stormwater runoff pond. At this time, Big Rivers has insufficient information to evaluate this claim.

FACTORS AFFECTING THE UTILITY INDUSTRY

General

The electric utility industry is facing fundamental changes. Inter-fuel competition, self-generation, independent power producers, alternative energy sources, and federal and state statutory and regulatory changes, both adopted and proposed, are creating an increasingly competitive atmosphere in the industry. Recent systemic breakdowns in California however have drawn increasing attention to the interplay between competition and reliability and the need for more efficient market structures. Electric utilities no longer have exclusive control over power generation for their service areas, and may no longer be the sole power supply option for at least some of their customers. Those electric utilities with retail distribution may find it necessary to grant rate concessions to larger commercial or industrial customers, which in some cases may have corresponding adverse effects on their residential rates. Moreover, utilities with comparatively high cost power supply resources may find it difficult to recover the full cost of such resources through their rates.

In addition, electric utilities are subject to increasing federal, state and local statutory and regulatory requirements with respect to the siting and licensing of facilities, safety and security, air and water quality, land use and other environmental factors. Moreover, the industry also is experiencing increased concern regarding the potential health effects from electric and magnetic fields associated with power lines, home appliances and other sources.

Big Rivers cannot predict what effects such increased competition and other factors will have on the business operations and financial condition of Big Rivers and of the Members, but the effects could be significant. The following is a brief discussion of certain of these factors. However, this discussion does not purport to be comprehensive or definitive, and these matters are subject to change subsequent to the date hereof.

Energy Policy Act of 1992

The Energy Policy Act of 1992 (the "Energy Policy Act") made fundamental changes in the Federal regulation of the electric utility industry, particularly in the area of transmission access. The purpose of these changes, in part, was to bring about increased competition. In particular, the Energy Policy Act provides the FERC with the authority, upon application by an electric utility, federal power marketing agency, or other power generator, to require a transmitting utility to provide transmission services to the applicant essentially on a cost-of-service basis. Consumer-owned electric utilities that own transmission facilities are "transmitting utilities" for purposes of these provisions of the Energy Policy Act. However, the Energy Policy Act specifically denied the FERC the authority to require "retail wheeling" under which a retail customer of one utility could obtain electric power and energy from another utility or non-utility power generator and require a transmitting utility to "wheel" it to the retail customer. Big Rivers cannot predict what effect increased competition will have on its business and affairs and the business and affairs of the Members, the need for Big Rivers' generating capacity or the utilization of the Big Rivers' and the Members' transmission and distribution resources.

FERC Order No. 888 and Successor Orders. On May 10, 1996, the FERC issued Order No. 888 which required public utilities subject to the FERC's jurisdiction to provide transmission service under open access transmission tariffs filed with the FERC. On March 14, 1997, the FERC issued Order No.

888-A modifying Order No. 888 in certain respects, in response to requests for rehearing of Order No. 888 filed by various entities.

Order No. 888 and Order No. 888-A are the subject of review proceedings filed by various entities. Although Order No. 888 has been affirmed in relevant part, the United States Supreme Court has granted certiorari on limited jurisdictional grounds. Big Rivers is not able to predict when the Supreme Court review proceedings will be completed, whether Order No. 888 or Order No. 888-A will be upheld, or what modifications to Order No. 888 or Order No. 888-A may result from the review proceedings or from possible action by the FERC. Consumer-owned utilities such as Big Rivers are not directly subject to either Order No. 888 or Order No. 888-A, but could be impacted significantly by reciprocity requirements of the Orders. Big Rivers is unable to predict whether these Orders will be affected by the pending proceedings, or what effect they would have on Big Rivers or the Members.

Regional Transmission Organizations. On December 20, 1999, the FERC issued Order No. 2000, a final rule on Regional Transmission Organizations ("RTO") which requires all public utilities that own, operate, or control facilities for the transmission of electric energy in interstate commerce to make certain informational filings with the FERC describing their efforts to form and participate in an RTO. By October 15, 2000, each such public utility was required to file either (i) a proposal to participate in an operational RTO by December 15, 2001 or (ii) an alternative filing describing efforts to participate in an RTO, a detailed explanation of the economic, operational, commercial, regulatory or other reasons the public utility has not joined an RTO, and a specific plan for further actions to form an RTO. The FERC envisions RTOs as solving many of the operational and reliability issues now confronting the electric industry. FERC has announced an objective of having all transmission-owning entities in the United States, including non-public utilities such as Big Rivers, place their transmission facilities under the control of an appropriate RTO in a timely manner. Although RTO participation is not mandatory at this time, the possibility exists for the FERC to make such a finding in the future. Big Rivers is unable to predict whether the ongoing appeals of Order No. 2000 will have any effect on it or whether the FERC may in the future attempt to require non-public utility transmitting utilities to comply with Order No. 2000. Big Rivers can make no assurances regarding the future effects of the FERC's RTO policies on it.

Because Big Rivers is not a public utility, Big Rivers was not required to make a filing with the FERC on October 15, 2000. Big Rivers continues to monitor the formation activities of RTOs in the ECAR region and is considering a variety of measures that may result in its future voluntary participation in an RTO. However, Big Rivers has made certain commitments to its Members not to voluntarily join an RTO without their specific consent.

Retail Wheeling. Overall competition in the electric utility industry continues to increase, but currently is focused generally on wholesale customers. Pursuant to the Energy Policy Act and FERC mandate, full open access to the electric transmission network, including Big Rivers' under the terms of the Energy Policy Act, is now available to all qualifying wholesale electric providers seeking to transmit electricity for resale. At some point in the future, retail wheeling may be instituted in Kentucky and throughout the electric industry in the United States.

Recent events in California, believed by many to have been caused by California's retail competition industry restructuring, have caused other states to slow down their push for retail competition. California's restructuring mandated divestiture of generation, prohibited long-term contracting for generation supply, froze retail rates and exposed retail suppliers to market rates for their wholesale purchases on a centralized exchange. Consequently, increases in wholesale power purchase prices resulting from increased demand, decreased supply, and natural gas fuel increases combined to drive one of California's three major utilities into bankruptcy and another to sell its transmission system to the state.

Individual states currently have the authority to determine whether or not to implement retail wheeling within their state. Many states are in the process of implementing varying degrees of retail wheeling. No legislation to require retail wheeling has yet been enacted in Kentucky. The Kentucky Legislature has found that it remains too soon to make a decision on retail competition, particularly given the current relative price position of Kentucky generation versus that in other states. Federal legislation could mandate retail wheeling in every state, but the prospect of such legislation passing has diminished as legislators look to California as illustrating the risks of too much competition. How quickly competition will be implemented and how far competition will be extended is uncertain.

Federal Legislation and Executive Branch Recommendations

Over the past several years a number of legislative proposals have been made by Congress relating to the restructuring of the electric industry. Such bills have focused on issues such as establishing a date certain for retail electric competition in all states to establishing new authority for FERC to regulate reliability. Other bills have proposed extending the FERC's jurisdiction over entities that are not public utilities as currently defined by the Federal Power Act. The Clinton Administration in 1998 issued a proposal to restructure the electric power industry that featured a number of measures along the above lines, but most of these proposals are dead as a result of the start of the Bush Administration and the changing views of electric industry restructuring triggered by the difficulties California has experienced in its restructuring. The Bush Administration has formed a team headed by Vice President Cheney to formulate a new national energy strategy, part of which likely will deal with electric industry restructuring issues. On May 16, 2001, Vice President Cheney delivered a National Energy Policy report containing numerous recommendations for federal government action relating to energy, including recommendations that could affect electricity generation and transmission. Among other things, the report recommends that the President (i) "direct the EPA Administrator to work with Congress to propose legislation that would establish a flexible market-based program to significantly reduce and cap emissions of sulfur dioxide, nitrogen oxides, and mercury from electric power generators"; (ii) "support the expansion of nuclear energy in the United States as a major component of our national energy policy" and specifically (x) "encourage the [Nuclear Regulatory Commission] to facilitate efforts by utilities to expand nuclear energy generation in the United States by uprating existing nuclear plants safely" and (y) "encourage the NRC to relicense existing nuclear plants that meet or exceed safety standards"; (iii) "encourage FERC to use its existing statutory authority to promote competition and encourage investment in transmission facilities"; (iv) "direct the appropriate federal agencies to take actions to remove constraints on the interstate transmission grid" and specifically (x) "examine the benefits of establishing a national grid, identify transmission bottlenecks, and identify measures to remove transmission bottlenecks,"(y) "work with FERC to relieve transmission constraints by encouraging the use of incentive rate-making proposals," and (z) "develop legislation to grant authority to obtain rights-of-way for electricity transmission lines, with the goal of creating a reliable national transmission grid"; (v) "direct the Secretary of Energy to work with FERC to improve the reliability of the interstate transmission system and to develop legislation providing for enforcement [of mandatory reliability standards] by a self-regulatory organization subject to FERC oversight"; and (vi) "direct the Secretary of Energy to propose comprehensive electricity legislation that promotes competition, protects consumers, enhances reliability, improves efficiency, promotes renewable energy, repeals the Public Utility Holding Company Act, and reforms the Public Utility Regulatory Policies Act." There can be no assurance that any of the recommendations in the report will be implemented. In addition, since full implementation of the recommendations would require regulatory and legislative action, Big Rivers is not able to predict the final forms and possible effects of any such recommendations that may ultimately be implemented.

Other Matters

Various legislative and regulatory proposals have been made and are pending at national, regional and state levels proposing, among other things, to impose (i) additional taxes on electric generation in general and coal-fired electric generation in particular and (ii) to impose evaluation penalties called "environmental externalities" on proposals to purchase or sell power on wholesale power markets. Such legislative or regulatory proposals, if adopted could reduce the competitive position of Big Rivers power on the wholesale power market.

UNDERWRITING

Goldman, Sachs & Co. has agreed, subject to certain conditions (including the execution of the Continuing Disclosure Agreement described below), to purchase the 2001 Bonds from the County at a price equal to par. The Underwriter's compensation, in the amount of $478,975.00, will be paid by Big Rivers. The Underwriter will be obligated to purchase all the 2001 Bonds if any such 2001 Bonds are purchased. The 2001 Bonds may be offered and sold to certain dealers (including the Underwriter and other dealers depositing such 2001 Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

CONTINUING DISCLOSURE

Big Rivers has authorized the execution and delivery of a Continuing Disclosure Agreement with the Trustee with respect to the 2001 Bonds. The agreement will be for the benefit of the holders of the 2001 Bonds, and will be entered into to assist the Underwriter in complying with U.S. Securities and Exchange Commission Rule 15c2-12(b)(5). Under this Agreement, Big Rivers will be obligated to provide certain specified financial information and operating data, financial statements, notice of certain events if material, and other notices, to nationally recognized municipal securities information repositories and others, and such obligations will be enforceable, all as described therein. The entry into this Agreement is a condition precedent to the obligation of the Underwriter to purchase the 2001 Bonds. The proposal form of the Continuing Disclosure Agreement is attached hereto as Appendix H.

LITIGATION

No litigation is pending or, to the knowledge of the County or Big Rivers, threatened in any court, questioning the official existence of the County or Big Rivers or the validity of the 2001 Bonds, or to restrain or enjoin the issuance or delivery of any of the 2001 Bonds or the power of the County to pledge revenues and assets to pay the 2001 Bonds. Except for litigation described herein, no litigation is pending or, to the knowledge of Big Rivers, threatened in any court, in which an adverse judgment would have a material adverse effect upon the consolidated financial position or operations of Big Rivers or its subsidiaries or upon the ability of Big Rivers to pay when due payments on outstanding obligations, including the Financing Agreement.

For a description of certain litigation Big Rivers is involved in, see "BIG RIVERS' LITIGATION".

TAX MATTERS

Federal Tax Matters

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based on an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2001 Bonds is excluded from gross income for federal income tax purposes, except that Bond Counsel expresses no opinion as to the status of interest on any 2001 Bond for federal income tax purposes during any period that such 2001 Bond is held by a "substantial user" of facilities financed or refinanced with the proceeds of the 2001 Bonds or by a "related person" within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954, as amended (the "1954 Code"). Interest on the 2001 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings in federal corporate alternative minimum taxable income. Interest on the 2001 Bonds is exempt from all present Kentucky personal and corporate income taxes. A complete copy of the proposed opinion of Bond Counsel is set forth as Appendix I hereto.

Title XIII of the Tax Reform Act of 1986 and Section 103 of the 1954 Code impose various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2001 Bonds. The County and Big Rivers have made representations related to certain of these requirements and have covenanted to comply with certain restrictions designed to assure that interest on the 2001 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2001 Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2001 Bonds may adversely affect the tax status of interest on the 2001 Bonds. Further, Bond Counsel gives no assurance that pending or future legislation or amendments to the Internal Revenue Code, if enacted into law, will not adversely affect the value of, or the tax status of interest on, the 2001 Bonds.

Certain requirements and procedures contained or referred to in the Bond Indenture, the Financing Agreement, the tax certificate executed by Big Rivers in connection with the issuance of the Bonds, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the 2001 Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any 2001 Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Orrick, Herrington & Sutcliffe LLP.

Although Bond Counsel expects to render an opinion that interest on the 2001 Bonds is excluded from gross income for federal income tax purposes and is exempt from all present Kentucky personal and corporate income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the 2001 Bonds may otherwise affect the tax liability of the holder of the 2001 Bonds. The nature and extent of these other tax consequences will depend upon the particular tax status of the holder of the 2001 Bonds or its other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

In addition, no assurance can be given that any future legislation will not cause interest on the 2001 Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent the holders thereof from realizing the full current benefit of the tax status of such interest. Further, no assurance can be given that any action of the Internal Revenue Service, whether by regulation, ruling, or selection of the 2001 Bonds or similar bonds for audit examination, would not affect the market price for the 2001 Bonds or could not affect the exclusion of interest on the 2001 Bonds from gross income for federal income tax purposes. The IRS has initiated a program of expanded audits of tax-exempt bonds.

APPROVAL OF LEGAL PROCEEDINGS

All of the legal proceedings in connection with the authorization and issuance of the 2001 Bonds and their validity are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix I hereto. Certain legal matters will be passed upon for Big Rivers by Sullivan, Mountjoy, Stainback & Miller, P.S.C., Owensboro, Kentucky, its General Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Altheimer & Gray, Chicago, Illinois. Certain legal matters will be passed upon for the County by Gregory Hill, Esq., Counsel to the County.

RATINGS

The 2001 Bonds will be rated "Aaa" by Moody's Investors Service, Inc. ("Moody's") and "AAA" by Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. ("S&P"), on the date of issuance of the 2001 Bonds. The 2001 Bonds are expected to be assigned these ratings upon, and solely as a result of, the issuance of the Municipal Bond Insurance Policy. See "Bond Insurance" above. The respective ratings by Moody's and S&P of the 2001 Bonds reflect only the views of such organizations and any desired explanation of the significance of such ratings and any outlooks or other statements given by the rating agencies with respect thereto should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007; and Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating and outlook (if any) on the information and materials furnished to it on investigations, studies and assumptions of its own. There is no assurance such ratings for the Offered Securities will continue for any given period of time or that any of such ratings will not be revised downward or withdraw entirely by any of the rating agencies, if, in the judgment of such rating agency or agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2001 Bonds.

MISCELLANEOUS

Brief descriptions of the County, the 2001 Bonds, the Financing Agreement, the Bond Indenture, the 2001 Note and the Mortgage and information about Big Rivers, including its financial statements, and the Members are included in this Offering Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Financing Agreement, the Bond Indenture, the 2001 Note, the Mortgage and the Intercreditor Agreement are qualified in their entirety by reference to such documents. References herein to the 2001 Bonds are qualified in their entirety by reference to the forms thereof included in the Bond Indenture and the information with respect thereto included in the aforementioned documents.

Any statements made in this Offering Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

APPENDIX A

BIG RIVERS ELECTRIC CORPORATION

FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2000 AND 1999
AND FOR EACH OF THE THREE YEARS
IN THE PERIOD ENDED DECEMBER 31, 2000
TOGETHER WITH AUDITORS' REPORT

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors of
Big Rivers Electric Corporation:

We have audited the accompanying balance sheets of Big Rivers Electric Corporation ("Big Rivers," a Kentucky corporation) as of December 31, 2000 and 1999, and the related statements of operations, equities (deficit) and cash flows for the two years ended December 31, 2000, the period ended July 14, 1998 (pre-confirmation), and for the period ended December 31, 1998 (post-confirmation). These financial statements are the responsibility of Big Rivers' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Rivers as of December 31, 2000 and 1999, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

As discussed in Note 1 to the financial statements, effective July 15, 1998, Big Rivers emerged from bankruptcy and adopted a new basis of accounting whereby all liabilities were adjusted to their estimated fair values. Accordingly, the financial statements for periods subsequent to the confirmation of the reorganization are not comparable to the financial statements presented for prior periods.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 23, 2001, on our consideration of Big Rivers Electric Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Arthur Andersen LLP

Memphis, Tennessee,
March 23, 2001.

BIG RIVERS ELECTRIC CORPORATION

BALANCE SHEETS

AS OF DECEMBER 31
(Dollars in thousands)

ASSETS	2000	1999
Utility plant, net	$ 864,060	$ 868,450
Restricted investments under long-term lease (Note 4)	153,707	-
Other deposits and investments, at cost	7,385	16,279
Current assets:		
Cash and cash equivalents	30,434	14,074
Receivables	21,788	13,663
Materials and supplies	626	706
Investments	34,003	-
Prepaid expenses	405	721
Total current assets	87,256	29,164
Deferred charges and other	33,065	33,427
	$1,145,473	$ 947,320

EQUITIES (DEFICIT) AND LIABILITIES	2000	1999
Capitalization:		
Equities (deficit)	$ (345,481)	$ (355,864)
Long-term debt	1,159,214	1,231,055
Obligations under long-term lease (Note 4)	142,781	-
Other long-term obligations	1,843	2,290
Total capitalization	958,357	877,481
Current liabilities:		
Current maturities of long-term obligations	20,139	5,967
Purchased power payable	13,644	6,997
Accounts payable	8,659	6,146
Accrued expenses	7,224	3,356
Accrued interest	17,962	3,025
Total current liabilities	67,628	25,491
Deferred credits and other:		
Deferred lease revenue	20,890	30,823
Deferred gain on sale-leaseback (Note 4)	73,176	-
Other	25,422	13,525
Total deferred credits and other	119,488	44,348
Commitments and contingencies (Note 1)		
	$1,145,473	$ 947,320

The accompanying notes to financial statements are an integral part of these balance sheets.

BIG RIVERS ELECTRIC CORPORATION

STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31

(Dollars in thousands)

	2000	1999	1998
Operating revenue	$148,364	$150,294	$230,307
Lease revenue	54,014	54,265	24,247
Total operating revenues	202,378	204,559	254,554
Operating expenses:			
Operations:			
Fuel for electric generation	-	-	51,876
Power purchased and interchanged	81,834	86,288	59,586
Production, excluding fuel	-	-	15,038
Transmission and other	12,554	12,676	13,246
Maintenance	2,362	2,951	19,764
Depreciation	27,290	27,589	31,032
Total operating expenses	124,040	129,504	190,542
Electric operating margins	78,338	75,055	64,012
Interest expense and other:			
Interest	71,814	71,908	75,021
Interest on obligations under long-term lease (Note 4)	5,417	-	-
Other, net	65	69	(184)
Total interest expense and other	77,296	71,977	74,837
Operating margin (loss) before non-operating margin (loss) and extraordinary loss	1,042	3,078	(10,825)
Non-operating margin (loss):			
Reorganization expenses	-	-	(17,373)
Interest income on restricted investments under long-term lease (Note 4)	7,168	-	-
Interest income and other	2,173	1,015	1,321
Total non-operating margin (loss)	9,341	1,015	(16,052)
Net margin (loss) before extraordinary loss	10,383	4,093	(26,877)
Extraordinary loss, net (Note 1)	-	-	(40,527)
Net margin (loss)	$ 10,383	$ 4,093	$ (67,404)

The accompanying notes to financial statements are an integral part of these statements.

BIG RIVERS ELECTRIC CORPORATION

STATEMENTS OF EQUITIES (DEFICIT)

FOR THE YEARS ENDED DECEMBER 31
(Dollars in thousands)

	Total equities (deficit)	Accumulated deficit	Patronage capital	Other equities: Donated capital and memberships	Other equities: Consumers' contributions to debt service
Balance at December 31, 1997	$(292,553)	$(424,919)	$ 127,921	$764	$3,681
Forgiveness of patronage capital allocations (Note 2)	-	127,921	(127,921)	-	-
Net loss	(26,877)	(26,877)	-	-	-
Extraordinary loss, net (Note 1)	(40,527)	(40,527)	-	-	-
Balance at December 31, 1998	(359,957)	(364,402)	-	764	3,681
Net margin	4,093	4,093	-	-	-
Balance at December 31, 1999	(355,864)	(360,309)	-	764	3,681
Net margin	10,383	10,383	-	-	-
Balance at December 31, 2000	$(345,481)	$(349,926)	$ -	$764	$3,681

The accompanying notes to financial statements are an integral part of these statements.

BIG RIVERS ELECTRIC CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31
(Dollars in thousands)

	2000	1999	1998
Cash flows from operating activities:			
Net margin (loss)	$ 10,383	$ 4,093	$(67,404)
Adjustments to reconcile net margin (loss) to net cash provided by (used in) operating activities:			
Non-cash extraordinary loss, net (Note 1)	-	-	54,727
Non-cash reorganization expenses	-	-	4,004
Depreciation and amortization	31,627	31,944	34,125
Changes in operating assets and liabilities:			
Receivables	(8,125)	(49)	14,261
Materials and supplies	80	(160)	2,970
Prepaid expenses	316	660	(1,381)
Deferred charges	(1,469)	(2,604)	(13,820)
Other long-term obligations	(695)	(552)	(2,147)
Purchased power payable	6,647	(3,906)	10,160
Accounts payable	3,813	1,705	(11,914)
Accrued expenses	18,805	(891)	(2,527)
Deferred lease revenue	(9,933)	(23,829)	54,652
Other, net	(5,969)	(7,041)	1,626
Net cash provided by (used in) operating activities	45,480	(630)	77,332
Cash flows from investing activities:			
Investment in held-to-maturity securities	(34,003)	(8,000)	-
Restricted investments under long-term lease (Note 4)	(146,647)	-	-
Proceeds from maturity of investments	8,000	-	-
Proceeds from sale of assets under Lease Agreement	-	-	35,919
Capital expenditures, net	(11,112)	(8,782)	(4,458)
Other deposits and investments	894	(591)	(2,906)
Net cash (used in) provided by investing activities	(182,868)	(17,373)	28,555
Cash flows from financing activities:			
Decrease in liabilities subject to compromise	-	-	(7,412)
Proceeds from sale-leaseback (Note 4)	211,169	-	-
Principal payments on long-term obligations	(72,690)	(29,297)	(89,653)
Increase in LEM Advances	11,321	25,626	8,333
Increase in RUS ARVP Note	3,948	3,732	-
Net cash provided by (used in) financing activities	153,748	61	(88,732)
Net increase (decrease) in cash and cash equivalents	16,360	(17,942)	17,155
Cash and cash equivalents, beginning of year	14,074	32,016	14,861
Cash and cash equivalents, end of year	$ 30,434	$ 14,074	$ 32,016
Supplemental Cash Flow Information:			
Cash paid for interest	$ 59,430	$ 72,627	$ 76,716

The accompanying notes to financial statements are an integral part of these statements.

BIG RIVERS ELECTRIC CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2000
(Dollars in thousands)

1. CHAPTER 11 BANKRUPTCY FILING, EMERGENCE FROM BANKRUPTCY AND CONTINGENCIES:

Chapter 11 Bankruptcy Filing:

On September 25, 1996, Big Rivers Electric Corporation ("Big Rivers" or the "Company") filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code ("Chapter 11") and the Company began operating as a debtor-in-possession under the supervision of the United States Bankruptcy Court for the Western District of Kentucky (the "Bankruptcy Court"). Big Rivers believed it was necessary to file Chapter 11 in order to, among other things, (a) restructure its debt obligations, upon which the Company would otherwise default in the near term; (b) relieve the Company of severely burdensome long-term coal contracts; (c) receive judicial approval in conjunction with consummating a long-term lease transaction involving the generation assets of Big Rivers; (d) sufficiently resolve other alleged claims, suits and liabilities asserted against Big Rivers such that the reorganized Company could emerge from Chapter 11 able to repay its restructured debt and (e) implement its reorganization in a timely manner. On January 22, 1997, Big Rivers filed a plan of reorganization with the Bankruptcy Court (the "Plan"). The Plan, further amended on April 18, 1997, was approved by substantially all creditors and rate payer constituents of Big Rivers and was confirmed by the Bankruptcy Court on June 9, 1997. On June 30, 1997, the Company filed an application with the Kentucky Public Service Commission (the "KPSC") for an order approving various components of the Plan (the "Rate Hearing"). In particular, the Company requested approval for the leasing of its generation assets and the related energy to certain affiliates of LG&E Energy Corporation ("LG&E Energy") (the "Lease Agreement"). The KPSC approved the Lease Agreement in principle on April 30, 1998, pending the revision of the rates associated with National Southwire Aluminum Company ("NSA") and Alcan Aluminum Corporation ("Alcan") (collectively referred to as the "Aluminum Smelters") and Big Rivers' other large industrial customers. Modifications to the rate structure were made and the Plan, as further amended, was approved by the Bankruptcy Court on June 1, 1998. The KPSC issued an order dated July 14, 1998, approving the Plan as it relates to the Lease Agreement.

Emergence from Bankruptcy:

Big Rivers' Chapter 11 reorganization was confirmed effective July 15, 1998 (the "Effective Date"), with the closing of the Lease Agreement, whereby Big Rivers leased its generating facilities to Western Kentucky Energy Corporation ("WKEC"), a wholly-owned subsidiary of LG&E Energy. Pursuant to the Lease Agreement, WKEC operates the generating facilities and maintains title to all energy produced. Throughout the lease term, in order to fulfill Big Rivers' obligation to supply power to its members following the Effective Date, the Company purchases substantially all of its power requirements from LG&E Energy Marketing Corporation ("LEM"), a wholly-owned subsidiary of LG&E Energy, pursuant to a power purchase agreement.

1. CHAPTER 11 BANKRUPTCY FILING, EMERGENCE FROM BANKRUPTCY AND CONTINGENCIES (Continued):

Big Rivers continues to operate its transmission facilities and charges WKEC tariff rates for delivery of the energy produced by WKEC and consumed by their customers. As part of the Lease Agreement, WKEC also purchased certain property, inventory and other assets necessary for the operation of the generation facilities from Big Rivers for $35,919. In connection with the purchase of these assets, the Company recorded a net loss of $4,004, which is reflected as a reorganization expense in the accompanying statements of operations in 1998. The significant terms of the Lease Agreement are as follows:

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

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

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

IV. On the Effective Date, Big Rivers received $69,100 representing certain closing payments and the first two years of the annual lease payments. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 13, "Accounting for Leases," the Company amortizes these payments to revenue over the lease term.

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

VI. Through 2011, WKEC will reimburse Big Rivers approximately $262,944 for the margins expected from the Aluminum Smelters, being defined as the net cash flows that Big Rivers anticipated receiving over the term of the Lease Agreement if the Company had continued to serve the Aluminum Smelters' load, as filed in the Rate Hearing (the "Expected Margins").

VII. WKEC is responsible for the operating costs of the generation facilities; however, Big Rivers is partially responsible for ordinary capital expenditures of the generation facilities over the term of the Lease Agreement, up to a 49% maximum. This maximum is not expected to exceed $148,000 over the Lease Agreement. At the end of the lease term, Big Rivers is obligated to fund a residual value payment to LG&E Energy for such capital additions during the lease, currently estimated to be $125,000 (see Note 2). Adjustments to the residual value payment will be made based upon actual capital expenditures. Additionally, WKEC will make required incremental environmental improvements to the facilities over the lease life and the Company will be required to submit another residual value payment to LG&E Energy for the undepreciated value of WKEC's 80% share of these assets at the end of the lease. The Company will have title to these assets during the lease and upon lease termination.