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March 28, 2008

Hand Delivery

Hon. Stephanie Stumbo
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

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MAR 31 2008

**PUBLIC SERVICE
COMMISSION**

Re: The Applications of Big Rivers Electric Corporation for: (I) Approval of Wholesale Tariff Additions for Big Rivers Electric Corporation, (II) Approval of Transactions, (III) Approval to Issue Evidences of Indebtedness, and (IV) Approval of Amendments to Contracts; and of E.ON U.S., LLC, Western Kentucky Energy Corp. and LG&E Energy Marketing, Inc. for Approval of Transactions, PSC Case No. 2007-00455

Dear Ms. Stumbo:

Enclosed for filing on behalf of Big Rivers Electric Corporation ("Big Rivers") are an original and ten copies of (i) a Motion to Amend and Supplement Application, (ii) a First Amendment and Supplement to Application ("Amended Application") seeking approval for Big Rivers to issue evidences of indebtedness, and (iii) a petition seeking confidential treatment of certain documents filed as exhibits to the Amended Application. One sealed copy of the confidential documents with the confidential information highlighted with transparent ink and ten copies of the confidential documents with the confidential information redacted are attached to the petition. A copy of this cover letter, the motion, the Amended Application, the petition and a redacted copy of the confidential documents has been served on the attached service list.

Sincerely yours,



James M. Miller

JMM/ej
Enclosures

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PSC CASE NO. 2007-00455

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In The Matter Of:

THE APPLICATION OF BIG RIVERS)
ELECTRIC CORPORATION FOR:)
(I) APPROVAL OF WHOLESALE TARIFF)
ADDITIONS FOR BIG RIVERS ELECTRIC)
CORPORATION, (II) APPROVAL OF)
TRANSACTIONS, (III) APPROVAL TO)
ISSUE EVIDENCES OF INDEBTEDNESS,)
AND (IV) APPROVAL OF AMENDMENTS)
TO CONTRACTS; AND)
)
OF E.ON U.S., LLC, WESTERN)
KENTUCKY ENERGY CORP. AND)
LG&E ENERGY MARKETING, INC.)
FOR APPROVAL OF TRANSACTIONS)

CASE NO. 2007-00455

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MAR 31 2008

PUBLIC SERVICE
COMMISSION

PETITION OF BIG RIVERS ELECTRIC CORPORATION
FOR CONFIDENTIAL PROTECTION

Big Rivers Electric Corporation ("Big Rivers") hereby petitions the Kentucky Public Service Commission ("Commission"), pursuant to 807 KAR 5:001 Section 7 and KRS 61.878(1)(c), to grant confidential protection to information contained in certain financing-related documents for which Big Rivers is seeking approval in this matter. The documents that are the subject of this petition are agreements relating to two revolving lines of credit between Big Rivers and National Rural Utilities Cooperative Finance Corporation ("CFC"), and CoBank ACB ("CoBank") (the "Agreements"). The Agreements are further described in Paragraph 19 of Big Rivers' First Amendment and Supplement to Application (the "Amended Application"), filed with this petition. Together, CFC and CoBank are hereinafter referred to as the "Creditors." In support of this petition, Big Rivers states as follows:

1. The information and portions of the Agreements that Big Rivers seeks to protect (the "Confidential Information") are the product of extensive negotiations between itself and its

Creditors. These commercially sensitive provisions represent the prices, costs, concessions, terms, and conditions that Big Rivers has been able to negotiate for its and its members' benefit. The Confidential Information is derived from Big Rivers and its Creditor's internal examinations, criteria and related analytical methods which should not be disclosed, and it involves estimates and evaluations with respect to financial instruments that are proprietary and should not be disclosed.

2. Public disclosure of the Confidential Information could have a material adverse affect on Big Rivers and would give an unfair competitive advantage to Big River's competitors. Public disclosure of the Confidential Information would put other financial institutions in a position to determine which terms and conditions Big Rivers is willing to accept, thus placing Big Rivers at a competitive disadvantage with other financial institutions who could use the information in future negotiations or proposals, resulting in increased prices for Big Rivers and its members and less favorable contracts for Big Rivers.

3. Thus, the Confidential Information contains confidential and proprietary information regarding the terms on which Big Rivers and its Creditors have agreed to enter to into the Agreements, and it falls within a category of commercial information "generally recognized as confidential or proprietary, which if openly disclosed would permit an unfair commercial advantage to competitors" of Big Rivers. KRS 61.878(1)(c)(1); 807 KAR 5:001 Section 7(2)(a)(1).

4. The Confidential Information is not publicly known and is not disseminated within Big Rivers except to those persons with a legitimate business need to know and act on the information.

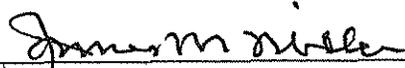
5. One (1) sealed copy of the Agreements containing the Confidential Information, with the Confidential Information highlighted with transparent ink, and ten (10) copies of the Agreements with the Confidential Information redacted, are attached to this petition. 807 KAR 5:001 Sections 7(2)(a)(2), 7(2)(b).

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

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

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

On this the 28th day of March, 2008.



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COUNSEL FOR BIG RIVERS
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1 COMMONWEALTH OF KENTUCKY

2 BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

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MAR 31 2008

PUBLIC SERVICE
COMMISSION

3 In the Matter of:

4 THE APPLICATIONS OF BIG RIVERS)
5 ELECTRIC CORPORATION FOR:)
6 (I) APPROVAL OF WHOLESALE TARIFF)
7 ADDITIONS FOR BIG RIVERS ELECTRIC)
8 CORPORATION, (II) APPROVAL OF)
9 TRANSACTIONS, (III) APPROVAL TO ISSUE)
10 EVIDENCES OF INDEBTEDNESS, AND)
11 (IV) APPROVAL OF AMENDMENTS TO)
12 CONTRACTS; AND)
13)
14 OF E.ON U.S., LLC, WESTERN KENTUCKY)
15 ENERGY CORP. AND LG&E ENERGY MARKETING,)
16 INC. FOR APPROVAL OF TRANSACTIONS)
17)

CASE NO. 2007-00455

18 **MOTION TO AMEND AND SUPPLEMENT APPLICATION**

19 Big Rivers Electric Corporation ("Big Rivers") moves the Public Service
20 Commission ("Commission") pursuant to 807 KAR 5:001, Section 3(5), for an
21 order allowing it to amend and supplement the application in this matter (the
22 "Application") to include details and evidence in support of Big Rivers' request for
23 approval to issue certain evidences of indebtedness in conjunction with the
24 closing of the Unwind Transaction.

25 Big Rivers states, by counsel, that the exigencies of the Unwind
26 Transaction required Big Rivers to begin seeking necessary regulatory approvals
27 from the Public Service Commission ("Commission") through "staggered" filings.
28 The Application pending before the Commission was filed December 28, 2007,
29 and contemplated this motion and filing. Application, paragraphs 65 through 67.
30 Although the Application contains some of the information required for a filing

1 seeking approval to issue the proposed evidences of indebtedness, the
2 negotiations of the specifics of the financing arrangements, and the documents
3 memorializing some of those arrangements have only recently reached the stage
4 that approvals for issuance of evidences of indebtedness can be sought.

5 Big Rivers submits that it is both reasonable and appropriate that the
6 Commission exercise its discretion to allow the amendment and supplementation
7 of the Application proposed by Big Rivers. The Application has been pending
8 two-and-one-half months, affording the parties and the Commission time to
9 become familiar with the Unwind Transaction. The evidences of indebtedness
10 proposed in this filing to be issued by Big Rivers are relatively simple in that they
11 are not connected with capital construction projects. The Big Rivers financing
12 arrangements that are under the supervision of RUS do not require approval by
13 the Commission under KRS 278.300. KRS 278.300(10). And finally, the
14 proposed financing arrangements are required to provide a more complete
15 picture of what Big Rivers will be, and how it will operate, post-Unwind Closing.

16 As noted in the attached amendment, this filing provides the documents
17 and accompanying explanations for two revolving credit facilities, and a detailed
18 explanation of the other evidences of indebtedness for which Big Rivers will seek
19 Commission approval. The documents evidencing the evidences of
20 indebtedness other than the two revolving credit facilities will be filed with the
21 Commission as soon as they are in substantially final form.

22 WHEREFORE, Big Rivers requests that the Commission enter its order
23 allowing Big Rivers to amend and supplement its Application with the

1 "Amendments and Supplements to Application" attached to this motion, and all
2 other relief to which it may appear entitled.

3 March 28, 2008

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COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

RECEIVED

MAR 31 2008

PUBLIC SERVICE
COMMISSION

In the Matter of:

THE APPLICATIONS OF BIG RIVERS)
ELECTRIC CORPORATION FOR:)
(I) APPROVAL OF WHOLESALE TARIFF)
ADDITIONS FOR BIG RIVERS ELECTRIC)
CORPORATION, (II) APPROVAL OF)
TRANSACTIONS, (III) APPROVAL TO ISSUE)
EVIDENCES OF INDEBTEDNESS, AND)
(IV) APPROVAL OF AMENDMENTS TO)
CONTRACTS; AND)
)
OF E.ON U.S., LLC, WESTERN KENTUCKY)
ENERGY CORP. AND LG&E ENERGY MARKETING)
INC. FOR APPROVAL OF TRANSACTIONS)

CASE NO. 2007-00455

FIRST AMENDMENT AND SUPPLEMENT TO APPLICATION

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Big Rivers Electric Corporation ("Big Rivers") amends and supplements the Application in this matter to include the following details and evidence (the "Amendment") in support of Big Rivers' request for approval to issue certain of the evidences of indebtedness that it expects to issue in conjunction with the closing of the Unwind Transaction, and to provide a description of the balance of the overall financing plan Big Rivers proposes to implement in the period beginning with the closing of the Unwind Transaction. The financial transaction documents not filed with this Amendment will be filed as they become available. Exhibits attached to this Amendment are numbered beginning with Exhibit 44, to continue the exhibit numbering scheme used in the Application. Information already contained in the Application that is required by

1 statute or regulation to be included in an application for issuance of evidences of
2 indebtedness is referenced, rather than repeated in this Amendment.

3 **COMPLIANCE WITH REGULATIONS**

4 1. The Applicant's name and post office address are stated in
5 paragraph number 1 of the Application. The facts on which this application to
6 issue of evidences of indebtedness is based are stated in the Application, and in
7 this Amendment. Big Rivers seeks an order from the Commission authorizing
8 Big Rivers to issue the evidences of indebtedness described in Exhibits 44
9 through 46, attached to this Amendment. The relief sought by Big Rivers is
10 authorized by KRS 278.300(3), KRS 278.300(4), and related sections, and 807
11 KAR 5:001§§6 and 11, and related sections. 807 KAR 5:001§8(1).

12 2. Big Rivers served a copy of the Motion to Amend and Supplement
13 Application, and the First Amendment and Supplement to Application on each
14 party to this proceeding. 807 KAR 5:001§8(2).

15 3. The requirements of 807 KAR 5:001§8(3) are satisfied in paragraph
16 number 5 of the Application.

17 4. A general description of applicant's property and the field of its
18 operation, together with a statement of the original cost of the same and the cost
19 to the applicant are contained in Exhibit 47. 807 KAR 5:001§11(1)(a).

20 5. Big Rivers proposes to issue the evidences of indebtedness
21 described in paragraphs 11 through 30 of this Amendment. The descriptions of
22 those facilities include details of the terms, rate of interest and whether and how
23 those facilities will be secured. 807 KAR 5:001§11(1)(b).

1 6. A description of the use to be made of the proceeds of those
2 evidences of indebtedness with a statement indicating how much is to be used
3 for the acquisition of property, the construction, completion, extension or
4 improvement of facilities, the improvement of service, the maintenance of service
5 and the discharge or refunding obligations is contained in paragraphs 11 through
6 30 of this Amendment. 807 KAR 5:001§11(1)(c).

7 7. No property will be acquired, constructed, improved or extended
8 with the proceeds of the proposed evidences of indebtedness. Big Rivers has
9 made no contracts for the acquisition, construction, extension or improvement of
10 property or facilities or for the disposition of any securities related to the
11 evidences of indebtedness. 807 KAR 5:001§11(1)(d).

12 8. No proceeds from issuance of the proposed evidences of
13 indebtedness will be used to discharge or refund any existing obligation of Big
14 Rivers. 807 KAR 5:001§11(1)(e).

15 9. Other facts that are pertinent to the application for approval to issue
16 evidences of indebtedness are stated in this Amendment, or contained in the
17 Application. 807 KAR 5:001§11(1)(f).

18 10. Big Rivers files the following exhibits with the Amendment (807
19 KAR 5:001§11(2)):

- 20 a. Financial Exhibit (807 KAR 5:001§6), attached as Exhibit 48;
- 21 b. Copies of the proposed evidences of indebtedness, attached as
22 Exhibits 45 and 46; and
- 23 c. Because there is no proposed construction, there are no filings

1 related to the requirements of 807 KAR 5:001§11(2)(c).

2 **PURPOSES AND DESCRIPTIONS OF EVIDENCES OF INDEBTEDNESS**

3 11. Big Rivers seeks approvals in this Amendment to enter into a
4 Revolving Line of Credit Agreement with National Rural Utilities Cooperative
5 Finance Corporation ("CFC"), attached as Exhibit 45, and a Revolving Credit
6 Agreement with CoBank ACB ("CoBank"), attached as Exhibit 46. These
7 revolving lines of credit are essential parts of the financial resources Big Rivers is
8 assembling to have available, from time to time, to operate its assets after the
9 Unwind Transaction Closing, and are necessary and appropriate for Big Rivers to
10 perform its obligations to its Members and the public.

11 12. As noted in the Petition for Confidential Protection filed with this
12 Amendment, portions of the terms of each of these documents have been
13 redacted to protect vital business information that could affect the ability of Big
14 Rivers to obtain optimum credit terms in the future. Those confidential credit
15 terms are reviewed in the summary attached as Exhibit 44.

16 13. The Revolving Line of Credit Agreement with CFC (the "CFC
17 Agreement," Exhibit 45) establishes an unsecured line of credit of up to \$50
18 million (the "Line of Credit"). The Line of Credit will be used to provide funds for
19 Big Rivers' capital expenditures, for general corporate use by Big Rivers and for
20 the issuance of letters of credit by CFC (the "Letters of Credit" and each a "Letter
21 of Credit"). Pursuant to the terms of the Agreement, CFC will agree to make
22 loans under the Line of Credit ("Advances") and issue the Letters of Credit upon
23 request from Big Rivers, provided that the aggregate amount of all Letters of

1 Credit outstanding shall not exceed \$50 million. The interest rate on the
2 Advances, as selected by Big Rivers, will either be LIBOR plus an applicable
3 margin tied to Big Rivers' credit rating or an alternative base rate, which is the
4 greater of the prime rate or the federal funds effective rate plus 50 basis points
5 (as further described in the CFC Agreement). Accrued interest on the Advances
6 is payable in arrears on each payment date, pursuant to the terms of the
7 agreement. Letters of Credit will each expire within 60 months of the effective
8 date of each letter. When CFC honors any draw under a Letter of Credit, CFC
9 will make an Advance on the Line of Credit in the amount of such draw, which
10 will be deemed to be Big Rivers' reimbursement of the draw. Big Rivers is
11 required to prepay the Loans in certain circumstances, as described in the
12 Agreement. Descriptions of the confidential aspects of the CFC Agreement are
13 found in Exhibit 44, attached to and incorporated into this Amendment. Big
14 Rivers seeks authority to issue the CFC Agreement and any notes required
15 thereunder.

16 14. Big Rivers and CoBank will enter into the Revolving Credit
17 Agreement (the "CoBank Agreement") for the purpose of providing interim
18 financing of capital expenditures and for Big Rivers' general corporate purposes.
19 Pursuant to the terms of the Agreement, CoBank will agree to make unsecured
20 loans to Big Rivers (any one, a "Loan") for up to a three year period commencing
21 on the closing date. The aggregate principal amount of the Loans will not exceed
22 \$50 million at any given time. Interest on the Loans, as selected by Big Rivers,
23 will either be LIBOR plus an applicable margin tied to Big Rivers' credit rating, or

1 a base rate, which is the prime rate published in the *Wall Street Journal* (as
2 further described in the CoBank Agreement). Big Rivers is obligated to repay the
3 Loans on the third anniversary of the closing date. Big Rivers is permitted to
4 prepay the Loans (in whole or in part) in a minimum amount of \$2 million. Big
5 Rivers is required to prepay the Loans in certain circumstances, as described in
6 the Agreement. Descriptions of the confidential aspects of the CoBank
7 Agreement are found in Exhibit 44, attached to and incorporated into this
8 Amendment. Big Rivers seeks authority to issue the CoBank Agreement and
9 any notes required thereunder.

10 15. Because no borrowings under the CFC Agreement or the CoBank
11 Agreement are scheduled, no interest expenses related to these agreements
12 have been incorporated into the Unwind Financial Model. The initial fees and
13 expenses associated with the initial issuance of these agreements will be paid
14 out of funds at closing. Ongoing fees required under each agreement have been
15 included in the Unwind Financial Model. These agreements will have no impact
16 on Big Rivers' rates and charges for wholesale service.

17 **OTHER EVIDENCES OF INDEBTEDNESS**

18 16. This section of the Amendment describes the remaining evidences
19 of indebtedness, including amendments to certain existing evidences of
20 indebtedness previously approved by the Commission and issued by Big Rivers
21 that are required to provide Big Rivers the financing capability to resume control
22 of its generating facilities and finance its operations. Big Rivers provides the
23 following descriptions of documents that will require Commission approval, and

1 that will not require Commission approval, but which still form part of Big Rivers'
2 overall financing capability post-Unwind Transaction Closing, including
3 associated and supporting documents. Certain financial transaction documents
4 are in the process of being completed, and will be filed as soon as they are
5 substantially complete.

6 17. Big Rivers notes that the CFC Agreement and the CoBank
7 Agreement are the only financing documents proposed to be issued in
8 connection with the Unwind Transaction under which Big Rivers may incur
9 additional debt without further Commission approvals. The Indenture described
10 below is a new security instrument that will be substituted for the existing RUS
11 Mortgage, and will involve different concepts from those in the RUS Mortgage.
12 The new loan agreement Big Rivers is negotiating with RUS, which the
13 Commission does not have to approve, will contain requirements that differ from
14 those in the existing RUS loan agreement. Beyond these items, the remaining
15 financing-related documents required for the Unwind Transaction closing are
16 almost entirely related to removing the E.ON parties and Bank of America from
17 the transactions of which they will no longer be a part, establishing *pari passu*
18 priority among Big Rivers' principal creditors, and transferring rights and
19 obligations from the existing RUS Mortgage to the Indenture. In other words,
20 most of those documents implement updates that are ministerial in nature, rather
21 than effect material changes in Big Rivers' substantive rights and obligations.

22 18. In general terms, Big Rivers' financing plans include requesting
23 approval to issue evidences of indebtedness as follows: (i) an indenture to

1 replace its existing mortgage as the instrument that allows the issuance of
2 secured debt by Big Rivers; (ii) a note to the RUS restructuring the payment
3 schedule in the existing New RUS Note; (iii) a second note to the RUS amending
4 the terms of its zero-interest ARVP note; (iv) the operating lines of credit for
5 which approval is sought in this Amendment; (v) an amended intercreditor
6 agreement; (vi) documents required to terminate the defeased lease interests of
7 Bank of America; and (vii) related amendments to some of the documents in the
8 defeased sale/leaseback transaction (the "Defeased Lease") previously approved
9 by the Commission and entered into by Big Rivers in 2000¹.

10 19. Big Rivers' financing plans have changed as a result of the
11 upheaval in the public financial markets that has occurred over the past months.
12 Consistent with the alternate financing plan mentioned in informal conferences,
13 and outlined in Big Rivers' response to Item 15 of the Commission Staff's First
14 Request for Information, the financing plan described by Big Rivers in this
15 Amendment is to use proceeds from the Unwind Transaction to prepay
16 approximately \$200 million of its RUS debt, and restructure the debt service
17 schedule on the remaining balance of the RUS debt to approximate the debt
18 service contemplated in the Unwind Financial Model. Big Rivers expects the
19 RUS Amended and Restated Loan Contract, discussed below, to require that Big
20 Rivers sell sufficient public debt within a fixed period of years to pay an
21 approximate additional \$200 million on Big Rivers' RUS debt, consistent with Big
22 Rivers' original proposal to RUS.

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

1 20. The **Creditor Consent, Termination and Release Agreement** is
2 the agreement by which (i) the existing secured creditors of Big Rivers (the
3 "Creditors") which are mortgagees under the First Mortgage² would discharge
4 and release the First Mortgage and filings, (ii) each of the Creditors which are
5 parties to the existing Intercreditor Agreement³ would terminate the current
6 Intercreditor Agreement and release each other party thereto and E.ON U.S. LLC
7 from any obligation or liability arising thereunder, (iii) the Creditors, the consents
8 of which are required, would consent to the termination of the Existing E.ON
9 Transaction, (iv) Big Rivers and the applicable Creditors would release the E.ON
10 Entities from any and all obligations of the E.ON Entities under the documents
11 relating to the Existing E.ON Transaction and certain other arrangements to
12 which the Creditors and E.ON Parties are parties, (v) the E.ON Parties would
13 release Big Rivers and the Creditors from any and all obligations of Big Rivers or
14 the Creditors under the documents relating to the Existing E.ON Transaction and
15 certain other arrangements to which the E.ON Parties, Big Rivers and the
16 Creditors are parties, and (vi) the applicable Creditors would consent to the

² Third Amended and Restated Mortgage and Security Agreement Dated as of August 1, 2001, made by and among Big Rivers Electric Corporation; The United States of America, acting through the Administrator of the Rural Utilities Service; Ambac Assurance Corporation; National Rural Utilities Cooperative Finance Corporation; Dexia Credit Local, New York Branch; U.S. Bank Trust National Association, as trustee under the Trust Indenture dated as of August 1, 2001; 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. See Application, Appendix A.

³ Third Amended and Restated Subordination, Nondisturbance, Attornment and Intercreditor Agreement Dated as of August 1, 2001, among Big Rivers Electric Corporation; The United States of America, acting through the Administrator of the Rural Utilities Service; Ambac Assurance Corporation; PBR-1 Statutory Trust; PBR-2 Statutory Trust; PBR-3 Statutory Trust; FBR-1 Statutory Trust; FBR-2 Statutory Trust; PBR-1 OP Statutory Trust; PBR-2 OP Statutory Trust; PBR-3 OP Statutory Trust; FBR-1 OP Statutory Trust; FBR-2 OP Statutory Trust; Bluegrass Leasing; Bank of America Leasing Corporation; AME Investments, LLC; CoBank, ACB; AME Asset Funding, LLC; and Ambac Credit Products, LLC, as amended by a First Amendment Dated as of August 22, 2002. See Application, Appendix A.

1 conversion of Big Rivers Leasing Corporation into a Delaware limited liability
2 company. Big Rivers is a party to this document, and believes that this
3 document, which amends documents previously approved by the Commission,
4 will require approval by the Commission.

5 21. The **Recordable Short Form Releases of Mortgage and**
6 **Intercreditor Agreement** are intended to facilitate the termination and release of
7 the First Mortgage and the existing Intercreditor Agreement on file in various
8 counties of the Commonwealth of Kentucky. Because these documents
9 terminate documents previously approved by the Commission, Big Rivers
10 believes these documents will require Commission approval.

11 22. The **Indenture** will constitute a first lien and security interest by Big
12 Rivers in favor of the Indenture Trustee (as will be defined in the Indenture), for
13 the benefit of the existing mortgagees under the First Mortgage and the holders
14 of additional debt securities issued in the future. As noted above, Big Rivers has
15 now decided not to issue public debt at the termination of the Existing E.ON
16 Transaction. It is, instead, negotiating changes in the maturity schedule of the
17 existing RUS debt. When public debt is issued at a later time, such debt, when
18 issued, will be a series of Additional Bonds (as will be defined in the Indenture)
19 issued in accordance with a Supplemental Indenture (as will be defined in the
20 Indenture). The Indenture will constitute a lien on substantially all of the tangible
21 assets and properties of Big Rivers. Unlike the First Mortgage, the Indenture will
22 secure all obligations issued thereunder on a *pari passu* basis. This document

1 will require Commission approval. Principal differences and advantages of the
2 Indenture compared to the First Mortgage may be summarized as follows:

- 3 a. There are reduced categories of property that will be subject to the lien
4 and security interest;
- 5
- 6 b. Big Rivers will have the ability to issue additional *pari passu* debt;
- 7
- 8 c. The nature of the covenants and consents required are different; and
- 9
- 10 d. The procedure to supplement the Indenture is advantageous to Big
11 Rivers.
- 12

13 23. A new **Intercreditor Agreement** will replace the existing
14 Intercreditor Agreement. The new Intercreditor Agreement will not include the
15 E.ON Parties or the Bank of America entity or those provisions of the existing
16 Intercreditor Agreement pertaining to the interests of the E.ON Parties or the
17 Bank of American entity in the Existing E.ON Transaction (e.g. subordination and
18 attornment provisions). In addition, the new Intercreditor Agreement will reflect
19 the fact that the lien of the Indenture runs in favor of the Indenture Trustee rather
20 than individual mortgagees under the First Mortgage, as is the case under the
21 existing Intercreditor Agreement. Otherwise, the new Intercreditor Agreement
22 reflects the arrangements in the existing Intercreditor Agreement among the
23 Creditors and the parties to the Defeased Lease transaction. This document will
24 require Commission approval.

25 24. Big Rivers does not require approval for the **Amended and**
26 **Consolidated Loan Contract** between Big Rivers and United States of America,
27 but that document will be provided to give a complete description of Big Rivers'
28 creditor arrangements post-Unwind Closing. Along with the loan contract, Big

1 Rivers will issue to RUS a **RUS 2008 Promissory Note, Series A**, which will
2 contain the debt service restructuring described above, and a **RUS 2008**
3 **Promissory Note, Series B**, which will revise the terms of the RUS ARVP Note.
4 Both of the existing RUS notes were entered into by Big Rivers in 1998.

5 25. In connection with the Unwind, Big Rivers will terminate the two
6 Defeased Lease transactions of undivided interests in Plant Wilson entered into
7 in 2000 with two statutory trusts, the ultimate beneficiary of which trusts is Bank
8 of America Leasing or an affiliate (successor to Fleet Real Estate). Big Rivers
9 and Bank of America Leasing have agreed upon a price to be paid for this
10 termination. The two trusts in question are the FBR-1 Statutory Trust and the
11 FBR-2 Statutory Trust. This termination will be effected by termination of two
12 Head Leases (FBR-1) and (FBR-2), each dated as of April 1, 2000 under which
13 Big Rivers conveyed identical 28.61244655% undivided interests in Plant Wilson
14 to each of these two trusts for a term renewable at the option of the trust for the
15 full useful life of Plant Wilson. The details of this termination will be provided
16 with a supplement to the Application when the documents Big Rivers will need to
17 execute to implement the termination are identified. These documents will
18 require Commission approval.

19 26. **The Partial Termination of Payment Agreement Pledge, Partial**
20 **Termination of Funding Agreement Pledge and Partial Termination of**
21 **Government Securities Pledge** are the documents, also connected with the
22 Defeased Lease, by which the mortgagees under the First Mortgage will release
23 their subordinated security interests under the Payment Agreement Pledge, the

1 Funding Agreement Pledge and the Government Securities Pledge. Big Rivers
2 Leasing LLC, formerly Big Rivers Leasing Corporation, a Big Rivers subsidiary
3 created solely for purposes related to the Defeased Lease, is a party to these
4 agreements, but Big Rivers is not a party. These documents do not require
5 Commission approval.

6 27. The **Amended and Restated Payment Agreement Pledge**
7 **Agreement, Amended and Restated Funding Agreement Pledge Agreement**
8 **and Amended and Restated Government Securities Pledge Agreement,**
9 documents connected with the Defeased Lease, will be executed by Big Rivers
10 Leasing LLC (successor to Big Rivers Leasing Corporation), Ambac Credit
11 Products, and the appropriate owner trust and the Indenture Trustee. Those
12 documents will create a subordinated security interest in favor of the Indenture
13 Trustee in the Collateral subject to such Pledge Agreements, confirm the existing
14 security interests in favor of Ambac Credit Products and the owner trusts in the
15 Collateral subject to such Pledge Agreements and otherwise reflect the
16 provisions of the existing Pledge Agreements. These documents do not require
17 Commission approval.

18 28. The parties to the existing Stock Pledge Agreement (under the
19 Defeased Lease) will execute an **Amended and Restated Stock Pledge**
20 **Agreement,** which will recognize that the Collateral subject to the security
21 interest created thereby consists of membership interests in a Delaware limited
22 liability company rather than stock in a corporation, and will recognize that the
23 Indenture Trustee is also a beneficiary of the security interest in such

1 membership interests. Big Rivers is a party to this agreement and will request
2 Commission authorization to execute it.

3 29. An **Amendment to Qualifying Swap** and **Amendment to Big**
4 **Rivers Swap** (entered into in connection with the Defeased Lease transactions)
5 will replace the references to the First Mortgage with the references to the
6 Indenture. The Qualifying Swap is between Ambac Credit Products, LLC and the
7 applicable statutory trust, and the Big Rivers Swap is between Ambac Credit
8 Products, LLC and Big Rivers. This document will require Commission approval.

9 30. In connection with the arrangements involving a possible "put" by
10 Bluegrass Leasing (one of the Lessors in the Defeased Lease) of its interest in
11 three economically defeased lease transactions of undivided interests in Plant
12 Green and Plant Wilson to an affiliate of E.ON U.S. LLC, it is proposed for Big
13 Rivers to become a party to three Escrow Agreements (one with respect to each
14 of PBR-1, PBR-2 and PBR-3 transactions) (each, an "**Escrow Agreement**"),
15 each among Big Rivers, Bluegrass Leasing, a New York general partnership (the
16 "Transferor"), [an E.ON U.S., LLC Cayman affiliate] (the "Purchaser") and
17 [_____], as escrow agent, the applicable PBR Statutory
18 Trust, the applicable PBR OP Statutory Trust, U.S. Bank National Association, as
19 Trustee, AME Investments, LLC, CoBank, ACB, Ambac Credit Products, LLC,
20 and Ambac Assurance Corporation, a Wisconsin corporation. Pursuant to each
21 Escrow Agreement, Big Rivers will consent to the Transferor's sale and
22 assignment, and the Purchaser's assumption, of the Transferor's Beneficial
23 Interest under the respective Participation Agreements, and will waive any and all

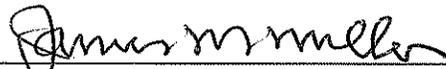
1 provisions of the Operative Documents (as defined in the Participation
2 Agreement), to the extent necessary to permit such sale, assignment and
3 assumption. Further, Big Rivers will agree not to consent to any material
4 amendment, modification, restatement or termination of any Operative Document
5 that could have or is reasonably likely to have a material adverse effect on the
6 respective Owner Participant or the Purchaser and shall cause any person that
7 replaces any of the applicable Series A Lender, Series B Lender, Beneficial
8 Interest Purchaser, Qualifying Swap Provider or Qualifying Swap Surety Bond
9 Provider basically the parties providing non-recourse debt or credit enhancement
10 in each of the Bluegrass Leasing lease transactions to be bound by the terms,
11 provisions and conditions of such Escrow Agreement. These documents will
12 require Commission approval.

13 31. Big Rivers is or will be authorized to enter into the documents
14 described in this Amendment by KRS Chapter 279, its Articles of Incorporation
15 and Bylaws and resolutions which Big Rivers expects to be adopted by its Board
16 of Directors and submitted to the Commission in the near future.

17 WHEREFORE, Big Rivers respectfully requests that the Commission
18 enter its order (i) authorizing issuance by Big Rivers of the revolving credit
19 agreements, and all necessary notes thereunder, described in this Amendment,
20 (ii) stating in general terms the purpose of the issuance of these evidences of
21 indebtedness, (iii) finding that issuance of these evidences of indebtedness is for
22 some lawful object within the corporate purposes of Big Rivers, is necessary or
23 appropriate for or consistent with the proper performance by Big Rivers of its

1 service to the public and will not impair its ability of Big Rivers to perform that
2 service, (iv) is reasonably necessary and appropriate for that service, and
3 granting all other relief to which Big Rivers may appear entitled.

4 March 28, 2008

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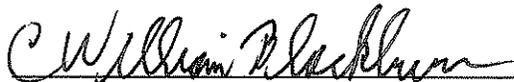
10 James M. Miller
11 Tyson Kamuf
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16 Owensboro, Kentucky 42302-0727
17 Telephone No. (270) 926-4000

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19 Douglas L. Beresford
20 George F. Hobday
21 Hogan & Hartson, LLP
22 Columbia Square
23 555 Thirteenth Street, NW
24 Washington, D.C. 20004
25 (202) 637-5600

26
27 COUNSEL FOR BIG RIVERS
28 ELECTRIC CORPORATION
29

30 **Verification**

31
32 I, C. William Blackburn, Vice President and Chief Financial Officer for Big
33 Rivers Electric Corporation, hereby state that I have read the foregoing
34 Application and that the statements contained therein are true and correct to the
35 best of my knowledge and belief, on this the 28th day of March, 2008.

36
37
38
39 

40 C. William Blackburn
41 Vice President and Chief Financial Officer
42 Big Rivers Electric Corporation

1 COMMONWEALTH OF KENTUCKY)
2 COUNTY OF HENDERSON)

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The foregoing verification statement was SUBSCRIBED AND SWORN to before me by C. William Blackburn, as Vice President and Chief Financial Officer of Big Rivers Electric Corporation, on this the 28th day of March, 2008.

Vukie G. King
Notary Public, Ky., State at Large
My commission expires: *March 3, 2010*

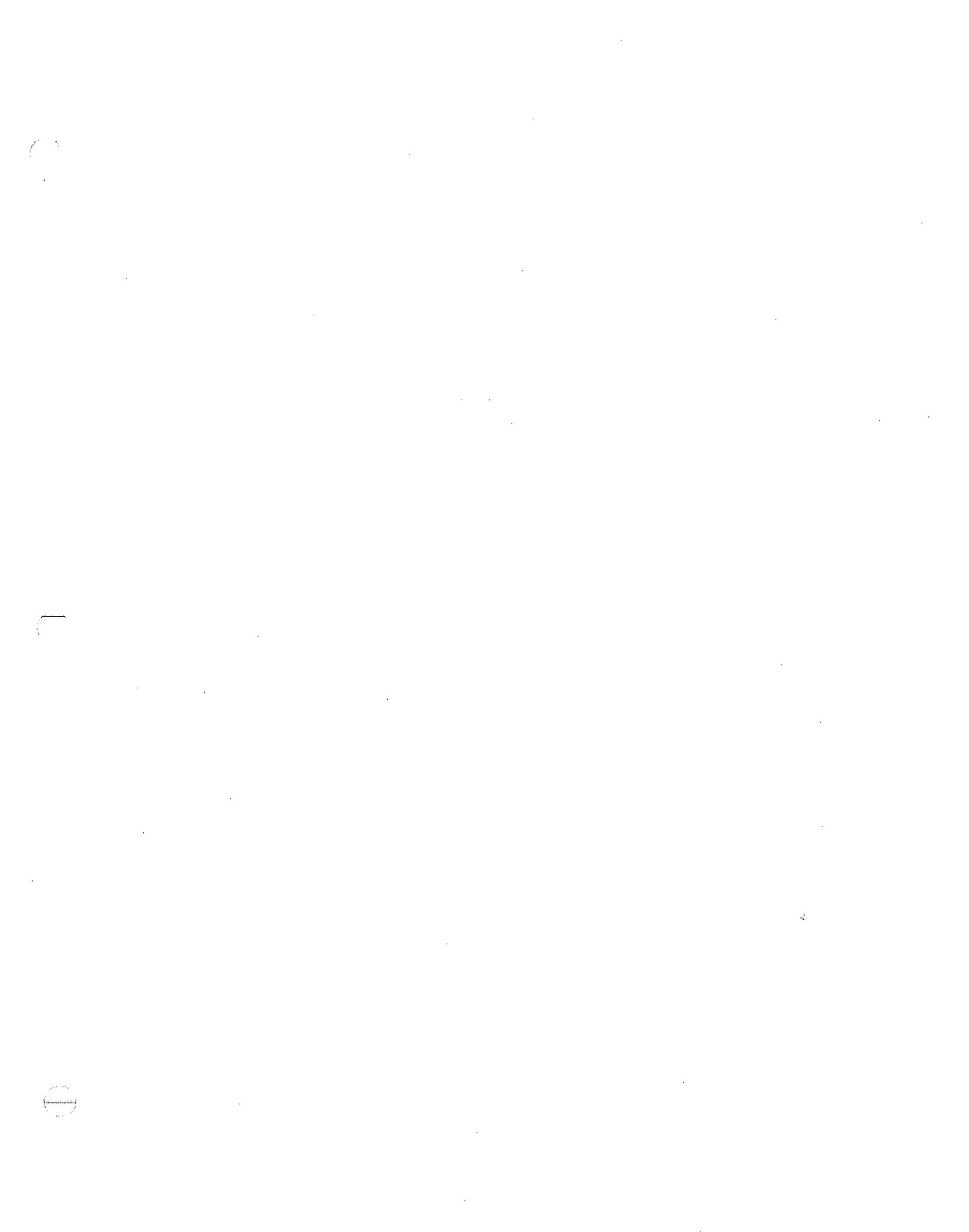


EXHIBIT 44

[This page submitted under Petition for Confidential Treatment]

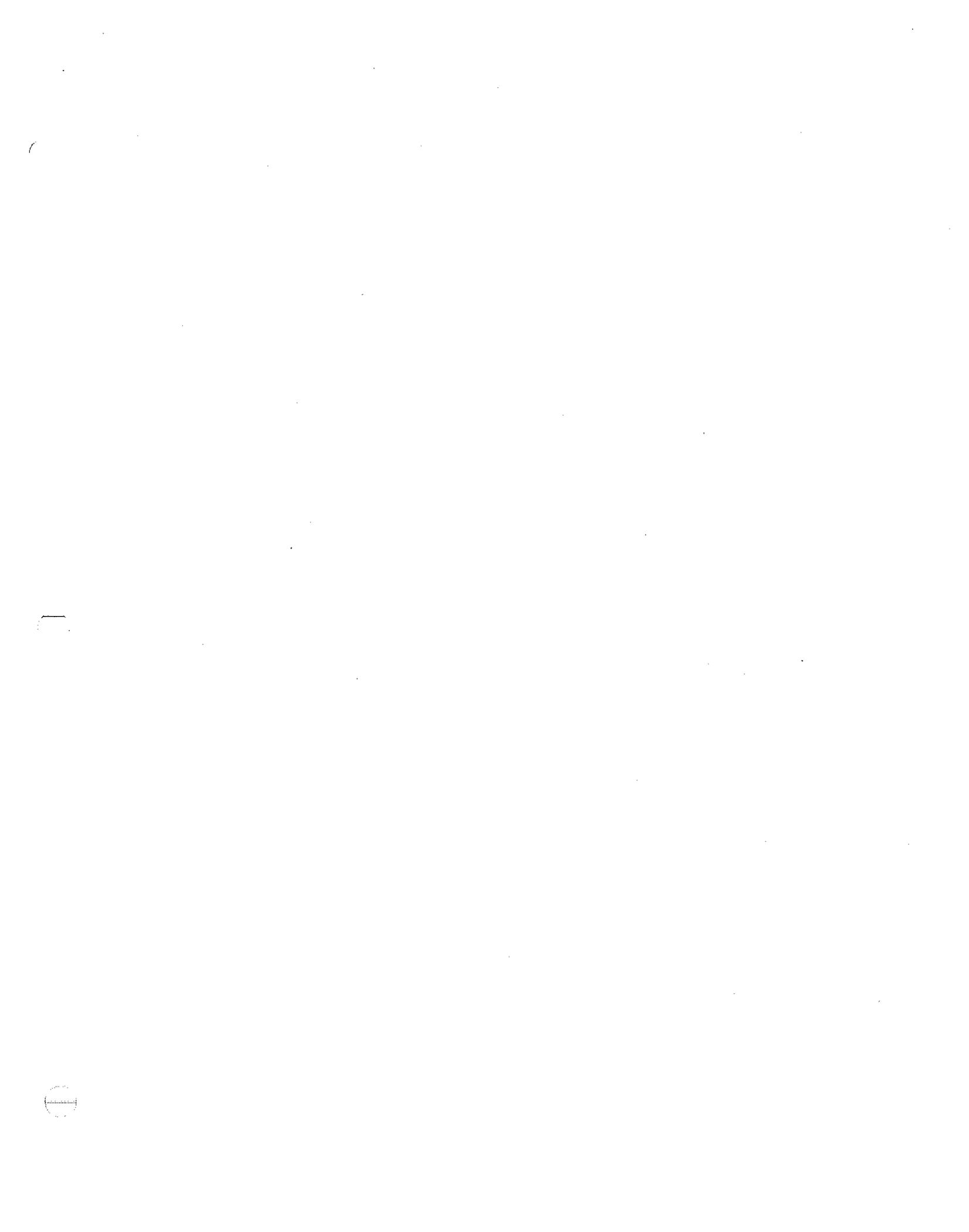


EXHIBIT 45

**REVOLVING LINE OF CREDIT AGREEMENT
WITH NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION
(CFC)**

REVOLVING LINE OF CREDIT AGREEMENT

REVOLVING LINE OF CREDIT AGREEMENT (this "Agreement"), dated as of _____, between BIG RIVERS ELECTRIC CORPORATION ("Borrower"), a corporation organized and existing under the laws of the State of Kentucky, and NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION ("CFC"), a cooperative association organized and existing under the laws of the District of Columbia.

RECITALS

WHEREAS, the Borrower has applied to CFC for a line of credit for the purposes set forth in Schedule 1 hereto, and CFC is willing to extend such a line of credit to the Borrower on the terms and conditions stated herein.

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

ARTICLE I

DEFINITIONS

Section 1.01 For purposes of this Agreement, the following capitalized terms shall have the following meanings (such definitions to be equally applicable to the singular and the plural form thereof).

"ABR", when used in reference to any Advance, refers to whether such Advance is bearing interest at the Alternate Base Rate.

"Accounting Requirements" shall mean any system of accounts prescribed by a regulatory authority having jurisdiction over the Borrower or, in the absence thereof, the requirements of GAAP applicable to businesses similar to that of the Borrower.

"Advance" means any loans made by CFC to the Borrower pursuant to this Agreement, and **"Advances"** means all such loans.

"Advance Request" means a request by the Borrower for an Advance in accordance with Section 3.03, in the form of Exhibit B hereto.

"Alternate Base Rate" means, for any day, a rate per annum equal to the greater of (a) the Prime Rate in effect on such day or (b) the Federal Funds Effective Rate for such day plus 1/2 of 1%. Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective from and including the effective date of such change in the Prime Rate or the Federal Funds Effective Rate, as the case may be.

"Applicable Margin"

~~PRIVILEGED TEXT REDACTED~~

~~PRIVILEGED TEXT REDACTED~~

PRIVILEGED TEXT REDACTED

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"Business Day" means any day (a) that both CFC and the depository institution CFC utilizes for funds transfers hereunder are open for business and (b) if such day relates to a borrowing of, a payment or prepayment of principal of or interest on, a continuation or conversion of or into, or the Interest Period for, a LIBO Advance, or to a notice by the Borrower with respect to any such borrowing, payment, prepayment, continuation, conversion, or Interest Period, that is also a day on which dealings in Dollar deposits are carried out in the London interbank market.

"CFC Commitment" shall have the meaning as defined in Schedule 1 hereto.

"Default Rate" shall mean a rate per annum equal to the interest rate in effect for an Advance plus three hundred basis points.

"Draw" shall mean a payment of funds to a beneficiary under a Letter of Credit issued hereunder.

"Effective Date" shall mean the date designated as such by CFC on the signature page hereof.

"Equity" shall mean the aggregate of the Borrower's equities and margins computed pursuant to Accounting Requirements.

"Equity Ratio" shall mean Equity divided by Total Assets.

"Event of Default" shall have the meaning as described in Article VI hereof.

"Federal Funds Effective Rate" means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by CFC from three Federal funds brokers of recognized standing selected by it.

"GAAP" shall mean generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board.

"Governmental Authority" shall mean the government of the United States of America, any other nation or government, any state or other political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Indenture" shall mean an indenture constituting a first Lien on the properties and assets of the Borrower described therein which shall replace the Third Restated Mortgage and Security Agreement, dated of August 1, 2001, by and among the Borrower and the mortgages identified therein, as the same has been supplemented or amended from time to time.

"Initial Maturity Date", shall mean the date that is two (2) years from the date of an Advance.

"Interest Election Request" means a request by the Borrower to convert or continue an Advance in accordance with Section 3.05, in the form of Exhibit B hereto.

"Interest Period" means, for any LIBO Advance, the period commencing on the date of such Advance and ending on the numerically corresponding day in the calendar month that is 1, 2, 3 or 6 months thereafter, as specified in the applicable Advance Request or Interest Election Request; provided, that (i) if any Interest Period would end on a day other than a Business Day, then such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, and (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of an Advance initially shall be the date on which such Advance is made and thereafter shall be the effective date of the most recent conversion or continuation of such Advance.

"LC Exposure" means, at any time, the sum of (i) the aggregate undrawn amount of all outstanding Letters of Credit at such time plus (ii) the aggregate amount of all Draws that have not yet been reimbursed by or on behalf of the Borrower (pursuant to Section 3.06.H) at such time.

"Letter of Credit" means an irrevocable letter of credit issued by CFC pursuant to Section 3.06 hereof.

"Letter of Credit Commitment Amount" shall have the meaning as defined in Schedule 1 hereto.

"LIBO", when used in reference to any Advance, refers to whether such Advance is bearing interest at a LIBO Rate.

"LIBO Rate" means, for the Interest Period for any LIBO Advance, the rate appearing on Page 3750 of the Telerate Service (or on any successor or substitute page of such Service, or if the Telerate Service ceases to be available, any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by CFC from time to time for purposes of providing quotations of interest rates applicable to U.S. Dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for the offering of U.S. Dollar deposits with a maturity comparable to such Interest Period rounded to three decimal places.

"Lien" shall mean any statutory or common law consensual or non-consensual mortgage, pledge, security interest, encumbrance, lien, right of set off, claim or charge of any kind, including, without limitation, any conditional sale or other title retention transaction, any lease transaction in the nature thereof and any secured transaction under the Uniform Commercial Code.

"Line of Credit" shall mean the line of credit extended by CFC to the Borrower, pursuant to this Agreement, in an aggregate principal amount outstanding at any time not to exceed the CFC Commitment.

"Loan Documents" shall mean this Agreement and all other documents or instruments executed, delivered or executed and delivered by the Borrower and evidencing, securing, governing or otherwise pertaining to the Line of Credit.

"Margins For Interest Ratio" shall mean [TO BE DEFINED AS IN THE INDENTURE]

"Maturity Date" shall mean the date set forth in Schedule 1 hereto.

"Obligations" shall mean any and all liabilities, obligations or indebtedness owing by the Borrower to CFC, of any kind or description, irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising.

"Payment Date" shall mean the last day of March, June, September and December.

"Person" shall mean natural persons, cooperatives, corporations, limited liability companies, limited partnerships, general partnerships, limited liability partnerships, joint

ventures, associations, companies, trusts or other organizations, irrespective of whether they are legal entities, and Governmental Authorities.

"Prime Rate" means with respect to any Business Day, that bank prime rate published in the "Money Rates" column of the eastern edition of *The Wall Street Journal* on the publication day immediately preceding the day on which an adjustment in the interest rate hereof shall become effective. If *The Wall Street Journal* shall cease publishing the Prime Rate, the Prime Rate shall be determined by CFC by reference to another publication reporting bank prime rates in a similar manner.

"Total Assets" shall mean an amount constituting the total assets of the Borrower computed pursuant to Accounting Requirements.

"Type" when used in reference to any Advance, refers to whether the rate of interest on such Advance is determined by reference to the LIBO Rate or the ABR.

"Unused CFC Commitment" shall mean the CFC Commitment minus the sum of (a) LC Exposure and (b) the aggregate amount of all outstanding Advances.

Section 1.02 Classification of Advances. For purposes of this Agreement, Advances may be classified and referred to by Type (e.g., an "ABR Advance").

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.01 The Borrower represents and warrants to CFC that as of the date of this Agreement:

A. Good Standing. The Borrower is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, is duly qualified to do business and is in good standing in those states in which it is required to be qualified to conduct its business.

B. Authority; Validity. The Borrower has the power and authority to enter into this Agreement; to make the borrowing hereunder; to execute and deliver all documents and instruments required hereunder and to incur and perform the obligations provided for herein, all of which have been duly authorized by all necessary and proper action; and no consent or approval of any Person, including, as applicable and without limitation, members of the Borrower, which has not been obtained is required as a condition to the validity or enforceability hereof or thereof.

This Agreement is, and when fully executed and delivered will be, legal, valid and binding upon the Borrower and enforceable against the Borrower in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity.

C. No Conflicting Agreements. The execution and delivery of the Loan Documents and performance by the Borrower of the obligations thereunder, and the transactions contemplated hereby or thereby, will not: (i) violate any provision of law, any order,

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rule or regulation of any court or other agency of government, any award of any arbitrator, the articles of incorporation or by-laws of the Borrower, or any indenture, contract, agreement, mortgage, deed of trust or other instrument to which the Borrower is a party or by which it or any of its property is bound; or (ii) be in conflict with, result in a breach of or constitute (with due notice and/or lapse of time) a default under, any such award, indenture, contract, agreement, mortgage, deed of trust or other instrument, or result in the creation or imposition of any Lien upon any of the property or assets of the Borrower.

The Borrower is not in default in any material respect under any agreement or instrument to which it is a party or by which it is bound and no event or condition exists which constitutes a default, or with the giving of notice or lapse of time, or both, would constitute a default under any such agreement or instrument.

D. Taxes. The Borrower has filed or caused to be filed all federal, state and local tax returns which are required to be filed and has paid or caused to be paid all federal, state and local taxes, assessments, and governmental charges and levies thereon, including interest and penalties to the extent that such taxes, assessments, and governmental charges and levies have become due, except for such taxes, assessments, and governmental charges and levies which the Borrower is contesting in good faith by appropriate proceedings for which adequate reserves have been set aside.

E. Licenses and Permits. The Borrower has duly obtained and now holds all licenses, permits, certifications, approvals and the like necessary to own and operate its property and business that are required by Governmental Authorities and each remains valid and in full force and effect.

F. Litigation. Except for those matters set forth in Schedule ____, there are no outstanding judgments, suits, claims, actions or proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any of its properties which either individually or collectively, is reasonably expected to have a material adverse effect upon the business, operations, prospects, assets, liabilities or financial condition of the Borrower. The Borrower is not, to the Borrower's knowledge, in default or violation with respect to any judgment, order, writ, injunction, decree, rule or regulation of any Governmental Authority which would have a material adverse effect upon the business, operations, prospects, assets, liabilities or financial condition of the Borrower.

G. Financial Statements. The balance sheet of the Borrower as at the date identified in Schedule 1 hereto, the statement of operations of the Borrower for the period ending on said date, and the interim financial statements of the Borrower, all heretofore furnished to CFC, are complete and correct. Said balance sheet fairly presents the financial condition of the Borrower as at said date and said statement of operations fairly reflects its operations for the period ending on said date. The Borrower has no contingent obligations or extraordinary forward or long-term commitments except as specifically stated in said balance sheet, in the Confidential Information Memorandum dated January 2008 or herein. There has been no material adverse change in the business, assets, liabilities (actual or contingent), operations, condition (financial or otherwise) of the Borrower and its subsidiaries taken as a whole from that set forth in said financial statements except changes disclosed in writing to CFC prior to the date hereof.

H. Required Approvals. No license, consent or approval of any Governmental Authority is required to enable the Borrower to enter into this Agreement, or to perform any of its Obligations provided for herein, including without limitation (and if applicable), that of any state public utilities commission, any state public service commission, and the Federal Energy Regulatory Commission, except as disclosed in Schedule 1 hereto, all of which Borrower has obtained prior to the date hereof.

I. Compliance With Laws. The Borrower is in compliance, in all material respects, with all applicable requirements of law and all applicable rules and regulations of each Governmental Authority.

J. Disclosure. To the Borrower's knowledge, information and belief, neither this Agreement nor any document, certificate or financial statement furnished to CFC by or on behalf of the Borrower in connection herewith (all such documents, certificates and financial statements, taken as a whole) contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements contained herein and therein not misleading.

K. Wholesale Power Contracts. The Borrower's wholesale power contracts with its members in effect as of the date hereof are valid and in full force. Neither the Borrower nor any of such members are in default of any material obligation under such wholesale power contract as of the date hereof.

ARTICLE III

CREDIT TERMS

Section 3.01 CFC Commitment; Term. Subject to the terms and conditions hereof, CFC agrees to make Advances on the Line of Credit and issue Letters of Credit, from time to time, until the Maturity Date, *provided, however,* that (a) the aggregate amount of all outstanding Advances on the Line of Credit, plus (b) the LC Exposure, shall not exceed the CFC Commitment.

Section 3.02 Revolving Credit. The Borrower may borrow, repay and reborrow funds at any time or from time to time.

Section 3.03 Requests for Advances. To request any Advance other than an Advance made pursuant to Section 3.06.H., the Borrower shall notify CFC of such request in writing by delivery of an Advance Request (i) in the case of a LIBO Advance, not later than 11:00 a.m., local time at CFC's offices in Herndon, Virginia, two Business Days before the date of the proposed Advance or (ii) in the case of a ABR Advance, not later than 12:00 noon, local time at CFC's offices in Herndon, Virginia on the Business Day prior to the Business Day of the proposed Advance. Each Advance Request shall be in the form of Exhibit B hereto and contain the information required therein including, in the case of a LIBO Advance, election of a permitted Interest Period.

Section 3.04 Limitations on Interest Periods. Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request (or to elect to convert to or continue as a LIBO Advance) any Advance if the Interest Period requested therefor would end after the Maturity Date.

Section 3.05 Interest Elections.

A. Elections by the Borrower for Advances. Each Advance initially shall be of the Type specified in the applicable Advance Request and, in the case of a LIBO Advance, shall have the Interest Period specified in such Advance Request. Thereafter, the Borrower may elect to convert such Advance to an Advance of a different Type or to continue such Advance as an Advance of the same Type and, in the case of a LIBO Advance, may elect the Interest Period therefor, all as provided in this Section.

B. Notice of Elections. To make an election pursuant to this Section, the Borrower shall notify CFC of such election in writing by the time that an Advance Request would be required under Section 3.03 if the Borrower were requesting an Advance of the Type resulting from such election to be made on the effective date of such election. Each Interest Election Request shall be in the form of Exhibit B hereto and contain the information required therein which, if the resulting Advance is a LIBO Advance, shall include the Interest Period therefor after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period" and permitted under Section 3.04.

C. Failure to Elect. If the Borrower fails to deliver a timely and complete Interest Election Request with respect to a LIBO Advance prior to the end of the Interest Period therefor, then, unless such Advance is repaid as provided herein, at the end of such Interest Period such Advance shall be converted to an ABR Advance.

D. Events of Default. Subject to Section 3.10 and notwithstanding any other contrary provision hereof, if an Event of Default has occurred, then for so long as such Event of Default is continuing, (i) no Advance may be converted to, or continued as, a LIBO Advance, and (ii) unless repaid, each LIBO Advance shall automatically be converted to an ABR Advance at the end of the Interest Period therefor, *provided, however*, that if such Event of Default has occurred under Section 6.01.B hereof, then the conversion referred to clause (ii) above shall occur at the end of the Interest Period therefor, or on the day prior to the date upon which the Default Rate begins to accrue, whichever is earlier.

Section 3.06 Letters of Credit.

A. Issuance. In addition to Advances made under the Line of Credit, the Borrower may request and CFC shall issue, from time to time, up to, but not including, the Maturity Date, Letters of Credit to such beneficiary or beneficiaries as may be requested by Borrower from time to time under the terms and conditions of this Agreement, *provided, however*, that the aggregate amount of all Letters of Credit outstanding shall not exceed the Letter of Credit Commitment Amount.

Each such request shall be in writing and substantially in the form of Exhibit C hereto and shall be delivered to CFC no fewer than two (2) Business Days prior to the requested date of issuance. Each Letter of Credit shall be substantially in the form of Exhibit D hereto, or in such other form as shall be mutually acceptable to Borrower and CFC, and shall reflect the amount available for draw thereunder.

B. Expiration Dates; Designation. With respect to each Letter of Credit issued hereunder:

(i) Designation. The first Letter of Credit issued hereunder shall bear CFC designation KY062-H-5102-001, and each subsequent Letter of Credit issued hereunder shall be numbered consecutively thereafter.

(ii) Expiration. Each Letter of Credit shall expire at or prior to the close of business on the Maturity Date.

C. Draws. On any day that CFC is open for business, CFC will honor drafts presented by a beneficiary for a Draw on an unexpired Letter of Credit under the terms and conditions specified in such Letter of Credit, provided that (i) each Draw request is accompanied by the documentation specified in a Letter of Credit, the authenticity, form and substance of which shall be satisfactory to CFC; and (ii) no Draw request will be honored after CFC's close of business on the Letter of Credit Expiration Date set forth in the respective Letter of Credit.

D. Irrevocable Instruction. Borrower hereby irrevocably instructs CFC to honor drafts presented by a beneficiary for a Draw on an unexpired Letter of Credit under the terms and conditions specified in such Letter of Credit. It is expressly agreed that CFC may honor such drafts without requiring any documentation or information other than as expressly stated in such Letter of Credit, and without regard to any contrary instructions Borrower may hereafter give to CFC.

E. Draws by Legal Representatives. Borrower agrees that CFC shall have no liability to the Borrower or to any other person for honoring drafts presented in accordance with the terms hereof and contained in a Letter of Credit which may be presented by the administrator, trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other legal representative of the beneficiary.

F. No Liability. CFC shall have no liability for, and the Borrower's repayment and other obligations hereunder shall not be affected by (i) the use which may be made of the funds drawn under a Letter of Credit or for the acts or omissions of the beneficiary or any other person, (ii) the validity, accuracy, sufficiency or genuineness of drafts, required statements or documents, even if such drafts, statements or documents should in fact prove to be in any or all respects invalid, inaccurate, insufficient, fraudulent or forged, (iii) errors, omissions, interruptions or delays in transmission or delivery of any message by mail, telephone, facsimile or otherwise, or (iv) any consequences arising from causes beyond CFC's control.

G. Extensions and Modifications. This Agreement shall be binding upon the Borrower with respect to any replacement, extension or modification of any Letter of Credit or waiver of discrepancies authorized by the Borrower. Except as may be provided in a Letter of Credit or otherwise specifically agreed to in writing by CFC in its sole discretion, CFC shall have no duty to (a) extend the expiration date of a Letter of Credit, (b) issue a replacement letter of credit on or before the expiration date of a Letter of Credit or the end of such term, (c) issue or refrain from issuing notice of its election not to renew or extend a Letter of Credit, (d) issue or refrain from issuing any notice, if a Letter of Credit permits it to do so, of its election to terminate or cancel the Letter of Credit prior to its stated expiration date, (e) issue or refrain from issuing any notice of its election to refuse to reinstate the amount of any drawing under a Letter of Credit or (f) otherwise amend or modify a Letter of Credit.

H. Automatic Advances; Repayment. Upon payment by CFC of a Draw on a

Letter of Credit, Borrower hereby authorizes and instructs CFC to make an Advance on the Line of Credit in an amount equal to such Draw, which shall be deemed a reimbursement of such Draw. Borrower agrees that this authorization is irrevocable until such time as Borrower's obligations under this Agreement have been paid in full. Borrower further agrees that CFC shall not incur any liability to Borrower as a result of such action, except in cases of gross negligence or willful misconduct by CFC.

I. Reinstatement.

(i) The face amount of any expired, returned, cancelled, or otherwise terminated Letter of Credit shall be available, under the terms of this Agreement and within the limits of the Letter of Credit Commitment Amount, for issuance of additional Letters of Credit.

(ii) The amount of any Draw reimbursed pursuant to Section 3.06.H shall be available, under the terms of this Agreement and within the limits of the Letter of Credit Commitment Amount, for issuance of additional Letters of Credit.

Section 3.07 RESERVED.

Section 3.08 Repayment of Advances. The Borrower unconditionally promises and agrees to pay, as and when due, interest on each Advance hereunder as provided in Section 3.08 hereof, from the date thereof and to repay the outstanding principal amount of the Advances and all other amounts then outstanding on the Maturity Date.

A. Manner of Payment. All amounts shall be payable at CFC's main office at 2201 Cooperative Way, Herndon, Virginia 20171-3025 or at such other location as designated by CFC from time to time.

B. Application of Payments. Each payment shall be applied first to any fees, costs, expenses or charges other than interest or principal then due on the Borrower's indebtedness to CFC, second to interest accrued on the Advance or Advances selected to be paid and the balance to principal on such Advance or Advances. If the Borrower fails to make a timely selection of the Advance or Advances to be paid, such payment shall be applied, first, to pay any outstanding ABR Advances and, second, to other Advances in the order of the remaining duration of their respective Interest Periods (the Advance with the shortest remaining Interest Period to be repaid first).

Section 3.09 Interest.

A. ABR Advances. Each ABR Advance shall bear interest at a rate per annum equal to the Alternate Base Rate.

B. LIBO Advances. Each LIBO Advance shall bear interest at a rate per annum equal to the LIBO Rate for the Interest Period for such Advance plus the Applicable Margin.

C. Payment of Interest. Accrued interest on each Advance shall be payable in arrears on each Payment Date and on the Maturity Date; provided that (i) interest accrued pursuant to Section 3.10 shall be payable on demand, (ii) in the event of any repayment or prepayment of any Advance (other than a prepayment of an ABR Advance prior to the Maturity Date), accrued interest on the principal amount repaid or prepaid shall be payable on the date of

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such repayment or prepayment and (iii) in the event of any conversion of any LIBO Advance prior to the end of the Interest Period therefor, accrued interest on such Advance shall be payable on the effective date of such conversion.

D. Computation. All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable ABR or LIBO Rate shall be determined by CFC, and such determination shall be conclusive absent manifest error. No provision of this Agreement shall require the payment, or permit the collection, of interest in excess of the highest rate permitted by applicable law.

Section 3.10 Default Rate. If Borrower defaults on its obligation to make a payment due hereunder by the applicable Payment Date, and such default continues for thirty days thereafter, then beginning on the thirty-first day after the Payment Date and for so long as such default continues, Advances shall bear interest at the Default Rate.

Section 3.11 Optional Prepayment. The Borrower shall have the right at any time and from time to time to prepay any Advance in whole or in part, subject to the requirements of this Agreement including Section 3.15. Prior to any prepayment of any Advance hereunder, the Borrower shall select the Advance or Advances to be paid and shall notify CFC by telephone (confirmed by telecopy) of such selection not later than 11:00 a.m., local time at CFC's offices in Herndon, Virginia, one Business Day before the scheduled date of such prepayment. Each such notice shall be irrevocable and shall specify the prepayment date, the principal amount of each Advance or portion thereof to be prepaid. Prepayments shall be accompanied by accrued interest to the extent required by Section 3.09 and shall be made and applied in the manner specified in Section 3.08.

Section 3.12 Mandatory Prepayment. If there is a change in the Borrower's corporate structure (including without limitation by merger, consolidation, conversion or acquisition), then upon the effective date of such change (the "Change Date"), (a) except for Advances made to repay a Draw on a Letter of Credit pursuant to Section 3.06.H, the Borrower shall no longer have the ability to request, and CFC shall have no obligation to make, Advances hereunder, (b) the Borrower shall no longer have the ability to request, and CFC shall have no obligation to issue, a Letter of Credit hereunder, and (c) the Borrower shall prepay the outstanding principal balance of all Obligations (excluding Obligations represented by undrawn amounts under outstanding Letters of Credit), together with any accrued but unpaid interest thereon, any unpaid costs or expenses provided for herein, and a prepayment premium prescribed by CFC pursuant to its policies of general application in effect from time to time.

Any Letter of Credit outstanding on the Change Date shall remain outstanding and subject to the terms and conditions hereof until its stated expiry date unless cancelled or returned by the Beneficiary thereof prior to such expiry date. Any Draw on such Letter of Credit shall be reimbursed by an automatic Advance made pursuant to Section 3.06.H. The Borrower shall repay the outstanding principal balance of such automatic Advance, together with any accrued but unpaid interest thereon and any unpaid costs or expenses provided for herein within five (5) Business Days of CFC's payment of the Draw.

Upon the prepayment of all amounts outstanding hereunder, and the termination and/or expiration of all Letters of Credit outstanding hereunder pursuant to this Section 3.12, this Agreement shall automatically terminate without further action by either Borrower or CFC.

Notwithstanding anything to the contrary in this Section 3.12, Borrower shall retain the ability to request Advances and the issuance of Letters of Credit, CFC shall retain the obligation to make Advances and issue Letters of Credit, and no prepayment shall be required under this Section 3.12 if, on and after the Change Date, Borrower, or its successor in interest, is engaged in the furnishing of electric utility services to its members and is organized as a cooperative, nonprofit corporation, public utility district, municipality, or other public governmental body.

Section 3.13 Optional Commitment Reduction. The Borrower may at any time terminate, or from time to time reduce, the CFC Commitment; provided that (i) each reduction of the CFC Commitment pursuant to this Section shall be in an amount that is \$5,000,000 or a larger multiple of \$1,000,000 and (ii) the Borrower shall not terminate or reduce the Commitments if, after giving effect to any such reduction, the amount of Advances plus LC Exposure would exceed the CFC Commitment.

The Borrower shall notify CFC of any election to terminate or reduce the Commitments under this Section at least ten Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable.

Section 3.14 Fees.

A. Upfront Fee. The Borrower shall pay to CFC a fee in the amount of ~~PRIVILEGED TEXT REDACTED~~ to be paid upon execution and delivery of this Agreement to CFC. Such fee shall be due and payable regardless of whether Borrower borrows or requests the issuance of any Letters of Credit under this Agreement.

B. Administrative Fee. The Borrower shall pay to CFC a fee in the amount of ~~PRIVILEGED TEXT REDACTED~~ per annum, payable annually in advance to CFC on the Effective Date and on each anniversary date thereof through the Maturity Date, or at termination, whichever occurs earlier. This fee is nonrefundable and shall not be pro-rated or reduced in the event that Advances are prepaid or the amount of the CFC Commitment is reduced.

C. Commitment Fee. The Borrower shall pay to CFC a fee, which shall accrue at a rate per annum calculated by multiplying the average daily amount of the Unused CFC Commitment by the Applicable Margin (the "Commitment Fee"). The Commitment Fee shall be paid during the period from and including the date hereof through the Maturity Date, or at termination, whichever occurs earlier. The Borrower shall pay installments of the Commitment Fee quarterly in arrears on each of the four Payment Dates.

D. Letter of Credit Fee. The Borrower shall pay to CFC a non refundable fee, at the rate of 12.5 basis points per annum plus the Applicable Margin on the average daily amount of the LC Exposure during the period from and including the Effective Date to but excluding the later of the date of termination of the Commitments and the date on which there ceases to be any LC Exposure (the "Letter or Credit Fee"). Borrower shall pay installments of such Letter of Credit Fee quarterly in arrears on each of the four Payment Dates.

In addition to the above Letter of Credit Fee, Borrower shall pay such additional fees as may be imposed by a confirming bank or other financial institution in the event that a Letter of Credit issued hereunder is confirmed by such other bank or financial institution at the request of the Borrower or the beneficiary of such Letter of Credit.

Section 3.15 Break Funding Payments.

In the event of (a) the payment of any principal of any LIBO Advance other than on the last day of an Interest Period therefor (including, without limitation, a payment made to comply with the requirements of Section 3.12 or as a result of an Event of Default), (b) the conversion of any LIBO Advance other than on the last day of an Interest Period therefore (including a conversion pursuant to Section 3.05.D hereof), or (c) the failure to borrow, convert, continue or prepay any LIBO Advance on the date specified in any notice delivered pursuant hereto, then, in any such event, the Borrower shall compensate CFC for the loss, cost and expense attributable to such event.

CFC's determination of the amount due from the Borrower under this Section shall be conclusive. The Borrower shall pay CFC the amount that CFC is entitled to receive pursuant to this Section within 10 days after receipt of an invoice relating thereto.

Section 3.15. Patronage Capital. No patronage capital shall be earned on any LIBO Advances.

ARTICLE IV

CONDITIONS OF LENDING

Section 4.01 Conditions Precedent to Closing. The obligation of CFC to make Advances or to issue Letters of Credit hereunder shall not become effective until the date on which the following conditions precedent have been satisfied,:

A. Legal Matters. All legal matters incident to the consummation of the transactions hereby contemplated shall be satisfactory to counsel for CFC.

B. Documents. CFC shall have been furnished with (i) the executed Loan Documents, (ii) certified copies of all such organizational documents and proceedings of the Borrower authorizing the transactions hereby contemplated as CFC shall require, (iii) an opinion of counsel for the Borrower addressing such legal matters as CFC shall reasonably require, and (iv) all other such documents as CFC may reasonably request.

C. Government Approvals. The Borrower shall have furnished to CFC true and correct copies of all certificates, authorizations, consents, permits and licenses from Governmental Authorities necessary for the execution or delivery of the Loan Documents or performance by the Borrower of the obligations thereunder.

D. Unwind of Lease. The Borrower shall have consummated the termination of its lease, power purchase agreement and other arrangements with subsidiaries of E.ON U.S. LLC (formerly LG&E Energy LLC) under economic terms that are consistent with the financial model filed by the Borrower with the Kentucky Public Service Commission attached as Exhibit E hereto or that are otherwise satisfactory to CFC.

E. Credit Ratings. The Borrower shall have received a senior secured debt rating of BBB or better or an issuer credit rating of BBB- or better from one (1) or more of the three nationally recognized ratings agencies.

F. Indenture. The Borrower shall have entered into the Indenture.

Section 4.02

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ARTICLE V

COVENANTS

Section 5.01 The Borrower covenants and agrees with CFC that until payment in full of the Line of Credit and performance of all obligations of the Borrower hereunder:

A. Use of Proceeds. The Borrower shall use the proceeds of this Line of Credit solely for the purposes identified on Schedule 1 hereto.

B. Notice. The Borrower shall promptly notify CFC in writing of:

- (i) any material adverse change in the business, operations, prospects, assets, liabilities or financial condition of the Borrower or its subsidiaries;
- (ii) the institution or threat of any litigation or administrative proceeding of any nature involving the Borrower or any subsidiary which could materially affect the business, operations, prospects, assets, liabilities or financial condition of the Borrower or any subsidiary;
- (iii) the occurrence of an Event of Default hereunder, or any event that, with the giving of notice or lapse of time, or both, would constitute an Event of Default.

C. Default Notices. Upon receipt of any notices with respect to a default by the Borrower or any subsidiary under the terms of any evidence of any indebtedness with parties other than CFC or of any loan agreement, mortgage or other agreement relating thereto, the Borrower shall, and shall cause each subsidiary to, deliver copies of such notice to CFC.

D. Financial Books; Financial Reports; Right of Inspection. The Borrower will at all times keep, and safely preserve, proper books, records and accounts in which full and true entries will be made of all of the dealings, business and affairs of the Borrower, in accordance with GAAP. The Borrower will cause to be prepared and furnished to CFC within one hundred twenty (120) days of the end of each of the Borrower's fiscal years during the term hereof, a full and complete consolidated and consolidating report of its financial condition and of its operations as of the end of such fiscal year, audited and certified by independent certified public accountants nationally recognized or otherwise satisfactory to CFC and accompanied by a report of such audit in form and substance satisfactory to CFC, including without limitation a consolidated and consolidating balance sheet and the related consolidated and consolidating statements of income and cash flow. CFC, through its representatives, shall at all times during reasonable business hours and upon prior notice have access to, and the right to inspect and make copies of, any or all books, records and accounts, and any or all invoices, contracts, leases, payrolls, canceled checks, statements and other documents and papers of every kind belonging to or in the possession of the Borrower or in anyway pertaining to its property or business.

E. Compliance With Laws. The Borrower and each subsidiary shall remain in compliance, in all material respects, with all applicable requirements of law and applicable rules and regulations of each Governmental Authority.

F. Taxes. The Borrower shall pay, or cause to be paid all taxes, assessments or governmental charges lawfully levied or imposed on or against it and its properties prior to the time they become delinquent, except for any taxes, assessments or charges that are being contested in good faith and with respect to which adequate reserves as determined in good faith by Borrower have been established and are being maintained.

G. Financial Ratios. The Borrower agrees that it will operate and manage its business to achieve and maintain a Margins For Interest Ratio of no less than 1.1 and an Equity Ratio of no less than 12%.

H. Annual Certificate. Within one hundred twenty (120) days after the close of each calendar year the Borrower will deliver to CFC a written statement, in form and substance satisfactory to CFC, signed by the Borrower's General Manager or Chief Executive Officer, stating that during such year, and that to the best of said person's knowledge, the Borrower has fulfilled all of its obligations under this Agreement and the Indenture throughout such year or, if there has been a default in the fulfillment of any such obligations, specifying each such default known to said person and the nature and status thereof.

ARTICLE VI

EVENTS OF DEFAULT

Section 6.01 The following shall be "Events of Default" under this Agreement:

A. Representations and Warranties. Any representation or warranty made by the Borrower herein, or in any of the other Loan Documents, or in any certificate or financial statement furnished to CFC hereunder or under any of the other Loan Documents shall prove to be false or misleading in any material respect.

B. Payment. The Borrower shall fail to pay (whether upon stated maturity, by acceleration, or otherwise) any principal, interest, premium (if any) or other amount payable under the Line of Credit within five (5) Business Days after the due date thereof.

C. Other Covenants.

(i)

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(ii) **Thirty Day Grace Period.** Failure of the Borrower to observe or perform any other covenant or agreement contained in this Agreement or any of the other Loan Documents, which shall remain unremedied for thirty (30) calendar days after written notice thereof shall have been given to the Borrower by CFC.

D. Legal Existence, Permits and Licenses. The Borrower shall forfeit or otherwise be deprived of (i) its authority to conduct business in the jurisdiction in which it is organized or in any other jurisdiction where such authority is required in order for the Borrower to conduct its business in such jurisdiction or (ii) permits, easements, consents or licenses required to carry on any material portion of its business.

E. Other CFC Obligations. The Borrower shall be in breach or default of any Obligation, which breach or default continues uncured beyond the expiration of any applicable grace period.

F. Other Obligations. The Borrower shall (i) fail to make any payment of any principal, premium or any other amount due or interest on any indebtedness having a principal amount in excess of \$10,000.00 with parties other than CFC which shall remain unpaid beyond the expiration of any applicable grace period, or (ii) be in breach or default with respect to any other term of any evidence of any other indebtedness with parties other than CFC having a principal amount in excess of \$10,000,000.00, or of any loan agreement, mortgage or other agreement relating thereto which breach or default continues uncured beyond the expiration of any applicable grace period, if the effect of such failure, default or breach is to cause the holder or holders of that indebtedness to cause that indebtedness to become or be declared due prior to its stated maturity (upon the giving or receiving of notice, lapse of time, both or otherwise).

G. Involuntary Bankruptcy. An involuntary case or other proceeding shall be commenced against the Borrower seeking liquidation, reorganization or other relief with respect to it or its debts under bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property and such involuntary case or other proceeding shall continue without dismissal or stay for a period of sixty (60) days; or an order for relief shall be entered against the Borrower under the federal bankruptcy laws or applicable state law as now or hereafter in effect.

H. Insolvency. The Borrower shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to, or be generally unable to, pay its debts as they become due, or shall take any action to authorize any of the foregoing.

I. Dissolution or Liquidation. Other than as provided in subsection H. above, the dissolution or liquidation of the Borrower, or failure by the Borrower promptly to forestall or remove any execution, garnishment or attachment of such consequence as will impair its ability to continue its business or fulfill its obligations and such execution, garnishment or attachment shall not be vacated within sixty (60) days.

J. Monetary Judgment. The Borrower shall suffer any money judgment not covered by insurance, writ or warrant of attachment or similar process involving an amount in excess of \$1,000,000 and shall not discharge, vacate, bond or stay the same within a period of sixty (60) days.

K. Nonmonetary Judgment. One or more nonmonetary judgments or orders (including, without limitation, injunctions, writs or warrants of attachment, garnishment, execution, distraint, replevin or similar process) shall be rendered against the Borrower that, either individually or in the aggregate, could reasonably be expected to have a material adverse effect upon the business, operations, prospects, assets, liabilities or financial condition of the Borrower which are not discharged, vacated, bonded or stayed within a period of sixty (60) days.

L. Invalidity. This Agreement shall at any time for any reason cease to be valid and binding or in full force and effect (other than upon expiration in accordance with the terms thereof), or performance of any material obligation thereunder shall become unlawful, or the Borrower shall so assert in writing or contest the validity or enforceability thereof.

M. Wholesale Power Contracts.

- (i) Any one or more members of the Borrower shall default in the performance of any payment obligations under its or their wholesale power contracts with the Borrower where the aggregate principal amount of such default or defaults exceeds \$10,000,000.
- (ii) Any one or more members of the Borrower shall contest the validity or enforceability of its or their wholesale power contracts with the Borrower by filing any official judicial or regulatory filing seeking as a remedy the declaration of the unenforceability or the material modification of its or their wholesale power contracts

- (iii) One or more of the Borrower's wholesale power contract with its distribution cooperative members which, individually or in the aggregate, represent more than 10% of Borrowers' total gross revenue shall for any reason be terminated.

ARTICLE VII

REMEDIES

Section 7.01 If any of the Events of Default listed in Section 6 hereof shall occur after the date of this Agreement and shall not have been remedied within the applicable grace periods specified therein, then CFC may:

- (a) Cease making Advances hereunder other than Advances made pursuant to Section 3.10 hereof;
- (b) Terminate the Line of Credit;
- (c) Cease issuing Letters of Credit hereunder;
- (d) Declare all unpaid principal outstanding on the Line of Credit, all accrued and unpaid interest thereon, and all other Obligations to be immediately due and payable and the same shall thereupon become immediately due and payable without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived;
- (e) Exercise rights of setoff or recoupment and apply any and all amounts held, or hereby held, by CFC or owed to the Borrower or for the credit or account of the Borrower against any and all of the Obligations of the Borrower now or hereafter existing hereunder or under the Line of Credit, including, but not limited to, patronage capital allocations and retirements, money due to Borrower from equity certificates purchased from CFC, and any membership or other fees that would otherwise be returned to Borrower. The rights of CFC under this section are in addition to any other rights and remedies (including other rights of setoff or recoupment) which CFC may have. The Borrower waives all rights of setoff, deduction, recoupment or counterclaim;
- (f) Pursue all rights and remedies available to CFC, including, but not limited to, a suit for specific performance, injunctive relief or

Nothing herein shall limit the right of CFC to pursue all rights and remedies available to a creditor following the occurrence of an Event of Default. Each right, power and remedy of CFC shall be cumulative and concurrent, and recourse to one or more rights or remedies shall not constitute a waiver of any other right, power or remedy.

ARTICLE VIII

MISCELLANEOUS

Section 8.01 Notices. All notices, requests and other communications provided for herein including, without limitation, any modifications of, or waivers, requests or consents

under, this Agreement shall be given or made in writing (including, without limitation, by telecopy) and delivered to the intended recipient at the "Address for Notices" specified below; or, as to any party, at such other address as shall be designated by such party in a notice to each other party. All such communications shall be deemed to have been duly given (a) when personally delivered including, without limitation, by overnight mail or courier service, (b) in the case of notice by United States mail, certified or registered, postage prepaid, return receipt requested, upon receipt thereof, or (c) in the case of notice by telecopy, upon transmission thereof, provided such transmission is promptly confirmed by either of the methods set forth in clauses (a) or (b) above in each case given or addressed as provided for herein. The Address for Notices of each of the respective parties is as follows:

National Rural Utilities Cooperative Finance
Corporation
2201 Cooperative Way
Herndon, Virginia 20171-3025
Attention: Senior Vice President – Member Services
Fax # 703-709-6776

The Borrower:

The address set forth in
Schedule 1 hereto

Section 8.02 Expenses. Borrower shall reimburse CFC for any reasonable costs and out-of-pocket expenses paid or incurred by CFC (including, without limitation, reasonable fees and expenses of outside attorneys, paralegals and consultants) for all actions CFC takes, (a) to enforce the payment of any Obligation or in preparation for such enforcement, (b) to restructure any of the Obligations, (c) to review, approve or grant any consents or waivers hereunder, (d) to prepare, negotiate, execute, deliver, review, amend or modify this Agreement, and (e) to prepare, negotiate, execute, deliver, review, amend or modify any other agreements, documents and instruments deemed necessary or appropriate by CFC in connection with any of the foregoing.

The amount of all such expenses identified in this Section 8.02 shall be payable upon demand, and if not paid, shall accrue interest at the Default Rate.

Section 8.03 Late Payments. If payment of any amount due hereunder is not received at CFC's office in Herndon, Virginia or such other location as CFC may designate to the Borrower, within five (5) Business Days after the due date thereof, the Borrower will pay to CFC, in addition to all other amounts due under the terms of the Loan Documents, any late payment charge as may be fixed by CFC from time to time pursuant to its policies of general application as in effect from time to time.

Section 8.04. Non-Business Day Payments. If any payment to be made by the Borrower hereunder shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in computing any interest in respect of such payment.

Section 8.05 Filing Fees. To the extent permitted by law, the Borrower agrees to pay all expenses of CFC (including the reasonable fees and expenses of its counsel) in connection

with the filing, registration, recordation or perfection of any instruments as may be required by CFC in connection with this Agreement, including, without limitation, all documentary stamps, recordation and transfer taxes and other costs and taxes incident to execution, filing, registration, recordation or perfection of any document or instrument in connection herewith. The Borrower agrees to save harmless and indemnify CFC from and against any liability resulting from the failure to pay any required documentary stamps, recordation and transfer taxes, recording costs, or any other expenses incurred by CFC in connection with this Agreement. The provisions of this subsection shall survive the execution and delivery of this Agreement and the payment of all other amounts due hereunder.

Section 8.06 CFC Accounts. Borrower agrees that the records of, and all computations by, CFC (in whatever media they are recorded or maintained) as to the amount of principal, interest and fees due on the Line of Credit shall be conclusive in the absence of manifest error.

Section 8.07 Waiver; Modification. No failure on the part of CFC to exercise, and no delay in exercising, any right or power hereunder or under the other Loan Documents shall operate as a waiver thereof, nor shall any single or partial exercise by CFC of any right hereunder, or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power. No modification or waiver of any provision of this Agreement or the other Loan Documents and no consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be in writing by the party granting such modification, waiver or consent, and then such modification, waiver or consent shall be effective only in the specific instance and for the purpose for which given.

SECTION 8.08 GOVERNING LAW; SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL.

(A) THE PERFORMANCE AND CONSTRUCTION OF THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF VIRGINIA.

(B) THE BORROWER HEREBY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE UNITED STATES COURTS LOCATED IN VIRGINIA AND OF ANY STATE COURT SO LOCATED FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. THE BORROWER IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTIONS THAT IT MAY NOW OR HEREAFTER HAVE TO THE ESTABLISHING OF THE VENUE OF ANY SUCH PROCEEDINGS BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(C) THE BORROWER AND CFC EACH HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

SECTION 8.09 INDEMNIFICATION. THE BORROWER HEREBY INDEMNIFIES AND AGREES TO HOLD HARMLESS, AND DEFEND CFC AND ITS MEMBERS, DIRECTORS,

OFFICERS, EMPLOYEES, AGENTS, ATTORNEYS AND REPRESENTATIVES (EACH AN "INDEMNITEE") FOR, FROM, AND AGAINST ALL CLAIMS, DAMAGES, LOSSES, LIABILITIES, COSTS, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, COSTS AND EXPENSES OF LITIGATION AND REASONABLE ATTORNEYS' FEES) ARISING FROM ANY CLAIM OR DEMAND IN RESPECT OF THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS OR THE TRANSACTIONS DESCRIBED IN THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS AND ARISING AT ANY TIME, WHETHER BEFORE OR AFTER PAYMENT AND PERFORMANCE OF ALL OBLIGATIONS UNDER THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS IN FULL, EXCEPTING ANY SUCH MATTERS ARISING SOLELY FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF CFC OR ANY INDEMNITEE. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN SECTION 8.11 HEREOF, THE OBLIGATIONS IMPOSED UPON THE BORROWER BY THIS SECTION SHALL SURVIVE THE REPAYMENT OF THE LINE OF CREDIT AND THE TERMINATION OF THIS AGREEMENT.

Section 8.10 Complete Agreement. This Agreement, together with the schedules to this Agreement and the other Loan Documents, and the other agreements and matters referred to herein or by their terms referring hereto, is intended by the parties as a final expression of their agreement and is intended as a complete statement of the terms and conditions of their agreement. In the event of any conflict in the terms and provisions of this Agreement and any other Loan Documents, the terms and provisions of this Agreement shall control.

Section 8.11 Survival; Successors and Assigns. All covenants, agreements, representations and warranties of the Borrower which are contained in this Agreement shall survive the execution and delivery to CFC of the Loan Documents and the making of Advances hereunder and issuance of Letters of Credit and shall continue in full force and effect until all of the obligations under the Loan Documents have been paid in full. All covenants, agreements, representations and warranties of the Borrower which are contained in this Agreement shall inure to the benefit of the successors and assigns of CFC. The Borrower shall not have the right to assign its rights or obligations under this Agreement.

Section 8.12 Use of Terms. The use of the singular herein shall also refer to the plural, and vice versa.

Section 8.13 Headings. The headings and sub-headings contained in this Agreement are intended to be used for convenience only and do not constitute part of this Agreement.

Section 8.14 Severability. If any term, provision or condition, or any part thereof, of this Agreement or the other Loan Documents shall for any reason be found or held invalid or unenforceable by any governmental agency or court of competent jurisdiction, such invalidity or unenforceability shall not affect the remainder of such term, provision or condition nor any other term, provision or condition, and this Agreement and the other Loan Documents shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained therein.

Section 8.15 Binding Effect. This Agreement shall become effective when executed by both Borrower and CFC and thereafter shall be binding upon and inure to the benefit of Borrower and CFC and their respective successors and assigns.

Section 8.16 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original and all of which together will constitute one and the same document. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to physically form one document.

Section 8.17 Schedule 1. Schedules 1 and _____ and Exhibits A, B, C and D are attached hereto and are an integral part of this Agreement.

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

BIG RIVERS ELECTRIC CORPORATION

(SEAL)

By: _____

Title: _____

Attest: _____
Secretary

NATIONAL RURAL UTILITIES COOPERATIVE
FINANCE CORPORATION

(SEAL)

By: _____
Assistant Secretary-Treasurer

Attest: _____
Assistant Secretary-Treasurer

Loan Number: _____

Effective Date: _____ (to be filled in by CFC)

3-21-08 DRAFT

SCHEDULE 1

1. The purpose of this Line of Credit is to provide funds for the Borrower's capital expenditures, general corporate use and for the issuance of Letters of Credit, consistent with the Borrower's articles of incorporation, bylaws and applicable federal, state and local laws and regulations.
2. The aggregate CFC Commitment shall mean \$50,000,000.00.
3. The Letter of Credit Commitment Amount shall mean \$10,000,000.00.
4. Maturity Date shall mean the date sixty (60) months from the Effective Date.
5. The date of the Borrower's balance sheet referred to in Section 2.01.G. is December 31, 2007.
6. The Governmental Authority referred to in Section 2.01.H. is: Kentucky Public Service Commission
7. The address for notices to the Borrower referred to in Section 8.01 is PO Box 24, Henderson, KY 42419-0024, Attention: President/CEO, Fax: 270-827-2558 with a copy to James M. Miller, Sullivan, Mountjoy, Stainback & Miller, PSC, PO Box 727, Owensboro, KY 42302-0727.



National Rural Utilities
Cooperative Finance Corporation

2201 Cooperative Way
Herndon, Virginia 20171-3025
703-709-6700 | www.nrucfc.coop

A Trilliant Energy Company

[Form of Advance Request – EXHIBIT A]

Borrower Name: BIG RIVERS ELECTRIC CORPORATION

Facility Number: KY052-H-5102

Effective Date of Advance: _____

Advance Amount: _____

Interest Rate Elected:

LIBO Advance

ABR Advance

Interest Period if LIBO Advance is chosen:

1-month LIBO

2-month LIBO

3-month LIBO

6-month LIBO

Wiring Instructions:

Bank Name _____

City, State _____

ABA No _____

Account No _____

Credit Account Name _____

Additional Instructions _____

Certification

Acting on behalf of the Borrower, I hereby certify that as of the date below: (1) I am duly authorized to make this certification and to request funds on the terms specified herein; (2) the Borrower has met all of the conditions contained in the Credit Agreement governing the terms of this borrowing request that the Borrower is required to meet prior to an advance of funds; (3) all of the representations and warranties contained in the Credit Agreement are true and correct on and as of the date hereof and will be deemed to be true and correct on and as of the Effective Date of this Advance unless notice is otherwise given by the Borrower to CFC before the Effective Date, in each case, other than any such representations or warranties that, by their terms, refer to a specific date other than such Effective Date, in which case such representations and warranties are true, correct and complete as of such date; (4) no Default, as defined in the Credit Agreement, has occurred and is continuing; and (5) I know of no other event, or after giving effect to this borrowing request that would become an Event of Default. I hereby make this borrowing request and hereby acknowledge and agree that such terms shall be binding upon Borrower under the provisions of the Credit Agreement governing the this advance:

Certified By:

Signature _____ Date _____
PLEASE FAX TO _____

Title of Authorized Officer
ATTN: _____



National Rural Utilities
Cooperative Finance Corporation

2201 Cooperative Way
Herndon, Virginia 20171-3025
703-709-6700 | www.nrucfc.coop

A Equal Housing Lender

[Form of Interest Election Request – EXHIBIT B]

This form should only be used to continue or convert a rate on an existing advance

Borrower Name: BIG RIVERS ELECTRIC CORPORATION

Loan Number: KY062-H-5102

Original Effective Date of Advance: _____

Effective Date of Interest Election: _____

Amount of Advance*: _____

* If different options are being elected with respect to different portions of the original Advance, indicate also the portion of the original Advance to be allocated to this Interest Election Request.

Interest Rate Elected:

LIBO Advance

ABR Advance

Interest Period if LIBO Advance is chosen:

1-month LIBO

2-month LIBO

3-month LIBO

6-month LIBO

Certification

Acting on behalf of the Borrower, I hereby certify that as of the date below: (1) I am duly authorized to make this certification and to make the Interest Election Request specified herein; (2) the Borrower has met all of the conditions contained in the Credit Agreement governing the terms of this Interest Election Request that the Borrower is required to meet prior to such Interest Election Request; (3) all of the representations and warranties contained in the Credit Agreement are true and correct on and as of the date hereof and will be deemed to be true and correct on and as of the Effective Date of this Interest Election Request unless notice is otherwise given by the Borrower to CFC before the Effective Date, in each case, other than any such representations or warranties that, by their terms, refer to a specific date other than such Effective Date, in which case such representations and warranties are true, correct and complete as of such date; (4) no Default, as defined in the Credit Agreement, has occurred and is continuing; (5) I know of no other event which, after giving effect to this Interest Election Request, with the giving of notice or the lapse of time, would become an Event of Default; and (6) the terms hereof shall be binding upon Borrower under the provisions of the Credit Agreement.

Certified By:

Signature

Date

Title of Authorized Officer

PLEASE FAX TO _____

ATTN: _____

EXHIBIT C
FORM OF LETTER OF CREDIT REQUEST

National Rural Utilities Cooperative Finance Corporation
2201 Cooperative Way
Herndon, VA 20171-3025
Attn: Nazir Rostom

Re: National Rural Utilities Cooperative Finance Corporation ("CFC")
Letter of Credit Facility No. KY062-H-5102

Big Rivers Electric Corporation hereby requests CFC to issue a letter of credit under the above-referenced facility with the following terms:

Beneficiary Name and Address:

Letter of Credit Amount:

Letter of Credit Effective Date:

Expiry Date:

Conditions of Draw:

Please issue the letter of credit directly to the beneficiary, with a copy to the undersigned.

Very truly yours,
BIG RIVERS ELECTRIC CORPORATION

By: _____

Name: _____

Title: _____

Date: _____

3-21-08 DRAFT

EXHIBIT D
FORM OF LETTER OF CREDIT

IRREVOCABLE LETTER OF CREDIT NUMBER «LoanNumber»

Date: «LetterDate»

Amount: «AmountText» Dollars (\$«AmountNumber».00)

Letter of Credit Expiration Date: «ExpiryDate»

Beneficiary Name and Address:

«BeneficiaryName»
«BenefAddressLine1»
«BenefAddressLine2»

Name of Applicant:

«ApplicantName»
«AppAddressLine1»
«AppAddressLine2»

Issuer: National Rural Utilities Cooperative Finance Corporation
Woodland Park, 2201 Cooperative Way
Herndon, Virginia 20171-3025 Attention: «AVPName»

To the above-named Beneficiary:

We hereby issue our irrevocable Letter of Credit in your favor for the account of the above-named Applicant up to the aggregate amount stated above.

Funds under this Letter of Credit, in an amount not to exceed the amount stated above, will be made available to you in accordance with the terms and conditions herein against sight drafts presented at the above address, bearing the clause "Drawn under National Rural Utilities Cooperative Finance Corporation Letter of Credit No. «LoanNumber», dated «LetterDate»", and accompanied by the following documents:

1. A notarized certificate sworn to and executed by an authorized officer of the Beneficiary reading as follows: "The amount claimed under this Letter of Credit as represented by the sight draft enclosed herewith is due and payable because (a) payment is due to «BeneficiaryName» from «ApplicantName» pursuant to [REASON FOR PAYMENT], (b) «ApplicantName» has not made such payment, (c) «BeneficiaryName» has made written demand upon «ApplicantName» for payment, and (d) payment pursuant thereto has not been received within five days of the receipt of said demand."
2. This original Letter of Credit.

We hereby agree with you that sight drafts drawn under this Letter of Credit will be honored in accordance with the terms and conditions stated herein provided the sight draft and required documents are presented to us at the above address on or before the Letter of Credit Expiration Date stated above. Payment of any draft drawn under this Letter of Credit in an amount less than the maximum amount available hereunder shall be recorded by us on the reverse side hereof and this Letter of Credit shall then be returned to you.

This Letter of Credit is governed by the provisions of the Uniform Customs and Practice for Documentary Credits (1993 Version), International Chamber of Commerce Publication No. 500 ("UCP"). As to matters not governed by the UCP, this Letter of Credit is governed by the laws of the Commonwealth of Virginia. This Letter of Credit is not transferable.

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION

By: _____
Assistant Secretary-Treasurer

EXHIBIT E

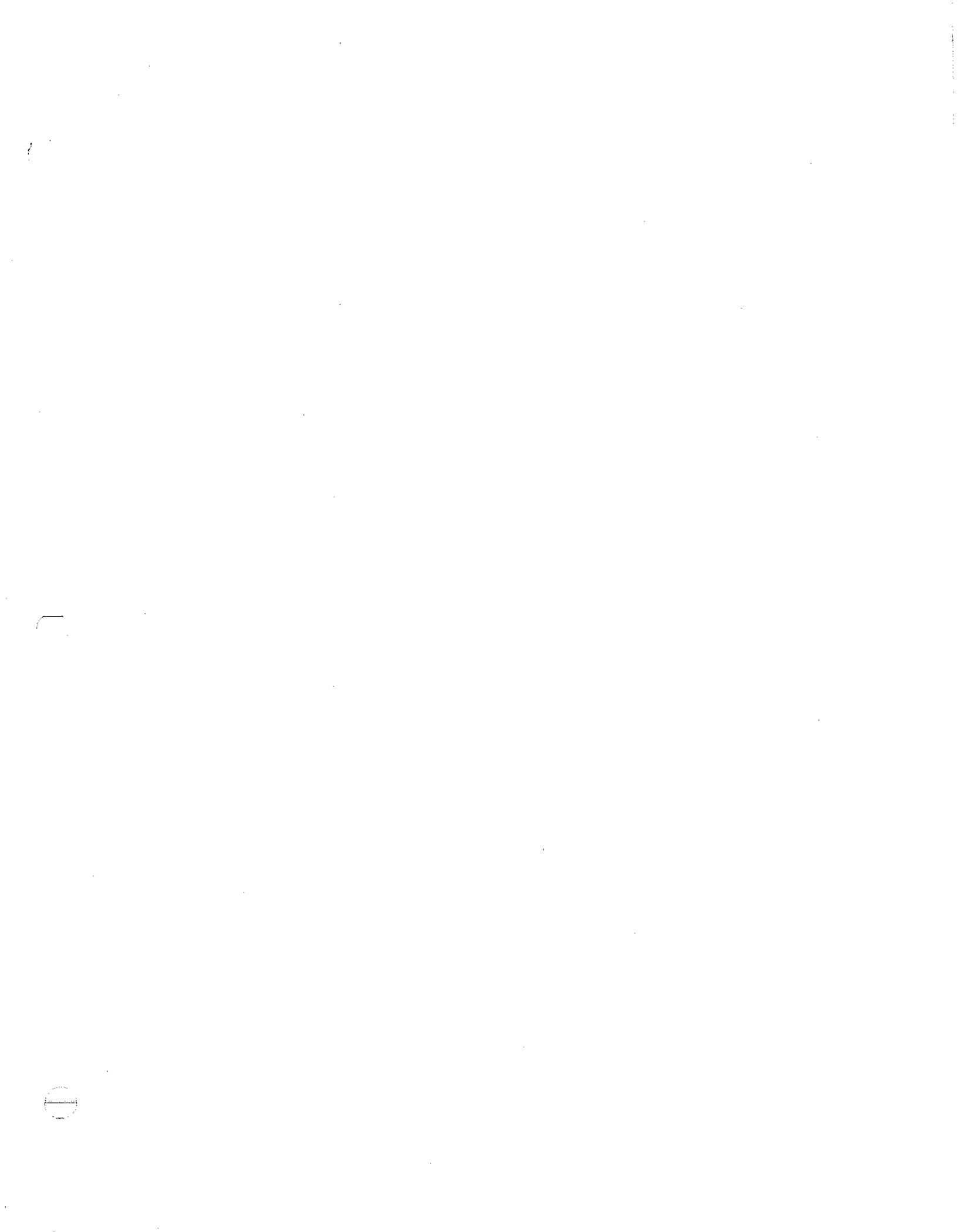


EXHIBIT 46

**REVOLVING LINE OF CREDIT AGREEMENT
WITH CoBANK, ACB**

COBANK, ACB
\$50,000,000 REVOLVING CREDIT LOAN FACILITY
TO
BIG RIVERS ELECTRIC CORPORATION

LOAN CLOSING DOCUMENTS

No. DOCUMENT

1. Loan Agreement
 - Exhibit A: Definitions and Rules of Interpretation
 - Exhibit B: Form of Request for Loan
 - Exhibit C: Form of Interest Rate Election
 - Exhibit D: Methodology for Calculating Premium
 - Exhibit E: Form of Promissory Note
 - Exhibit F: Big Rivers Electric Corporation Subsidiaries
 - Exhibit G: Big Rivers Material Litigation
2. Promissory Note
3. Articles of Incorporation, Bylaws, Board Resolutions and Incumbency Certificate
4. Evidence of All Consents and Approvals
5. Evidence of Insurance
6. Opinion of Counsel to Company
7. Good Standing Certificate
8. Delegation and Wire and Electronic Transfer Authorization

REVOLVING CREDIT AGREEMENT

THIS REVOLVING CREDIT AGREEMENT (this "Agreement") is entered into as of June _____, 2008, by and between **BIG RIVERS ELECTRIC CORPORATION**, a Kentucky corporation (the "Company"), and **CoBANK, ACB**, a federally chartered instrumentality of the United States ("CoBank").

In consideration of the agreements herein and in the other "Loan Documents" (as hereinafter defined) and in reliance upon the representations and warranties set forth herein and therein, the parties agree as follows:

ARTICLE 1

DEFINITIONS AND RULES OF INTERPRETATION

SECTION 1.01. Definitions. Capitalized terms used in this Agreement and defined in Exhibit A hereto shall have the meanings set forth in that Exhibit.

SECTION 1.02. Rules of Interpretation. The rules of interpretation set forth in Exhibit A shall apply to this Agreement.

ARTICLE 2

AMOUNT AND TERMS OF LOANS

SECTION 2.01. Commitment.

(A) **Amount of Commitment.** On the terms and subject to the conditions set forth herein, CoBank agrees to make senior unsecured loans to the Company (the "Loans") from time to time during the period commencing on the date hereof and ending on the third anniversary of the date hereof, in an aggregate principal amount not to exceed, at any one time outstanding \$50,000,000.00 (the "Commitment"). Within the limits and during the term of the Commitment, the Company may borrow, repay and reborrow.

(B) **Reduction of Commitment.** The Company shall have the right, upon ten (10) Business Days' prior written notice to CoBank (which notice shall be irrevocable), to permanently cancel all or, subject to the next sentence hereof, a portion of the unused portion of the Commitment. Each reduction must be in a minimum amount of \$5,000,000, and, in the case of amounts in excess thereof, in \$1,000,000 increments.

SECTION 2.02. Purpose. The purpose of the Loans is for (a) interim financing of capital expenditures and (b) general corporate purposes.

SECTION 2.03. Availability. Subject to Article 3 hereof, the Loans will be made available from the closing of this Agreement until the Business Day immediately preceding the expiration of the Commitment or any extension thereof, upon the written request of the Company. Each request for a Loan (each a "Request for Loan") must be: (a) in the form attached hereto as Exhibit B; (b) duly executed and completed by the Company; and (c) if the request is under the LIBOR Option, be received by CoBank not later than 10:00 AM Mountain Time three (3) Business Days before the date of the Loan and, if the request is under the Base

Rate Option, be received by CoBank not later than 10:00 AM Mountain Time one (1) Business Day before the date of the Loan. Requests for Loans shall be furnished by facsimile transmission to 303-740-4002. Loans will be made available by wire transfer of immediately available funds to such account or accounts as may be authorized by the Company on forms supplied or approved by CoBank.

SECTION 2.04. Interest.

(A) Interest Rate Options. The Company agrees to pay interest on the unpaid principal balance of the Loans in accordance with one or more of the following interest rate options, as selected by the Company in accordance with the terms hereof:

(1) LIBOR Option. At a fixed rate per annum equal to LIBOR plus the Applicable Margin (the "LIBOR Option"). Under this option, rates may be fixed: (a) on three (3) Business Days' prior notice; (b) on balances of \$2,000,000 and in \$1,000,000 increments in excess thereof; and (c) for Interest Periods of 1, 2, 3, or 6 months, as selected by the Company; provided, however, in no event may rates be fixed for Interest Periods expiring after the Maturity Date.

(2) Base Rate Option. At a rate per annum equal to the Base Rate (the "Base Rate Option"). Each change in the Base Rate shall be applicable to all balances subject to this option and information about the then current rate shall be made available to the Company upon telephonic request.

(B) Elections. Subject to the limitations set forth above, the Company shall select the applicable rate option in each Request for Loan. All interest rate elections made by the Company shall be irrevocable.

(C) Calculation and Payment. Interest shall be calculated on the actual number of days each Loan is outstanding on the basis of a year consisting of 365/366 days. In calculating interest, the date each Loan is made shall be included and the date each Loan or principal installment thereof is repaid shall, if received before 10:00 AM Mountain Time, be excluded. Interest shall be calculated and paid: (1) quarterly in arrears on the last day of each March, June, September and December; and (2) on the final maturity date of the Loans. Notwithstanding the foregoing, interest on balances subject to the LIBOR Option shall be calculated on the basis of the actual number of days elapsed in a year of 360 days and paid at the end of each Interest Period or, in the case of Interest Periods longer than three (3) months, at three (3) month intervals.

(D)

PRIVILEGED TEXT REDACTED

SECTION 2.05. Repayment. The Loans shall due and payable in full on the third anniversary of the date hereof (the "Maturity Date").

SECTION 2.06. Prepayment and Premium.

(A) **Voluntary.** The Company may prepay the Loans in whole or in part; provided, however, that in the case of partial prepayments, the minimum amount that may be prepaid at any one time shall be \$2,000,000 and amounts in excess thereof shall be in increments of \$1,000,000. In the event the Company desires to prepay the Loans, it shall notify CoBank thereof in writing not less than three (3) Business Days prior to the date on which the Company intends to prepay the Loans. Unless otherwise agreed to by CoBank in writing, all such notices shall be irrevocable. On the date fixed for prepayment, the Company shall prepay the Loans (or so much thereof as provided in the Company's notice), together with accrued interest thereon and, if applicable, any premium owing under Subsection (C) hereof.

(B) Mandatory. The Company shall prepay the Loans (i) if and to the extent that the unpaid principal balance of the Loans exceeds the maximum amount permitted to be outstanding under Section 2.01(A) hereof, (ii) if the Company sells assets subject to the Indenture, to the extent that there are excess proceeds after payments of the required amounts due under the Indenture, except that this subsection (ii) does not apply to any environmental credits or allowances that may be sold by the Company, and (iii) if there is a change of control of the Company. All such prepayments shall be due and payable on the date of the mandatory prepayment event, and shall be accompanied by a payment of all accrued interest thereon and, if applicable, any premium owing under Subsection (C) hereof.

(C) Premium. The Company agrees that in the event any Loan made under the LIBOR Option is repaid prior to its scheduled payment date (whether such payment is made voluntarily, as a result of a prepayment, as a result of an acceleration, or otherwise), or the Company fails to borrow any Loan to be made under the LIBOR Option on the date scheduled therefore (whether such failure is due to the inability to meet applicable conditions precedent, the suspension or termination of the Commitment, or otherwise), the Company will pay to CoBank a premium in an amount calculated pursuant to Exhibit D hereto. Such premium shall be due and payable on the date such payment is made, the date on which the Loan under the LIBOR Option was to commence, or at such other time as is contemplated herein.

SECTION 2.07. Note. The Company's obligation to repay the Loan shall be evidenced by a promissory note in substantially the form of Exhibit E hereto (the "Note"). The Note shall be duly completed, dated the date hereof, and in the amount of \$50,000,000.

SECTION 2.08. Security. The Company's obligations hereunder and under the Note shall be secured by a statutory first priority Lien on all equity which the Company may now own or hereafter acquire or be allocated in CoBank.

SECTION 2.09. Payments.

(A) Manner of Making Payments. The Company shall make all payments to CoBank under this Agreement and the Note by wire transfer of immediately available funds in accordance with the following wire transfer instructions (or in accordance with such other wire transfer instructions as CoBank may direct by notice pursuant to Section 9.03):

Name of Bank:	CoBANK
Location:	Greenwood Village, CO
ABA No.:	307088754
Reference:	Big Rivers Electric Corporation Revolver

In addition, the Company agrees that CoBank need not present the Note as a condition for receiving payment thereon.

(B) Late Payments; Default Rate. In the event the Company fails to make any payment when due, then without limiting any other rights or remedies that CoBank may have for or on account of such failure, such payment shall be due and payable on demand and, at CoBank's option in each instance, shall accrue interest from the date due to the date paid at the Default Rate.

(C) Business Days. In the event any day on which principal, interest,

premium, and/or fees is due and payable is not a Business Day, then such payment shall be made on the next Business Day and interest shall continue to accrue during such period on the principal balance of the Loans. Notwithstanding the preceding sentence, all payments shall be due on the Maturity Date, or if the Maturity Date is not a Business Day, on the last Business Day immediately preceding the Maturity Date.

(D) Records. CoBank shall keep a record of the unpaid principal balance of the Loans, the interest rate elections made with respect thereto, the interest accrued on the Loans, and all payments made with respect to the Loans, and such record shall, absent proof of error, be conclusive evidence of the outstanding principal and interest on the Loans.

Section 2.10. Increased Costs; Capital Requirements. If any change in Law shall impose, modify or deem applicable any reserve requirement, capital requirement, tax or other change and the result of any of the foregoing shall be to increase the cost to CoBank of making or maintaining any Loan (or of maintaining its obligation to make any such Loan), or to reduce the amount of any sum received or receivable by CoBank hereunder (whether of principal, interest or any other amount) then, upon request of CoBank, the Company shall pay to CoBank such additional amount or amounts as will compensate CoBank for such additional costs incurred or reduction suffered.

ARTICLE 3

CONDITIONS PRECEDENT

SECTION 3.01. Conditions Precedent to Initial Loan. CoBank's obligation to close under this Agreement hereunder is subject to the following conditions precedent, which, in the case of instruments and documents, must be in form and content specified herein or otherwise acceptable to CoBank:

(A) This Agreement. CoBank shall have received a duly executed original copy of this Agreement.

(B) Note. CoBank shall have received an original copy of the Note, duly executed by the Company.

(C) Evidence of Authority. CoBank shall have received copies, certified by the Secretary-Treasurer or an Assistant Secretary of the Company as of the date hereof, of such board resolutions, evidence of incumbency, and other evidence as CoBank may require that this Agreement, the Note, and all Loan Documents executed in connection herewith or therewith have been duly authorized, executed and delivered.

(D) Consents and Approvals. CoBank shall have received such evidence as CoBank may require that any required consents and approvals referred to in Section 4.05 hereof have been obtained and are in full force and effect.

(E) Insurance. CoBank shall have received such evidence as CoBank may require that the Company is in compliance with Section 5.03 hereof.

(F) Opinion of Counsel. CoBank shall have received a duly executed

original copy of an opinion of counsel to the Company.

(G) Fees and Charges. CoBank shall have received all fees and charges provided for herein.

(H) Articles and Bylaws. CoBank shall have received a copy of the Company's articles of incorporation and bylaws, certified by the Secretary-Treasurer or an Assistant Secretary of the Company as being in full force and effect as of the date hereof.

(I) Good Standing Certificate. CoBank shall have received a certificate of the Secretary of State of Kentucky dated within 30 days of the date hereof attesting to the due incorporation and good standing of the Company under the Laws of the State of Kentucky.

(J) Unwind Transaction Financial Information. CoBank shall have received financial information regarding the Company and its Subsidiaries as it may have reasonably requested, including confirmation of Unwind Transaction economics as detailed in the financial model provided to CoBank on December 28, 2007, and found such information satisfactory in its sole and absolute discretion.

(K) Closing of Unwind Transaction. The Unwind Transaction shall have closed and CoBank shall be satisfied in its sole and absolute discretion with the Final Order from the Kentucky Public Service Commission regarding the Unwind Transaction which is expected to be issued in May 2008 and such transaction has closed.

(L) Financial Covenants. The Company shall be in compliance with all Financial Covenants in Section 5.09 of this Agreement.

(M) Material Litigation. All material litigation involving the Company has been disclosed on Exhibit G hereto.

(N) Material Adverse Effect. There shall not have occurred a Material Adverse Effect since December 31, 2007.

(O) Defaults. There shall be not Defaults immediately after the closing of this Agreement.

SECTION 3.02.

PRIVILEGED TEXT REDACTED

PRIVILEGED TEXT REDACTED

PRIVILEGED TEXT REDACTED

ARTICLE 4

REPRESENTATIONS AND WARRANTIES

To induce CoBank to enter into this Agreement and make the Loans contemplated hereby, the Company represents and warrants that:

SECTION 4.01. Organization, Etc. The Company and each Subsidiary: (A) is a corporation duly organized, validly existing, and in good standing under the Laws of its jurisdiction of incorporation; (B) has all requisite power and authority to own and operate its properties and to carry on its business as now conducted and as presently proposed to be conducted; and (C) is duly licensed or qualified and is in good standing as a foreign corporation in each jurisdiction wherein the nature of the business transacted by it or the nature of the property owned or leased by it makes such licensing or qualification necessary.

SECTION 4.02. Licenses, Permits, Etc. The Company and each Subsidiary has all licenses, permits, franchises, patents, copyrights, trademarks, tradenames, or rights thereto which are material to the conduct of its business or required by Law.

SECTION 4.03. Authority. The execution, delivery and performance by the Company of this Agreement and the other Loan Documents and the performance of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action and do not violate any provision of Law or of the articles of incorporation or bylaws of the Company or result in a breach of, or constitute a default under the Indenture or any other agreement to which the Company is a party or by which it may be bound.

SECTION 4.04. Binding Agreement. Each of the Loan Documents is, or when executed and delivered will be, the legal, valid, and binding obligation of the Company, enforceable in accordance with its terms, subject only to limitations on enforceability imposed in equity or by applicable bankruptcy, insolvency, reorganization, moratorium, or similar Laws affecting creditors' rights generally.

SECTION 4.05. Consents. No consent, permission, authorization, order, or license of any governmental authority or of any party to any agreement to which the Company is a party or by which it or any of its property may be bound or affected, is necessary in connection with the execution, delivery, or performance of the Loan Documents, except such as have been obtained and are in full force and effect.

SECTION 4.06. Compliance with Laws. Neither the Company nor any Subsidiary is in violation of any Law to which it is subject, which violation could reasonably be expected to have a Material Adverse Effect.

SECTION 4.07. Pending Litigation. Except as disclosed in the opinion furnished under Section 3.01(F) hereof, there are no actions, suits or proceedings pending, or to the knowledge of the Company, threatened against or affecting the Company or any Subsidiary in any court or before any governmental authority, arbitration board or tribunal, mediator, or the like, which could reasonably be expected to have a Material Adverse Effect. Neither the Company nor any Subsidiary is in default with respect to any judgment or any order of any court, governmental authority, arbitration board or tribunal, mediator or the like.

SECTION 4.08. Financial Statements. The audited consolidated balance sheets of the Company and its consolidated Subsidiaries as of December 31 for each of the years 2005, 2006 and 2007, and the audited statements of operations, changes in equity, and statements of cash flows for the years ended on such dates, each accompanied by a report thereon containing an opinion unqualified as to scope and otherwise without qualification, in each such case, have been prepared in accordance with GAAP consistently applied except as therein noted, are correct and complete and present fairly the financial position of the Company and its Subsidiaries as of such dates and the results of their operations and changes in their financial position or cash flows for such periods. Since December 31, 2007, there has been no change in the financial position of the Company which could reasonably be expected to have a Material Adverse Effect. Neither the financial statements referred to above nor this Agreement or any other written statement furnished by the Company to CoBank in connection herewith contains any untrue statement of a material fact or omits a material fact necessary to make the statements contained therein or herein not misleading. There is no fact peculiar to the Company or its Subsidiaries which the Company has not disclosed to CoBank in writing which could reasonably be expected to have a Material Adverse Effect.

SECTION 4.09. Subsidiaries. Exhibit F hereto states the name of each of the Company's Subsidiaries, its jurisdiction of incorporation, and the percentage of its voting stock owned by the Company and/or its Subsidiaries. The Company and each Subsidiary has good and marketable title to all of the shares it purports to own of the stock of each Subsidiary free and clear in each case of any Lien (other than the Lien of the Indenture). All such shares have been duly issued and are fully paid and non-assessable.

SECTION 4.10. No Defaults. Neither the Company nor any Subsidiary is in default in the payment of principal or interest on any indebtedness for borrowed money, and is not in material default under any instrument or instruments or agreements under and subject to which any indebtedness for borrowed money has been issued, and no event has occurred and is continuing under the provisions of any such instrument or agreement which with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder. In addition, the Company is not in default under any Wholesale Power Contract or any other agreement which, if terminated, could reasonably be expected to have a Material Adverse Effect.

SECTION 4.11. Title to Properties. The Company and each Subsidiary has good and marketable title in fee simple (or its equivalent under applicable Law) to all material parcels of real property and has good title to all the other material items of property it purports to own, including that reflected in the most recent balance sheet referred to in Section 4.08 hereof, except as sold or otherwise disposed of in the ordinary course of business and except for the Lien of the Indenture and Permitted Exceptions.

SECTION 4.12. Taxes. All tax returns required to be filed by the Company or any Subsidiary in any jurisdiction have, in fact, been filed, and all taxes, assessments, fees and other governmental charges upon the Company or any Subsidiary or upon any of their respective properties, income or franchises, which are shown to be due and payable in such returns have been paid. The Company does not know of any proposed material additional tax assessment against it for which adequate provision has not been made on its accounts, and no material controversy in respect of additional Federal or state income taxes due since said date is pending or to the knowledge of the Company threatened. The provisions for taxes on the books of the Company and each Subsidiary are adequate for all open years, and for its current fiscal period.

SECTION 4.13. Compliance with Environmental Laws. Neither the Company nor any Subsidiary is in material violation of any applicable Laws relating to public health, safety or the environment (including, without limitation, relating to releases, discharges, emissions or disposals to air, water, land or ground water, to the withdrawal or use of ground water, to the use, handling or disposal of polychlorinated biphenyls (PCB's), asbestos or urea formaldehyde, to the treatment, storage, disposal or management of hazardous substances (including, without limitation, petroleum, crude oil or any fraction thereof, or other hydrocarbons), pollutants or contaminants, to exposure to toxic, hazardous or other controlled, prohibited or regulated substances), which violation could reasonably be expected to have a Material Adverse Effect. The Company does not know of any liability or class of liability of the Company or any Subsidiary under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Section 9601 et seq.), or the Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C. Section 6901 et seq.).

SECTION 4.14. ERISA. The Company and each of its ERISA Affiliates is in compliance with all requirements of ERISA, the Company and each ERISA Affiliate have met their minimum funding requirements under ERISA with respect to each plan governed thereby, no grounds exist entitling the Pension Benefit Guaranty Corporation to institute proceedings to terminate a plan maintained by the Company or any ERISA Affiliate this is subject to ERISA, and neither the Company nor any ERISA Affiliate has any liability arising from the withdrawal or termination of any plan subject to ERISA.

SECTION 4.15. Conflicting Agreements. None of the Loan Documents conflicts with, or constitutes (with or without the giving of notice and/or the passage of time and/or the occurrence of any other condition) a default under, any other agreement to which the Company or any Subsidiary is or expects to become a party or by which the Company, any Subsidiary, or any of its or their properties may be bound or affected.

ARTICLE 5

AFFIRMATIVE COVENANTS

Unless otherwise agreed to in writing by CoBank, while this Agreement is in effect, the Company agrees to:

SECTION 5.01. Compliance with Indenture and RUS Loan Agreement. Comply with all of the terms of the Indenture and the RUS Loan Agreement.

SECTION 5.02. Compliance With Laws. Comply in all material respects, and cause each Subsidiary to comply in all material respects, with all applicable Laws (including all Laws relating to ERISA and the environment), which, if not complied with, could reasonably be expected to have a Material Adverse Effect.

SECTION 5.03. Insurance. Maintain insurance with such companies, in such amounts, and covering such risks as is required to be maintained by the Company under the terms of the Indenture. In addition, the Company agrees to cause each Subsidiary to maintain insurance in such amounts and covering such risks as are usually carried by companies engaged in the same business and similarly situated. The Company agrees to furnish to CoBank such proof of compliance with this Section as CoBank may from time to time reasonably require.

SECTION 5.04. Property Maintenance. Maintain the System in accordance with Prudent Utility Practice.

SECTION 5.05. Books and Records. Keep, and cause each Subsidiary to keep, adequate records and books of account in which complete entries will be made in accordance with Accounting Requirements.

SECTION 5.06. Reports and Notices. Furnish to CoBank:

(A) Annual Financial Statements. As soon as available, but in no event more than 120 days after the end of each fiscal year of the Company occurring during the term hereof, annual consolidated and consolidating financial statements of the Company and its consolidated Subsidiaries prepared in accordance with GAAP consistently applied. Such financial statements shall: (a) in the case of the consolidated statements, be audited by a firm of nationally recognized independent certified public accountants selected by the Company; (b) in the case of the consolidated statements, be accompanied by a report of such accountants containing an unqualified opinion to the effect that the financial statements: (i) were audited in accordance with generally accepted auditing standards; and (ii) present fairly, in all material respects, the financial position of the Company as at the end of the year and the results of its operations for the year then ended, in conformity with GAAP; (c) be prepared in reasonable detail and in comparative form; and (d) include a balance sheet, a statement of operations, a statement of changes in equity, a statement of cash flows, and all notes and schedules (including consolidating schedules) relating thereto.

(B) Interim Financial Statements. As soon as available, but in no event more than 60 days after the end of the first three fiscal quarters of the Company of each year occurring during the term hereof, a consolidated balance sheet of the Company and its consolidated Subsidiaries as of the end of such quarter and a consolidated statement of operations for the Company and its consolidated Subsidiaries for such period and for the period year to date, all prepared in reasonable detail and in comparative form in accordance with GAAP consistently applied.

(C) Officer's Certificate. Together with each set of financial statements delivered to CoBank pursuant to Subsections (A) and (B) of this Section 5.06, a certificate of the Chief Financial Officer of the Company (or other officer of the Company acceptable to CoBank): (1) stating the Debt Service Coverage Ratio achieved by the Company for the fiscal year covered by

such financial statements and setting forth the calculations used in computing such Ratio; (2) setting forth a comparison of how the Company's actual financial results compared to its budget, (3) setting forth Big Rivers' Credit Rating from each Rating Agency which has issued a Credit Rating; and (4) certifying that, to the best knowledge of such officer, no Default or Event of Default occurred during the period covered by such statements or, if a Default or Event of Default did occur during such period, a statement as to the nature thereof, whether such Default or Event of Default is continuing, and if continuing, the action which is proposed to be taken with respect thereto.

(D) Annual Financial Information and Budgets.

(1) RUS Form 12; FERC Form 1. As soon as available, but in no event more than 120 days after each fiscal year end, a copy of either the Company's Form 12 submitted to RUS or FERC Form 1 submitted to Federal Energy Regulatory Commission.

(2) Budgets. As soon as available, but in no event more than 60 days after each fiscal year end, annual budgets and forecasts of operations for the Company and its Subsidiaries for the ensuing year and for an additional two (2) year period, in such detail as CoBank may from time to time reasonably require.

(E) Notice of Litigation, Material Matters, Etc. Promptly after becoming aware thereof, notice of: (1) the commencement of any action, suit or proceeding against the Company or any Subsidiary before any court, governmental instrumentality, arbitrator, mediator or the like which, if adversely decided, could reasonably be expected to have a Material Adverse Effect; (2) the receipt of any notice, indictment, pleading, or other communication alleging a condition that: (a) may require the Company or any Subsidiary to undertake or to contribute to a clean-up or other response under any environmental Law, or which seeks penalties, damages, injunctive relief, or other relief as a result of an alleged violation of any such Law, or which claims personal injury or property damage as a result of environmental factors or conditions; and (b) if true or proven, could reasonably be expected to have a Material Adverse Effect or result in criminal sanctions; (3) the occurrence of any other event or matter (including the rendering of any order, judgment, ruling and the like) which could reasonably be expected to have a Material Adverse Effect; (4) the occurrence of any event under the Indenture that could cause the Trustee to resign; and (5) the breach by the Trustee of any provision of the Indenture.

(F) Notice of Default. Promptly after becoming aware thereof, notice of the occurrence of a default, or an event of default.

(G) Notice of Certain Events. Notice of each of the following at least 30 days prior thereto: (1) any change in the name or structure of the Company; or (2) any change in the Trustee; (3) the sale by the Company or any Subsidiary of all or a portion of the equity interests held by the Company or any Subsidiary; and (4) the discontinuance of any material part of the operations of the Company or any Subsidiary.

(H) Ratings. Promptly after receipt thereof by the Company, a copy of each Credit Rating received by the Company, together with all reports issued in connection therewith.

(I) Other Information. Such other information regarding the condition or operations, financial or otherwise, of the Company and its Subsidiaries as CoBank may from

time to time reasonably request, including copies of all pleadings, notices and communications referred to in Section 5.06(E) hereof.

SECTION 5.07. Capital. Acquire voting stock in CoBank in such amounts and at such times as CoBank may from time to time require in accordance with its bylaws and capital plan (as each may be amended from time to time). The rights and obligations of the parties with respect to such stock and any patronage or other distributions made by CoBank shall be governed by CoBank's bylaws and capital plan (as each may be amended from time to time).

SECTION 5.08. Inspection. Permit CoBank or its agents, upon reasonable notice and during normal business hours or at such other times as the parties may agree, to examine the properties, books and records of the Company and its Subsidiaries, and to discuss its affairs, finances and accounts with its officers, directors, and independent certified public accountants.

SECTION 5.09. Financial. Meet the following financial ratios and maintain the following reserves:

(A) **Debt Service Coverage Ratio:** The Company will have at the end of each fiscal year a Debt Service Coverage Ratio of not less than 1.20 to 1.00.

(B) **Equity to Assets Ratio:** The Company will have, on both a consolidated and unconsolidated basis, at the end of each fiscal quarter, a ratio of equity to total assets (as determined in accordance with GAAP) of not less than 0.15 to 1.00.

(C) **Maintenance of Transition Reserve:** The Company will maintain a \$35.0 million transition reserve which will be utilized to offset any costs and expenses related to a termination of a Smelter Power Contract.

ARTICLE 6

NEGATIVE COVENANTS

Unless otherwise agreed to in writing by CoBank, while this Agreement is in effect:

SECTION 6.01. Consolidations, Mergers and Corporate Reorganizations. The Company shall not consolidate or merge with or into any other Person, or convey or transfer all or any material portion of its assets to any Person, or otherwise reorganize its corporate structure to transfer functions or any part of its assets to any other Person.

SECTION 6.02. Material Contracts. The Company shall not: (A) enter any contract for the management or operation of all or any material portion of its assets; (B) breach or terminate any Wholesale Power Contract; or (C) amend, supplement, modify, or waive any provision of a Wholesale Power Contract, if the effect thereof could reasonably be expected to have a Material Adverse Effect.

SECTION 6.03. Other Businesses, Fiscal Year, Etc. The Company shall not: (A) engage in any business that is substantially different from or unrelated to the business conducted by the Company on the date hereof; or (B) change its fiscal year; or (C) change any material

provision of its articles of incorporation or bylaws that alters the basic purpose of the Company.

SECTION 6.04. Total Unsecured Indebtedness. The Company will shall not incur more than \$125,000,000 in total unsecured indebtedness, exclusive of trade payables incurred in the ordinary course of the Company's business.

ARTICLE 7

EVENTS OF DEFAULT

Each of the following shall constitute an "Event of Default" hereunder:

SECTION 7.01. Payment Default. The Company should fail to make any payment to CoBank hereunder or under the Note within three (3) days of the due date, except that the three (3) day grace period shall not apply to all payments due on the Maturity Date.

SECTION 7.02. Indenture. An Indenture Event of Default shall have occurred and be continuing.

SECTION 7.03. Representations and Warranties, Etc. Any opinion, certificate or like document furnished to CoBank by or on behalf of the Company, or any representation or warranty made or deemed made by the Company herein or in any other Loan Document, shall prove to have been false or misleading in any material respect on or as of the date furnished, made or deemed made.

SECTION 7.04. Covenants. The Company should fail to perform or comply with any covenant set forth herein in any material respect and such failure continues for 30 days after written notice thereof shall have been given by CoBank to the Company.

SECTION 7.05. Change of Control. The Company shall cease to be an electric generation and transmission cooperative owned by its existing members.

SECTION 7.06. Cross Default. The Company should, after any applicable grace period, breach or be in default in the repayment of any other outstanding indebtedness with a balance in excess of \$5,000,000.

SECTION 7.07. Insolvency Proceedings, Etc. The Company or any of its Subsidiaries institutes or consents to the institution of any proceeding under any debtor relief Law; or makes an assignment for the benefit of creditors; or becomes unable to pay its indebtedness as they become due or otherwise become insolvent; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or for all or any material part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of such Person and the appointment continues undischarged or unstayed for sixty (60) calendar days; or an order for relief is entered in any such proceeding.

SECTION 7.08. Judgments. There is entered against the Company or any of its Subsidiaries (i) one or more final judgments or orders for the payment of money in an aggregate

amount (as to all such judgments or orders) exceeding \$5,000,000 (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage), or (ii) any one or more non-monetary final judgments that have, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect and, in either case, (A) enforcement proceedings are commenced by any creditor upon such judgment or order, or (B) there is a period of ten (10) consecutive Business Days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect.

ARTICLE 8

REMEDIES UPON DEFAULT

SECTION 8.01. Remedies. Upon the occurrence and during the continuance of an Event of Default, CoBank may terminate the Commitment, declare the unpaid principal balance of the Note, all accrued interest thereon, and all other amounts payable under this Agreement, the Note, and all other Loan Documents to be immediately due and payable, and take such other action as may be permitted by Law or in equity, including an action or proceeding to specifically enforce any covenant contained herein or to restrain the breach thereof. The Company hereby waives any defense to any such action that an adequate remedy at law exists.

SECTION 8.02. Default Rate. Upon the occurrence and during the continuance of any Event of Default, CoBank may, at its option in each instance and automatically following acceleration, charge interest on the unpaid principal balance of the Note at the Default Rate.

SECTION 8.03. Miscellaneous. Each and every one of CoBank's rights and remedies shall be cumulative and may be exercised from time to time, and no failure on the part of CoBank to exercise, and no delay in exercising, any right or remedy shall operate as a waiver thereof, and no single or partial exercise of any right or remedy shall preclude any future or other exercise thereof, or the exercise of any other right. Without limiting the foregoing, CoBank may hold and/or set off and apply against the Company's obligations to CoBank the proceeds of any equity in CoBank, any cash collateral held by CoBank, or any other balances held by CoBank for the Company's account (whether or not such balances are then due).

SECTION 8.04. Application of Funds. Upon the occurrence and during the continuance of an Event of Default, CoBank may apply all payments received by it to the Company's obligations to CoBank in such order and manner as CoBank may elect in its sole and absolute discretion.

ARTICLE 9

MISCELLANEOUS

SECTION 9.01. Complete Agreement, Amendments, Etc. The Loan Documents are intended by the parties to be a complete and final expression of their agreement. No amendment, modification, or waiver of any provision of the Loan Documents, and no consent to any departure by the Company herefrom or therefrom, shall be effective unless

approved by CoBank and contained in a writing signed by or on behalf of CoBank, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 9.02. Governing Law; Jurisdiction; Etc.

(A) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(B) SUBMISSION TO JURISDICTION. THE COMPANY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN THE BOROUGH OF MANHATTAN AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT COBANK MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST THE COMPANY OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(C) WAIVER OF VENUE. THE COMPANY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (B) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(D) SERVICE OF PROCESS. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 9.04. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

SECTION 9.03. Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE

LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 9.04. Notices. All notices hereunder shall be in writing and shall be deemed to have been duly given upon delivery if personally delivered or sent by overnight mail or by facsimile or similar transmission, or three (3) days after mailing if sent by express, certified or registered mail, to the parties at the following addresses (or such other address as either party may specify by like notice):

If to CoBank, as follows:

CoBank, ACB
550 South Quebec Street
Greenwood Village, Colorado 80111
Facsimile: (303) 704-4002
Attention: Communications and
Energy Banking Group, and
Power Supply Section Manager

If to the Company, as follows:

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

with a copy to:

Sullivan, Mountjoy, Stainback & Miller
100 St. Ann Building
Owensboro, Kentucky
Facsimile: (270) 683-6694
Attention: James M. Miller, Esq.

SECTION 9.05. Costs, Expenses, and Taxes. To the extent allowed by Law, the Company agrees to pay all reasonable out-of-pocket costs and expenses (including the fees and expenses of counsel retained by CoBank) incurred by CoBank in connection with the origination, administration, interpretation, collection, and enforcement of this Agreement and the other Loan Documents, including, without limitation: (A) all costs and expenses incurred in determining compliance with the Company's obligations hereunder and other the other Loan Documents; (B) all costs and expenses (including all court costs) incurred in connection with any action or proceeding brought by CoBank under the terms hereof; and (C) any stamp, intangible, transfer or like tax incurred in connection with this Agreement or any other Loan Document or the recording hereof or thereof.

SECTION 9.06. Effectiveness and Severability. This Agreement shall continue in effect until all indebtedness and obligations of the Company under this Agreement and the Note shall have been paid or satisfied. Any provision of this Agreement or the Note which is prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or thereof.

SECTION 9.07. Successors and Assigns. This Agreement and the other Loan Documents shall be binding upon and inure to the benefit of the Company and CoBank and their respective successors and assigns, except that the Company may not assign or transfer its rights or obligations under this Agreement or the other Loan Documents without the prior written consent of CoBank. From time to time, consistent with the subsequent paragraph, CoBank may sell and assign its rights and/or participations in its rights under this Agreement, the Note, and all instruments and documents executed in connection with, or relating hereto (collectively, "Participations"): provided, however, that: (1) no such sale shall alter CoBank's obligations hereunder; and (2) any agreement pursuant to which CoBank may sell a Participation: (a) shall provide that CoBank shall retain the responsibility to exercise CoBank's rights hereunder and to enforce the obligations of the Company; and (b) may provide that the approval of CoBank and participants holding more than 50% of the aggregate amount of the Loans and Commitments (or, in the event CoBank holds more than 50%, CoBank and at least one other participant) shall be required in order to approve any amendment, modification or waiver of any provision of this Agreement or any other Loan Document or to take action to have the Loans declared due and payable pursuant to the terms of this Agreement; provided, however, that such agreement may provide that each of the participants may have rights to approve or disapprove: (i) any increase in the Commitments, or any reduction, modification or forgiveness in the principal amount, interest rates or prepayment premiums owing on the Loans; (ii) any change in the dates on which interest or principal is due; or (iii) the release of any material collateral for the Loans. In connection with the foregoing, CoBank may disclose information concerning the Company and its affiliates to all prospective purchasers.

CoBank shall be permitted to make assignments in acceptable minimum amounts of \$5,000,000 to other financial institutions approved by the Borrower (so long as no Default or Event of Default), which approval shall not be unreasonably withheld; provided, however, that the approval of the Company shall not be required in connection with Participations and assignments to any Farm Credit institution. CoBank may participate the facility only to other Farm Credit institutions that pay patronage and as such, 100% of the commitment is eligible for patronage to the extent payable under CoBank's and the other institution's governance documents. In connection with any assignment or participation, CoBank shall continue to pay patronage on the portion of the Loans that it continues to hold and the assignee or participant shall pay patronage at its then current rate, if any, on the portion of the Loans assigned or participated. CoBank shall not be responsible for paying any difference in patronage on the portion of the Loans that it assigns or participates.

SECTION 9.08. Indemnification by the Company. The Company shall indemnify CoBank and its affiliates, officers, directors, employees, attorneys, agents and advisors against, and hold CoBank and its affiliates, officers, directors, employees, attorneys, agents and advisors harmless from, any and all losses, claims (including all reasonable out-of-pocket costs and expenses, including reasonable counsel fees and disbursements incurred in

connection with defense thereof by CoBank) as a result of the funding of Loans, or the acceptance of payments due under the Loan Documents, damages, liabilities and related expenses (including the reasonable fees, charges and disbursements of any counsel for CoBank), and shall indemnify and hold harmless CoBank from all reasonable fees and time charges and disbursements for attorneys who may be employees of CoBank, incurred by CoBank or asserted against CoBank by any third party or by the Company arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder, the consummation of the transactions contemplated hereby or thereby, or the administration of this Agreement and the other Loan Documents, (ii) any Loan or the use or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Company or any of its Subsidiaries, or any Environmental Liability related in any way to the Company or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Company, and regardless of whether CoBank is a party thereto; provided that such indemnity shall not, as to CoBank, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of CoBank or (y) result from a claim brought by the Company against CoBank for breach in bad faith of CoBank's obligations hereunder or under any other Loan Document, if the Company has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction. In no event shall either the Company or CoBank be responsible for consequential, punitive, indirect or special damages

SECTION 9.09. Headings. Captions and headings used in this Agreement are for reference and convenience of the parties only, and shall not constitute a part of this Agreement.

SECTION 9.10. USA Patriot Act Notice. CoBank hereby notifies the Company that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies the Company, which information includes the name and address of the Company

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and other information that will allow CoBank to identify the Company in accordance with the Act.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers as of the date shown above.

BIG RIVERS ELECTRIC CORPORATION

By: _____

Its: _____

CoBANK ACB

By: _____

Its: _____

EXHIBIT A

DEFINITIONS AND RULES OF INTERPRETATION

SECTION 1.01 Definitions. As used in the Agreement or any amendment thereto, the following terms shall have the following meanings:

Accounting Requirements shall have the meaning set forth in the Indenture.

Agreement shall mean the Revolving Credit Agreement dated as of June _____, 2008, by and between the Company and CoBank, as it may be amended or modified from time to time.

Applicable Margin shall have the meaning set forth in Section 2.04(D) hereof.

Base Rate shall mean the rate in effect from day to day defined as the "Prime Rate" as published from time to time in the Eastern Edition of the Wall Street Journal as the average prime lending rate for seventy-five percent (75%) of the United States' thirty largest commercial banks, or if the Wall Street Journal shall cease publication or cease publishing the "Prime Rate" on a regular basis, such other regularly published average prime rate applicable to such commercial banks as is acceptable to CoBank in its reasonable discretion.

Base Rate Option shall have the meaning set forth in Section 2.04(A)(2).

Business Day means: (1) any day other than a Saturday, Sunday, or other day on which CoBank is, or the Federal Reserve Banks are, closed for business; and (2) when used with respect to any Loan balance bearing or to bear interest at the LIBOR Option, a day which is also a day on which dealings in US Dollar deposits are being carried out in the London interbank market and banks are open for business in New York and London.

CoBank shall mean CoBank, ACB and its successors and assigns.

Commitment shall have the meaning set forth in Section 2.01(A) hereof.

Company shall mean Big Rivers Electric Corporation and its permitted successors and assigns.

Credit Rating shall mean a rating assigned by a Rating Agency to unsecured corporate indebtedness issued by or on behalf of the Company that is not subject to credit enhancement.

Debt Service Coverage Ratio shall mean, for the fiscal year being measured: (a) the sum of that year's net income (after taxes and after eliminating any gain or loss on the sale of assets or other extraordinary gain or loss), plus depreciation expense, plus amortization expense, plus total interest expense, plus income taxes minus non-cash patronage, and minus non-cash income from subsidiaries and/or joint ventures; divided by (b) the sum of all scheduled payments of principal required to be made during that year on account of Total Long Term Debt plus total interest expense, excluding any interest paid on the Company's defeased lease obligations (all as calculated for the Company and its consolidated subsidiaries on a consolidated basis in accordance with GAAP consistently applied).

Default shall mean the occurrence of any event which with the giving of notice or the

passage of time or the occurrence of any other condition would become an Event of Default.

Default Rate shall mean 4% per annum in excess of the rate or rates that would otherwise be in effect under the terms of the Note.

Dollars and the sign "\$" shall mean lawful money of the United States of America.

Environmental Laws shall mean any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

Environmental Liability shall mean any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Company or any of its Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

ERISA shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations and published interpretations thereof.

ERISA Affiliate shall mean any trade or business, whether or not incorporated, which is a member of a controlled group with the Company within the meaning of Section 4001(a)(14) of ERISA.

Event of Default shall mean any of the events specified in Article 7 of this Agreement.

GAAP shall mean generally accepted accounting principles in the United States.

Holders shall have the meaning set forth in the Indenture.

Hazardous Materials shall mean all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

Indenture shall mean that certain Indenture dated as of _____, between the Company and _____, as Trustee, as amended, supplemented or restated from time to time.

Indenture Default shall mean the occurrence of an event which, with the giving of notice and/or the passage of time and/or the occurrence of any other condition would become an Indenture Event of Default.

Indenture Event of Default shall mean an Event of Default (as defined in the Indenture).

Interest Period shall mean a period commencing on the day the LIBOR Option becomes effective and ending on the numerically corresponding day in the next calendar month or the month that is 2, 3, or 6 months thereafter, as the case may be; provided, however, that: (1) in the event such ending day is not a Business Day, such period shall be extended to the next Business Day unless such next Business Day falls in the next calendar month, in which case it shall end on the preceding Business Day; and (2) if there is no numerically corresponding day in the month, then such period shall end on the last Business Day in the relevant month.

Laws shall mean all laws, rules, regulations, codes, orders and the like.

LIBOR shall mean the rate per annum (rounded upward to the nearest thousandth and adjusted for any reserves required on "Eurocurrency Liabilities" (as hereinafter defined) for banks subject to "FRB Regulation D" (as hereinafter defined) or required by any other federal Law) equal to the rate quoted by the British Bankers Association (the "BBA") at 11:00 AM London time two (2) Business Days before the commencement of the Interest Period for the offering of U.S. Dollar deposits in the London interbank market for the Interest Period designated by the Company, as published by Bloomberg or another major information vendor listed on BBA's official website. For purposes hereof: (1) "FRB Regulation D" shall mean Regulation D as promulgated by the Board of Governors of the Federal Reserve System, 12CFR Part 204, as amended; and (2) "Eurocurrency Liabilities" shall have the meaning set forth in FRB Regulation D.

LIBOR Option shall have the meaning set forth in Section 2.04(A)(1).

Lien shall mean any lien, mortgage, pledge, security interest, charge or encumbrance of any kind, whether voluntary or involuntary (including any conditional sale or other title retention agreement or any lease in the nature thereof).

Loans shall have the meaning set forth in Section 2.01(A) hereof.

Loan Documents shall mean this Agreement, the Note, and all instruments or documents relating to this Agreement or the Note to which the Company is a party.

Material Adverse Effect shall mean a material adverse effect on the condition, financial or otherwise, operations, properties, margins or business of the Company and its Subsidiaries taken as a whole, or on the ability of the Company or any Subsidiary to perform its obligations under the Loan Documents, the Indenture, any loan or other agreement with CoBank, or any loan or other agreement governing any material indebtedness of the Company.

Maturity Date shall have the meaning set forth in Section 2.05 hereof.

Moody's shall mean Moody's Investors Service, Inc.

Note shall mean the Promissory Note dated as of June _____, 2008, as may be amended or restated from time to time.

Obligation shall have the meaning set forth in the Indenture.

Permitted Exceptions shall have the meaning set forth in the Indenture.

Person shall mean an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority, or other entity of whatever nature.

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

Rating Agency shall mean S&P and Moody's, and any successor to any of the above.

Request for Loan shall have the meaning set forth in Section 2.03 hereof.

RUS shall mean the Rural Utilities Service of the United States Department of Agriculture, or any entity that assumes and succeeds to the rights and obligations of RUS.

RUS Loan Agreement shall mean all loan and other credit agreements between the Company and RUS.

S&P shall mean Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc.

Smelter Power Contracts shall mean all of the Company's contracts for the supply of power to Alcan and Century Aluminum.

Subsidiary shall mean, as to the Company, a corporation, partnership, limited liability company, joint venture, or other Person of which shares of stock or other equity interests having ordinary voting power to elect a majority of the board of directors or other managers of such corporation, partnership, limited liability company, joint venture, or other Person are at the time owned, or the management of which is otherwise controlled, directly or indirectly, through one or more intermediaries, or both, by the Company.

System shall have the meaning set forth in the Indenture.

Total Long Term Debt shall mean the sum of (a) all indebtedness for borrowed money, (b) obligations which are evidenced by notes, bonds, debentures or similar instruments, and (c) that portion of obligations with respect to capital leases or other capitalized agreements that are properly classified as a liability on the balance sheet in conformity with GAAP or which are treated as operating leases under regulations applicable to them but which otherwise would be required to be capitalized under GAAP, in each case having a maturity of more than one year from the date of its creation or having a maturity within one year from such date but that is renewable or extendible, at the Company's option, to a date more than one year from such date

or that arises under a revolving credit or similar agreement that obligates the lender(s) to extend credit during a period of more than one year from such date, including all current maturities in respect of such indebtedness whether or not required to be paid within one year from the date of its creation.

Trustee shall mean the Trustee under the Indenture.

Trust Estate shall have the meaning set forth in the Indenture.

Unused Commitment Fee shall have the meaning set forth in Section 2.04(D) hereof.

Unwind Transaction shall mean the transaction as detailed in the documents and financial model provided to CoBank on December 28, 2007, and approved by Final Order from the Kentucky Public Service Commission in May 2008.

Wholesale Power Contracts shall mean the contracts listed on item 1 of Exhibit D to the Indenture, and all amendments, supplements, extensions and replacements thereto.

SECTION 1.02 Rules of Interpretation. The following rules of interpretation shall apply to the Agreement, the Note, and all amendments to either of the foregoing:

Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with Accounting Requirements, and all financial data submitted pursuant to this Agreement shall be prepared in accordance with such principles.

Number. All terms stated in the singular shall include the plural, and all terms stated in the plural shall include the singular.

Including. The term "including" shall mean including, but not limited to.

Default. The expression "while any Default or Event of Default shall have occurred and be continuing" (or like expression) shall be deemed to include the period following any acceleration of the Obligations (unless such acceleration is rescinded).

Incorporation. All Exhibits to the Agreement shall form a part of, and shall be fully incorporated by reference into, the Agreement as if set forth in full therein.

EXHIBIT B

REQUEST FOR LOAN

TO: CoBANK, ACB
FROM: BIG RIVERS ELECTRIC CORPORATION
DATE: _____, 200__
SUBJECT: REQUEST FOR LOAN

Reference is hereby made to that certain Revolving Credit Agreement dated as of June _____, 2008 (the "Loan Agreement") between **BIG RIVERS ELECTRIC CORPORATION** (the "Company") and **CoBANK, ACB** ("CoBank"). All capitalized terms used herein and not defined herein shall have the meanings given to those terms in the Loan Agreement.

Pursuant to Section 2.03 of the Loan Agreement, the undersigned, on behalf of the Company, hereby requests that CoBank make a Loan to the Company on _____, 20__ in the aggregate amount of \$_____.

The Loan is to bear interest in accordance with one or more of the following interest rate options:

Type of Loan ¹	Amount ² (in dollars)	Rate Option ³	Interest Period (if applicable) ⁴

¹ Insert Type of Loan for each interest rate election.

² Insert amount for each option. Note that balances subject to the LIBOR Option must be for a minimum of \$2,000,000, and then in increments of \$1,000,000.

³ Insert one of the following rate options: Base Rate Option or LIBOR Option.

⁴ If the LIBOR Option is selected, insert Interest Period. Note Interest Periods are limited to 1, 2, 3, and 6 months (but in no event past the Maturity Date).

Please wire transfer the proceeds of the Loans to the account shown in our Delegation And Wire And Electronic Authorization Form (the "Form") or, if more than one account is shown in the Form, to the following account: _____:

To induce CoBank to make the Loan, I hereby certify as follows: (1) the Company has satisfied all conditions precedent set forth in the Loan Agreement to CoBank's obligation to make the Loans; and (2) without limiting (1) above: (a) each of the representations and warranties set forth in the Loan Agreement (other than those that relate to a specific date) is true and correct as of the date hereof; and (b) no Default or Event of Default exists.

BIG RIVERS ELECTRIC CORPORATION

By: _____

Its: _____

(Must be signed by an
authorized employee or officer)

EXHIBIT C

INTEREST RATE ELECTIONS

TO: COBANK, ACB
FROM: BIG RIVERS ELECTRIC CORPORATION
DATE: _____, 20____
SUBJECT: INTEREST RATE ELECTION

Reference is hereby made to that certain Revolving Credit Agreement dated as of June _____, 2008, between Big Rivers Electric Corporation and CoBank, ACB (the "Loan Agreement"). Capitalized terms used in this form and not otherwise defined herein shall have the meanings given to those terms in the Loan Agreement.

Pursuant to Section 2.04(B) of the Loan Agreement, the Company hereby requests the following interest rate elections

Amount (in dollars)¹	Existing Rate Option²	New Rate Option³	Interest Period (if applicable)⁴

BIG RIVERS ELECTRIC CORPORATION

By: _____
Its: _____

¹ Insert existing amount of Loan.

² Insert existing rate option.

³ Insert new rate option and date option to become effective. For the LIBOR Option, 3 Business Days' notice is required.

⁴ Insert desired Interest Period; provided, however, in the event of a conflict between this form and CoBank's books and records, such books and records will prevail.

EXHIBIT D

PREMIUM METHODOLOGY

The premium shall be an amount equal to the present value of any funding losses imputed by CoBank to have been incurred as a result of a repayment, prepayment, or failure to borrow. Such premium shall be determined and calculated in accordance with the methodology set forth below:

(A) Determine the difference between: (1) the rate estimated by CoBank on the date the rate was fixed to be its cost to fund the loan in the manner set forth in its then current methodology; minus (2) the rate estimated by CoBank on the date the premium is calculated to be its cost, less dealer concessions and other issuance costs, to fund a new fixed rate loan in accordance with its then current methodology having the remaining fixed rate period and repayment characteristics as the balance being repaid. If such difference is negative, there is no premium. If positive, continue to (B).

(B) Divide the result determined in (A) above by the number of times interest is payable during the year.

(C) For each interest period (or portion thereof) during which interest was scheduled to accrue at the fixed rate, multiply the amount determined in (B) above by the principal balance scheduled to have been outstanding during such period (such that there is a calculation for each interest period during which the amount repaid was scheduled to have been outstanding at the fixed rate).

(D) Determine the present value of each calculation made under (C) above as of the date of calculation based upon the scheduled time that interest on the amount repaid would have been payable and a discount rate equal to the rate set forth in (A)(2) above.

(E) Add all of the calculations made under (D) above. The result is the premium.

Nothing contained herein shall prevent CoBank from funding its loans in any manner as it may, in its sole discretion, elect, and the premiums provided for herein shall not be increased or decreased based on the actual methods chosen by CoBank to fund or hedge the loan being repaid.

EXHIBIT E

PROMISSORY NOTE

\$50,000,000

June _____, 2008

FOR VALUE RECEIVED, BIG RIVERS ELECTRIC CORPORATATION, a _____ corporation (the "Company"), hereby promises to pay to the order of **CoBANK, ACB** ("CoBank"), at the times, in the manner and with interest at the rate or rates hereinafter provided, the principal sum of **FIFTY MILLION DOLLARS** (\$50,000,000). This Note has been given to evidence the Company's obligation to repay loans (the "Loans") made by CoBank, ACB to the Company pursuant to Section 2.01(A)(1) of that certain Revolving Credit Agreement dated as of June _____, 2008, between the Company and CoBank (as amended or restated from time to time, the "Loan Agreement").

1. Repayment of Principal. The principal balance of this Note shall be due and payable in full on the Maturity Date (as such term is defined in the Loan Agreement).

2. Interest.

(A) Interest Rate Options. The Company agrees to pay interest on the unpaid principal balance of the Loans in accordance with one or more of the following interest rate options, as selected by the Company in accordance with the terms hereof:

(1) Base Rate Option. At a the rate in effect from day to day defined as the "Prime Rate" as published from time to time in the Eastern Edition of the Wall Street Journal as the average prime lending rate for seventy-five percent (75%) of the United States' thirty largest commercial banks, or if the Wall Street Journal shall cease publication or cease publishing the "Prime Rate" on a regular basis, such other regularly published average prime rate applicable to such commercial banks as is acceptable to CoBank in its reasonable discretion. Each change in the rate shall be applicable to all balances subject to this option and information about the then current rate shall be made available upon telephonic request.

(2) LIBOR Option. At a fixed rate per annum equal to LIBOR plus the Applicable Margin (the "LIBOR Option"). Under this option, rates may be fixed: (a) on three (3) Business Days' prior notice; (b) on balances of \$2,000,000 or in \$1,000,000 increments in excess thereof; and (c) for Interest Periods of 1, 2, 3, or 6 months, as selected by the Company; provided, however, that: (i) the maximum number of balances outstanding under this Note that may be subject to this option at any one time shall be ten (10); and (ii) in no event may rates be fixed for Interest Periods expiring after the Maturity Date.

(B) Elections. Subject to the limitations set forth above, the Company shall select the applicable rate option(s) at the times and in the manner contemplated in the Loan Agreement.

(C) Calculation and Payment. Interest shall be calculated on the actual number of days each Loan is outstanding on the basis of a year consisting of 365/366 days. In calculating interest, the date each Facility Loan is made shall be included and the date each Loan is repaid shall, if received before 10:00 AM Mountain Time, be excluded. Interest shall be

calculated and paid: (1) quarterly in arrears on the last day of each March, June, September and December; and (2) on the Maturity Date. Notwithstanding the foregoing, interest on balances subject to the LIBOR Option shall be calculated and paid at the end of each Interest Period or, in the case of Interest Periods longer than 3 months, at three month intervals.

(D) Default Rate. Notwithstanding the foregoing, in the event the Company fails to make any payment of principal or interest hereunder when due and payable, then without limiting any other rights and remedies, such payment shall, at CoBank's option in each instance, bear interest from the date when due to the date paid at 4% per annum in excess of the rate in effect on the Loans. In addition, upon the occurrence and during the continuance of any Event of Default, CoBank may, at its option in each instance and automatically following acceleration, charge interest on the unpaid principal balance of this Note at 4% per annum in excess of the rate or rates that would otherwise be in effect on the Loans. All such interest shall be payable upon demand.

3. Prepayment.

(A) Optional Prepayment. The Company shall have the right to prepay this Note in whole or in part provided, however, that in the case of partial prepayments, the minimum amount that may be prepaid at any one time shall be \$2,000,000 and amounts in excess thereof shall be in increments of \$1,000,000. In the event the Company desires to prepay this Note, it shall furnish written notice thereof to CoBank not less than three Business Days prior to the date thereof, specifying the date on which this Note is to be prepaid and the amount thereof. On such date, unless CoBank otherwise agrees, the portion thereof designated for prepayment shall become due and payable together with: (A) accrued interest on the amount prepaid to the date of payment; and (B) in the event any fixed rate balance is prepaid, a prepayment premium in an amount calculated pursuant to the Loan Agreement. All partial prepayments shall be applied to such fixed and variable rate balances outstanding on this Note as shall be designated by the Company. Unless otherwise agreed by CoBank and except as provided in Subsection (B) hereof, the Company may not prepay this Note in any other manner.

(B) Mandatory Prepayment. The Company shall prepay this Note in full, together with all accrued interest and, if required by Section 2.06(C) of the Loan Agreement, a prepayment premium in an amount calculated pursuant to the Loan Agreement, in the event repayment hereof is accelerated in accordance with the terms of the Loan Agreement. In addition, the Company shall prepay the Note in part, together with accrued interest and, if required by Section 2.06(C) of the Loan Agreement, a prepayment premium, if and to the extent required by Section 2.06(B) of the Loan Agreement.

4. Payments. All payments made hereunder shall be made in lawful money of the United States of America by wire transfer of immediately available funds. Wire transfers shall be made to such account or accounts as shall be designed by CoBank in accordance with the terms of the Loan Agreement. CoBank shall not be obligated to present this Note as a condition for obtaining any payment of principal or interest required to be made hereunder. Upon payment of this Note in full, CoBank will mark this Note as cancelled and return it as directed by this Company. If the date on which any installment of principal and interest are due is not a Business Day, such installment shall be due and payable on the next Business Day and interest shall continue to accrue on the principal amount thereof until paid.

5. Reference. Reference to the Loan Agreement should be made for a complete statement of the rights of the Holder hereof and the nature and extent of the security for this Note, including the right to accelerate repayment of this Note. In addition, reference to the Loan Agreement should be made for the meaning of all capitalized terms used herein and not defined herein.

6. Governing Law. This Note shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, Big Rivers Electric Corporation has caused this Note to be duly executed by one of its officers thereunto duly authorized as of the date first written above.

BIG RIVERS ELECTRIC CORPORATION

By: _____

Its: _____

Attest:

By: _____

Title: _____

EXHIBIT F

BIG RIVERS ELECTRIC CORPORATION SUBSIDIARIES

EXHIBIT G
BIG RIVERS ELECTRIC MATERIAL LITIGATION

EXHIBIT 47

DESCRIPTION OF PROPERTY

807 KAR 5:001§11(1)(a)

**BIG RIVERS ELECTRIC CORPORATION'S
DESCRIPTION OF PROPERTY**

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Big Rivers Electric Corporation is a generation and transmission cooperative (G&T) headquartered in Henderson, Kentucky. The Corporation meets the electric power needs of three member distribution cooperatives, which, in turn, sell electricity to more than 110,000 residential, commercial, and industrial consumers in 22 western Kentucky counties.

On July 17, 1998, Big Rivers completed a transaction with LG&E Energy Corp. (now E.ON U.S. LLC.) and certain of its affiliates (E.ON) to lease its coal-fired steam and its internal combustion generating capacity. In addition, Big Rivers' current capacity rights to 217 MW in the Henderson Municipal Power and Light (HMPL) Station Two facility was assigned to E.ON.

Big Rivers owns and operates its transmission system and provides transmission services to its members, LG&E Energy Marketing, Inc., and other third parties in accordance with its Open Access Transmission Tariff. Big Rivers owns and maintains 1,242 miles of line and has interconnections with seven utilities and interchange agreements with twelve utilities. Also, we own and maintain 5,144,800 kVA substation capacity.

1. Big Rivers' utility plant in service and materials and supplies inventory, as of December 31, 2007, consisting of intangible plant, electric power generating plants (leased to E.ON) land right-of-ways, transmission stations and lines, land, buildings, office furniture and equipment, transportation equipment, storage equipment, tools, shop and garage equipment, laboratory equipment, power operated equipment, communication equipment and transmission material and supplies inventory. The original cost of these properties as of December 31, 2007, is \$1,750,622,418. The net (depreciated) value of the property is \$897,332,558.

2. As of December 31, 2007, Big Rivers' intangible plant included organization and franchise costs of \$66,895.

**BIG RIVERS ELECTRIC CORPORATION'S
DESCRIPTION OF PROPERTY**

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3. Big Rivers owns but leases to E.ON the Reid, Coleman, Green and Wilson generating plants costing \$1,437,530,892, excluding switchyards, with a net (depreciated) value of \$673,751,950 at December 31, 2007.

- a. The Coleman Station is a multiple unit plant consisting of three coal-fired designed to burn Illinois Basin coal. The units were commercialized in 1969, 1970 and 1972 respectively with a combined net output rating of 440 MW during the Ozone Season and 443 MW during Non-Ozone Season.
- b. The Robert Reid Station is a multiple unit plant consisting of one coal-fired unit designed to burn Illinois Basin coal and/or natural gas and one combustion turbine with the ability to burn either fuel oil or natural gas. The units were commercialized in 1966 and 1976 respectively with a combined net output rating of 130 MW.
- c. The Robert D. Green facility is a multiple unit plant consisting of two coal-fired units designed to burn Illinois Basin coal. The units were commercialized in 1979 and 1981 respectively with a combined net output rating of 454 MW during both Ozone Season and Non-Ozone Season.
- d. The DB Wilson Station is a single coal-fired unit designed to burn Illinois Basin coal. The unit was commercialized in 1986 with a net output rating of 417 MW during Ozone Season and 419 MW during Non-Ozone Season.

4. Big Rivers has interconnections with seven power suppliers: HMPL, Southern Illinois Power Cooperative, E.ON Kentucky Utilities, Vectren (formerly Southern Indiana Gas and Electric), Hoosier Energy Cooperative, Southeastern

**BIG RIVERS ELECTRIC CORPORATION'S
DESCRIPTION OF PROPERTY**

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Power Administration, and the Tennessee Valley Authority. Big Rivers, however, cannot purchase power from the Tennessee Valley Authority.

5. Transmission facilities as of December 31, 2007, include land, right-of-ways, station equipment and lines costing \$209,547,442 with a net (depreciated) value of \$104,509,592. The miles of transmission line by size are as follows: 826 miles of 69 kV, 14 miles of 138 kV, 335 miles of 161 kV and 68 miles of 345 kV. The substation kVA capacity consists of 1,879,800 stepup at generating plants and 3,540,000 transmission. An acquisition adjustment is also included herein, as described in Item 7 below.

6. Big Rivers owns general plant assets costing \$15,838,724 as of December 31, 2007, with a net (depreciated) value of \$9,113,567. General plant consists of land, structures and improvements, office furniture and equipment, transportation equipment, storage equipment, tools, shop and garage equipment, laboratory equipment, power operated equipment, communication equipment and other miscellaneous equipment used to provide service to member cooperatives.

7. As of December 31, 2007, Big Rivers has a transmission material and supplies inventory costing \$768,193.

8. Big Rivers' investment in construction work in progress as of December 31, 2007, is \$15,069,982.

9. As of December 31, 2007, Big Rivers did not own any non-utility property.

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EXHIBIT 48

Financial Exhibit 807 KAR 5:001§6

(NOTE: RUS Form 12 for December 2007, January 2008 and February 2008 are attached. Forms for earlier months were included in APPENDIX D of the initial filing.)

**BIG RIVERS ELECTRIC CORPORATION
FINANCIAL EXHIBIT
AS OF FEBRUARY 29, 2008**

Big Rivers states that:

1. No amounts or kinds of stock have been authorized.
2. No amounts or kinds of stock have been issued and none is outstanding.
3. No preferred stock has been authorized or is outstanding.
4. As of February 28, 2008 Big Rivers Electric Corporation (Big Rivers) has four (4) mortgages and related amendments in effect on certain or all of its property, those mortgages being two Mortgage and Security Agreement related to the E.ON U.S. Lease Transaction, the Subordinated Mortgage and Security Agreement related to the Sale-Leaseback Transaction, and the Third Restated Mortgage and Security Agreement (successor to the Restated Mortgage and Security Agreement [the New RUS Mortgage] and Second Restated Mortgage and Security Agreement).

The E.ON U.S. Lease Transaction Mortgages, dated July 15, 1998, was made by and among Big Rivers Electric Corporation as Mortgagor and LG&E Energy Marketing Inc. (LEM) and Western Kentucky Energy Corp. (WKEC) as Mortgagees (LEM and WKEC are both subsidiaries of E.ON U.S.). The property provided as collateral under these mortgages includes both real and personal property, tangible and intangible, as described in Exhibit B to the Mortgages. The maximum amount of the obligations secured under each Mortgage is \$1.0 billion.

The first of the E.ON U.S. Lease Transaction Mortgages secures all payments, sums, and debts owed by Mortgagor to the Mortgagees under the contracts as listed below:

- (1) the New Participation Agreement;
- (2) the Facilities Operating Agreement;
- (3) the Cost Sharing Agreement;
- (4) the Power Purchase Agreement;
- (5) the Transmission Service and Interconnection Agreement;
- (6) the Lease;
- (7) the Assignment and Assumption Agreement;
- (8) the Station Two Agreement; and
- (9) the Tax Indemnification Agreement.

The second of the E.ON U.S. Lease Transaction Mortgages (also referred to as the LEM Mortgage) secures the following Big Rivers' obligations to LEM and WKEC:

- The LEM Settlement Note dated July 15, 1998 in the original principal amount of \$19,675,603 and having a final maturity of July 25, 2023. This note is secured as to both principal and interest.
- Payments due and owing for Residual Value Payments as provided for in Section 24.1 of the New Participation Agreement dated as of April 6, 1998 and amended by a Letter Agreement dated April 18, 2000.
- Payments due and owing for Enhancements and Major Capital Improvements as provided for in Section 8.1 of the Lease and Operating agreement.

The Subordinated Mortgage and Security Agreement, dated April 1, 2000, is made by Big Rivers Electric Corporation as Grantor and the "Subordinated Secured Parties" as Grantees consisting of: PBR-1 Statutory Trust; PBR-2 Statutory Trust; PBR-3 Statutory Trust; FBR-1 Statutory Trust; FBR-2 Statutory Trust; PBR-1 OP Statutory Trust; PBR-2 OP Statutory Trust; PBR-3 OP Statutory Trust; FBR-1 OP Statutory Trust; FBR-2OP Statutory Trust; Ambac Credit Products, LLC; AME Investments, LLC; CoBank, ACB; Bluegrass Leasing; Fleet Real Estate, Inc.; AME Asset Funding, LLC; and, AMBAC Assurance Corporation. Under this Mortgage the Grantor provides to the Grantees a subordinated lien and security interest all property, real or personal (except no automobiles, trucks, trailers, tractors or other vehicles are included), tangible or intangible, including the property, contracts and documents described in Appendices B, C and D attached to the Mortgage. The Mortgage secures the payment, performance and observance by Grantor of all of Grantor's obligations to the Subordinate Secured Parties under their respective Operative Documents. The maximum amount of Secured Obligations secured by this mortgage is \$2.0 billion.

The Third Restated Mortgage and Security Agreement is a successor to the Restated Mortgage and Security Agreement (the New RUS Mortgage) and Second Restated Mortgage and Security Agreement. On July 15, 1998, Big Rivers and the Rural Utilities Service (RUS) entered into the New RUS Agreement restructuring Big Rivers' RUS long-term debt obligations. This agreement discharged and released Big Rivers from all prior RUS debt obligations and established the New RUS Note and RUS ARVP Note as Big Rivers' only RUS Debt obligations. As a result of the debt restructuring the Restated Mortgage and Security Agreement (New RUS Mortgage) was executed to secure the New RUS Debt and provide security to certain other mortgagees named in that document. The Supplemental Mortgage and Security Agreement No. 1, dated April 1, 2000, was made by Big Rivers and the "2000 Mortgagees" to amend the New RUS Mortgage to secure certain Big Rivers' obligations resulting from the Sale-Leaseback Transaction. On December 15, 2000 the Second Restated Mortgage and Security Agreement amended and replaced the New RUS Mortgage to include the 2000 Mortgagees of the Sale-Leaseback

Transaction completed on April 18, 2000 and secured certain obligations to Credit Suisse First Boston ("CSFBNYB"). On August 1, 2001 the Second Restated Mortgage and Security Agreement was replaced by the Third Restated Mortgage and Security Agreement. The Third Restated Mortgage and Security Agreement is made by and among Big Rivers Electric Corporation as mortgagor and the mortgagees as follows: the United States of America (the "Government" acting through the Administrator of the Rural Utilities Service ["RUS"]); and in certain instances Ambac Assurance Corporation ("Ambac"); National Rural Utilities Cooperative Finance Corporation (the "Bank"); Dexia Credit Local (effective May 1, 2006, an Assignment Agreement between Credit Suisse First Boston ["CSFBNYB"] and Dexia Credit Local ["Dexia"] assigned all of the rights and obligations of the liquidity facility associated with the Ohio County of Kentucky Note, Series 1983 from CSFBNYB to Dexia); PBR-1 Statutory Trust, PBR-2 Statutory Trust, PBR-3 Statutory Trust, FBR-1 Statutory Trust, FBR-2 Statutory Trust (these statutory trusts are each Connecticut statutory trusts acting through US Bank [previously State Street Bank and Trust Company, National Association]), and Ambac Credit Products, LLC. The Third Restated Mortgage and Security Agreement was amended on July 15, 2003 to extend the Revolving Credit Agreement between Big Rivers Electric Corporation and National Rural Utilities cooperative Finance Corporation.

The Third Restated Mortgage and Security Agreement as amended secures the following indebtedness:

- "Government Debt Notes" payable to the Government as evidenced by the New RUS Promissory Note dated July 15, 1998 in an original principal amount of \$1,022,583,000 and maturing July 2021, and the RUS ARVP Promissory Note dated July 15, 1998 in the original principal amount of \$265,000,000 maturing December 31, 2023.
- "AMBAC Notes" payable to Ambac consisting of (i) one promissory note, dated July 15, 1998, stated to mature on June 1, 2013, issued in the aggregate principal amount of not to exceed \$216,207,600 with respect to the 1983 Municipal Bond Insurance Policy and (ii) one promissory note, dated July 15, 1998, stated to mature on June 1, 2013, issued in the aggregate principal amount of not to exceed \$4,050,000 with respect to the 1983 Surety Policy.
- "Bank Note" payable to the Bank is a promissory note in the aggregate principal amount of not to exceed \$15,000,000, originally dated July 15, 1998, and stated to have an original maturity date of July 15, 2003, as amended and restated on July 14, 2003, with a new maturity date of July 14, 2013.
- "CSFBNYB Notes" payable to Dexia (through an Assignment Agreement between CSFBNYB and Dexia) consists of (i) one promissory note, dated as of December 15, 2000, stated to mature on

June 1, 2013, issued in the aggregate principal amount of not to exceed \$216,207,600 with respect to the 1983 Bonds held by Dexia and (ii) one promissory note, dated as of December 15, 2000, stated to mature on June 1, 2013, issued in the aggregate principal amount of not to exceed \$4,050,000 with respect to the 1983 Surety Policy.

- “Facility Lessor (D) Secured Notes” as set forth below:
 - (i) Facility Lessor (D) Secured Note (PBR-1), dated April 18, 2000, made to PBR-1 Statutory Trust in the maximum amount equal to the Debt Secured Amount as described in such secured note which matures on January 4, 2056.
 - (ii) Facility Lessor (D) Secured Note (PBR-2), dated April 18, 2000, made to PBR-2 Statutory Trust in the maximum amount equal to the Debt Secured Amount as described in such secured note which matures on January 4, 2056.
 - (iii) Facility Lessor (D) Secured Note (PBR-3), dated April 18, 2000, made to PBR-3 Statutory Trust in the maximum amount equal to the Debt Secured Amount as described in such secured note which matures on January 4, 2063.
 - (iv) Facility Lessor (D) Secured Note (FBR-1), dated April 18, 2000, made to FBR-1 Statutory Trust in the maximum amount equal to the Debt Secured Amount as described in such secured note which matures on January 4, 2063.
 - (v) Facility Lessor (D) Secured Note (FBR-2), dated April 18, 2000, made to FBR-2 Statutory Trust in the maximum amount equal to the Debt Secured Amount as described in such secured note which matures on January 4, 2063.

- “Facility Lessor (E) Secured Notes” as set forth below:
 - (i) Facility Lessor (E) Secured Note (PBR-1), dated April 18, 2000, made to PBR-1 Statutory Trust in the maximum amount equal to the Equity Secured Amount as described in such secured note which matures on January 4, 2056.
 - (ii) Facility Lessor (E) Secured Note (PBR-2), dated April 18, 2000, made to PBR-2 Statutory Trust in the maximum amount equal to the Equity Secured Amount as described in such secured note which matures on January 4, 2056.
 - (iii) Facility Lessor (E) Secured Note (PBR-3), dated April 18, 2000, made to PBR-3 Statutory Trust in the maximum amount equal to the Equity Secured Amount as described in such secured note which matures on January 4, 2063.
 - (iv) Facility Lessor (E) Secured Note (FBR-1), dated April 18, 2000, made to FBR-1 Statutory Trust in the maximum amount equal to the Equity Secured Amount as described in such secured note which matures on January 4, 2063.

- (v) Facility Lessor (E) Secured Note (FBR-2), dated April 18, 2000, made to FBR-2 Statutory Trust in the maximum amount equal to the Equity Secured Amount as described in such secured note which matures on January 4, 2063.
- “Ambac Credit Products Secured Notes” as set forth below:
 - (i) Ambac Credit Products Secured Note (PBR-1), dated April 18, 2000, made to Ambac Credit Products in the maximum amount equal to the Party B Fixed Amount as described in such secured note which matures on January 4, 2056.
 - (ii) Ambac Credit Products Secured Note (PBR-2), dated April 18, 2000, made to Ambac Credit Products in the maximum amount equal to the Party B Fixed Amount as described in such secured note which matures on January 4, 2056.
 - (iii) Ambac Credit Products Secured Note (PBR-3), dated April 18, 2000, made to Ambac Credit Products in the maximum amount equal to the Party B Fixed Amount as described in such secured note which matures on January 4, 2063.
 - (iv) Ambac Credit Products Secured Note (FBR-1), dated April 18, 2000, made to Ambac Credit Products in the maximum amount equal to the Party B Fixed Amount as described in such secured note which matures on January 4, 2063.
 - (v) Ambac Credit Products Secured Note (FBR-2), dated April 18, 2000, made to Ambac Credit Products in the maximum amount equal to the Party B Fixed Amount as described in such secured note which matures on January 4, 2063.
- “Series 2001A Note” payable to the Series 2001A Trustee is a promissory note, dated August 1, 2001, stated to mature on October 1, 2022, issued in the aggregate principal amount of \$83,300,000 to evidence the obligation under the Financing and Loan Agreement to pay the principal of and interest on the Series 2001A Bonds.

The Third Restated Mortgage and Security Agreement has a “Maximum Debt Limit” amount of \$3.26 billion.

5. Big Rivers has financed certain pollution control facilities at the D. B. Wilson Station with pollution control bonds issued by the County of Ohio, Kentucky. Big Rivers Electric Corporation has two issues outstanding.

On June 30, 1983, the County of Ohio, Kentucky, issued \$58,800,000 of Pollution Control Floating Rate Demand Bonds, Series 1983 (Series 1983 Bonds), with a stated maturity date of June 1, 2013. The proceeds of the Series 1983 Bonds are supported by a promissory note from Big Rivers, which bear the same interest rate as the bonds. These bonds bear interest at a variable rate and, prior to July 15, 1998, were

supported by an irrevocable standby letter of credit. On July 15, 1998 the standby letter of credit was replaced by a liquidity facility issued by Credit Suisse First Boston (assigned to Dexia Credit Local effective May 1, 2006) and municipal bond insurance and security policies issued by Ambac Assurance Corporation. A remarketing agent is responsible for determining the stated rate (Base Rate) of interest to be applied to the Series 1983 Bonds necessary to remarket the bonds at par plus accrued interest in a secondary market transaction. The Base Rate so determined may not be less than 40 percent nor more than 110 percent of a variable interest index. This variable interest index is the weighted average per annum discount rate for direct obligations of the United States with maturities of 13 weeks, expressed as a bond equivalent on the basis of a 365 or 366 day year, as appropriate, and applied on a daily basis, set on the latest auction of such obligations. The Base Rate cannot exceed 13 percent. As of February 29, 2008 the Base Rate for the Series 1983 Bonds was 8.00% and interest paid for the fiscal year ending December 31, 2007 was \$2,160,424.78.

On October 31, 1985, the County of Ohio, Kentucky, issued \$83,300,000 of Variable Rate Demand Pollution Control Refunding Bonds, Series 1985 (Series 1985 Bonds), with a stated maturity date of October 1, 2015. On August 1, 2001 Big Rivers refunded the Series 1985 Bonds with the Series 2001A, Periodic Auction Reset Securities (Series 2001A Bonds), effectively eliminating a \$5 million annual sinking fund requirement of the Series 1985 Bonds and extending the maturity date from October 1, 2015 to October 1, 2022. The proceeds of the Series 2001A Bonds are supported by a promissory note from Big Rivers, which is secured by the Third Restated Mortgage and Security Agreement, and municipal bond insurance and security policies issued by Ambac Assurance Corporation. Interest rates are set on the Series 2001A Bonds every 28 days through an auction procedure carried out by a Broker-Dealer and Auction Agent. The Broker-Dealer solicits buyers/sellers for the bonds and submits the orders, including the interest rates specified in the orders, to the Auction Agent. The Auction Agent then assembles all orders submitted by the Broker-Dealer for review and determines the Auction Rate. Big Rivers and the Trustee of the Series 2001A Bonds are then notified of the winning auction rate for the next succeeding auction period. If the Auction Agent fails to calculate or to timely provide the Auction Rate, the Bond Rate becomes the "No Auction Rate." The No Auction Rate is calculated by multiplying the Percentage of PARS (Bond) Index, as set forth in the documents, by the Seven-Day "AA" Composite Commercial Paper Rate on such auction date. The maximum interest rate on the bonds established by the 2001A Series Bond Indenture is 18% per annum. As of February 29, 2008 the interest rate for the Series 2001A Bonds was 6.25% and interest paid for the fiscal year ending December 31, 2007 was \$3,153,275.22.

6. As of February 29, 2008, Big Rivers' notes outstanding, on which amounts were due and owing, consisted of the New RUS Note, RUS ARVP Note, and LEM Settlement Note.

The New RUS Note, dated July 15, 1998, was issued in favor of the United States of America, acting through the United States Department of Agriculture, Rural Utilities Services, (the "RUS"), in the original principal amount of \$1,022,583,000, with a maturity of July 2021. The New RUS Note has a stated interest rate of 5.75% and an outstanding stated amount of \$799,013,557.00 as of February 29, 2008. Interest paid during fiscal year ending December 31, 2007 was \$31,143,760.71.

The RUS ARVP Note, dated July 15, 1998, was issued in favor of the United States of America, acting through the United States Department of Agriculture, Rural Utilities Services, (the "RUS"), in the original principal amount of \$265,000, with a maturity of December 2023. The ARVP Note has no stated interest rate and an outstanding stated amount of \$249,030,518.34 as of February 29, 2008. There is no interest amount to be paid on this note.

The LEM Settlement Note, dated July 15, 1998, was issued in favor of LG&E Energy Marketing, Inc. (LEM), in the original principal amount of \$19,675,603, with monthly installment payments to be made through July 2023. The LEM Settlement Note bears an interest rate of 8% with an outstanding balance of \$16,115,753.55 as of February 29, 2008. Interest paid during fiscal year ending December 31, 2007 was \$1,318,399.48.

7. During 1997, Big Rivers incurred a long-term debt obligation related to a settlement reached on early termination of two unfavorable coal contracts. There is no interest incurred on this indebtedness and the last payment of \$45,000 will be due and payable on August 22, 2008.

8. No dividends have ever been paid.

9. The income statement and balance sheet for the twelve (12) months ended February 28, 2008 are attached hereto. The December 31, 2007 has not been finalized due to the fact that Big Rivers' 2007 Financial Statement audit is still in progress with the anticipated completion to be during April 2008.

According to the Paperwork Reduction Act of 1993, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 25 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE OPERATING REPORT - FINANCIAL	BORROWER DESIGNATION KY0062 PERIOD ENDED December, 2007
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INSTRUCTIONS - Submit an original and two copies to RUS or file electronically. For detailed instructions, see RUS Bulletin 1717B-3.	BORROWER NAME
This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et. seq.) and may be confidential.	Big Rivers Electric Corporation

CERTIFICATION

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

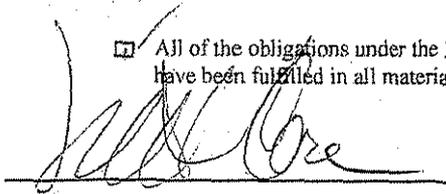
We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII
(check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Form 12a Section C of this report.



1-21-08
DATE

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE	BORROWER DESIGNATION KY0062
	PERIOD ENDED December, 2007
OPERATING REPORT - FINANCIAL	
INSTRUCTIONS - Submit an original and two copies to RUS or file electronically. or detailed instructions, see RUS Bulletin 1717B-3.	This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et. seq.) and may be confidential.

SECTION A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Electric Energy Revenues	190,834,379	261,892,197	176,790,741	21,256,318
2. Income From Leased Property (Net)	29,544,167	29,588,017	29,460,997	2,585,828
3. Other Operating Revenue and Income	9,858,025	9,713,360	9,557,801	808,163
4. TOTAL OPER. REVENUES & PATRONAGE CAPITAL (1 thru 3)	230,236,571	301,193,574	215,809,539	24,650,309
5. Operating Expense - Production - Excluding Fuel				
6. Operating Expense - Production - Fuel				
7. Operating Expense - Other Power Supply	112,757,556	167,963,322	97,357,214	13,117,494
8. Operating Expense - Transmission	5,586,277	9,373,779	5,550,352	882,293
9. Operating Expense - Distribution				
10. Operating Expense - Customer Accounts				
11. Operating Expense - Customer Service & Information	663,813	672,261	799,326	105,722
12. Operating Expense - Sales	710,734	605,174	757,593	96,397
13. Operating Expense - Administrative & General	12,429,715	14,195,360	12,202,992	2,036,643
14. TOTAL OPERATION EXPENSE (5 thru 13)	132,148,095	192,809,896	116,667,477	16,238,549
15. Maintenance Expense - Production				
16. Maintenance Expense - Transmission	3,333,680	3,780,891	3,844,496	497,975
17. Maintenance Expense - Distribution				
18. Maintenance Expense - General Plant	274,153	415,681	294,997	36,617
19. TOTAL MAINTENANCE EXPENSE (15 thru 18)	3,607,833	4,196,572	4,139,493	534,592
20. Depreciation and Amortization Expense	5,052,777	5,067,903	5,245,693	425,852
21. Taxes	1,099,793	1,085,598	1,079,602	95,950
22. Interest on Long-Term Debt	73,344,484	74,115,114	73,530,067	6,169,594
23. Interest Charged to Construction - Credit	(235,737)	(391,428)	(726,760)	(58,018)
24. Other Interest Expense	31,103	27,209	33,140	1,369
25. Asset Retirement Obligations				
26. Other Deductions	(2,770,187)	(2,797,156)	(2,810,064)	(237,329)
27. TOTAL COST OF ELECTRIC SERVICE (14 + 19 thru 26)	212,278,161	274,113,708	197,158,648	23,170,559
28. OPERATING MARGINS (4 less 27)	17,958,410	27,079,866	18,650,891	1,479,750
29. Interest Income	15,799,831	19,310,948	19,260,434	1,663,993
30. Allowance For Funds Used During Construction				
31. Income (Loss) from Equity Investments				
32. Other Non-operating Income (Net)	327			
33. Generation & Transmission Capital Credits				
34. Other Capital Credits and Patronage Dividends	783,729	786,063	778,505	0
35. Extraordinary Items				
36. NET PATRONAGE CAPITAL OR MARGINS (28 thru 35)	34,542,297	47,176,877	38,689,830	3,143,743

RUS Form 12a

000007

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE	BORROWER DESIGNATION KY0062
OPERATING REPORT - FINANCIAL	PERIOD ENDED December, 2007
INSTRUCTIONS - Submit an original and two copies to RUS or file electronically. detailed instructions, see RUS Bulletin 1717B-3.	This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et. seq.) and may be confidential.

SECTION B. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	1,749,854,225	32. Memberships	75
2. Construction Work in Progress	15,069,982	33. Patronage Capital	
3. TOTAL UTILITY PLANT (1 + 2)	1,764,924,207	a Assigned and Assignable	
4. Accum. Provision for Depreciation and Amort.	853,289,860	b Retired This year	
5. NET UTILITY PLANT (3 - 4)	911,634,347	c Retired Prior years	
6. Non-Utility Property (Net)		d Net Patronage Capital	
7. Investments in Subsidiary Companies		34. Operating Margins - Prior Years	(293,162,550)
8. Invest. in Assoc. Org. - Patronage Capital	2,983,950	35. Operating Margin - Current Year	27,865,929
9. Invest. in Assoc. Org. - Other - General Funds	684,993	36. Non-Operating Margins	85,853,984
10. Invest. in Assoc. Org. - Other - Nongeneral Funds		37. Other Margins and Equities	4,444,502
11. Investments in Economic Development Projects	10,000	38. TOTAL MARGINS & EQUITIES (32 + 33d thru 37)	(174,998,060)
12. Other Investments	5,334	39. Long-Term Debt - RUS (Net)	864,586,792
13. Special Funds	181,175,720	40. Long-Term Debt - FFB - RUS Guaranteed	
14. TOTAL OTHER PROPERTY AND INVESTMENTS (6 thru 13)	184,859,997	41. Long-Term Debt - Other - RUS Guaranteed	
15. Cash - General Funds	5,747	42. Long-Term Debt - Other (Net)	328,962,504
16. Cash - Construction Funds - Trustee		43. Long-Term Debt - RUS - Econ. Devel. (Net)	
17. Special Deposits	555,101	44. Payments - Unapplied	
18. Temporary Investments	148,315,914	45. TOTAL LONG-TERM DEBT (39 thru 43 - 44)	1,193,549,296
19. Notes Receivable (Net)		46. Obligations Under Capital Leases - Noncurrent	
20. Accounts Receivable - Sales of Energy (Net)	22,594,179	47. Accumulated Operating Provisions and Asset Retirement Obligations	4,428,692
21. Accounts Receivable - Other (Net)	3,718,566	48. TOTAL OTHER NONCURRENT LIABILITIES (46 + 47)	4,428,692
22. Fuel Stock		49. Notes Payable	
23. Materials and Supplies - Other	768,193	50. Accounts Payable	22,636,061
24. Prepayments	11,204,614	51. Current Maturities Long-Term Debt	39,394,436
25. Other Current and Accrued Assets	12,723,275	52. Current Maturities Long-Term Debt - Rural Development	
26. TOTAL CURRENT AND ACCRUED ASSETS (15 thru 25)	199,885,589	53. Current Maturities Capital Leases	
27. Unamortized Debt Discount & Extraor. Prop. Losses	788,842	54. Taxes Accrued	982,113
28. Regulatory Assets		55. Interest Accrued	20,494,952
29. Other Deferred Debits	16,834,548	56. Other Current and Accrued Liabilities	1,956,773
30. Accumulated Deferred Income Taxes	5,112,491	57. TOTAL CURRENT & ACCRUED LIABILITIES (49 thru 56)	85,464,335
31. TOTAL ASSETS AND OTHER DEBITS (5 + 14 + 26 thru 30)	1,319,115,814	58. Deferred Credits	210,671,551
		59. Accumulated Deferred Income Taxes	
		60. TOTAL LIABILITIES AND OTHER CREDITS (38 + 45 + 48 + 57 thru 59)	1,319,115,814

Preliminary

USDA-RUS

FINANCIAL AND STATISTICAL REPORT

BORROWER DESIGNATION
KY0062
PERIOD ENDED
December, 2007

INSTRUCTIONS - See RUS Bulletin 1717B-3

SECTION C. Notes to Financial Statements

Footnote to RUS Form 12a

Depreciation and Amortization Expense on Leased Property (included in Statement of Operations Line 2):

	2007	2006
	\$27,195,960	\$26,937,208

Financial Ratios:	2007	2006
Tier	1.64	1.47
DISC	2.04	1.86

Footnote to RUS Form 12b SE

Kenergy "LF" Contract termination date is March 31, 2011.

Preliminary

USDA-RUS OPERATING REPORT INSTRUCTIONS - See RUS Bulletin 1717B-3	BORROWER DESIGNATION KY0062 PERIOD ENDED December, 2007
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OPERATING REPORT SALES OF ELECTRICITY						
Sale No.	Name Of Company or Public Authority (a)	Statistical Classification (b)	RUS Borrower Designation (c)	Average Monthly Billing Demand (MW) (d)	Actual Average Monthly NCP Demand (e)	Actual Average Monthly CP Demand (f)
1	Ultimate Consumer(s)					
2	Jackson Purchase Energy Corp (KY)	RQ	KY0020	129	140	121
3	Meade County Rural E C C (KY)	RQ	KY0018	89	95	85
4	Kenergy Corporation (KY) (KY0065)	RQ	KY0065	353	364	365
5	Kenergy Corporation (KY) (KY0065)	IF	KY0065			
6	Kenergy Corporation (KY) (KY0065)	LF	KY0065			
7	Alabama Electric Coop, Inc (AL)	OS	AL0042			
8	Associated Electric Coop, Inc (MO)	OS	MO0073			
9	East Kentucky Power Coop, Inc (KY)	OS	KY0059			
10	Oglethorpe Power Corporation (GA)	OS	GA0109			
11	Cargill-Alliant LLC	OS				
12	Constellation Power Source Inc	OS				
13	Eagle Energy Partners	OS				
14	LG&E Energy Marketing, Inc	OS				
15	Merrill Lynch Commodities	OS				
16	Midwest Independent Transmission	OS				
17	Morgan Stanley Capital Grp Inc	OS				
18	PJM Interconnection (PA)	OS				
19	Progress Energy Ventures, Inc.	OS				
20	Southern Company Services	OS				
21	Tennessee Valley Authority	OS				
22	The Energy Authority	OS				
	Total for Ultimate Consumer(s)					
	Total for Distribution Borrowers			571	599	571
	Total for G&T Borrowers			0	0	0
	Total for Other			0	0	0
	Grand Total			571	599	571

USDA-RUS					BORROWER DESIGNATION
OPERATING REPORT					KY0062
INSTRUCTIONS - See RUS Bulletin 1717B-3					PERIOD ENDED
					December, 2007
OPERATING REPORT SALES OF ELECTRICITY					
Sale No	Electricity Sold (MWh) (g)	Revenue Demand Charges (h)	Revenue Energy Charges (i)	Revenue Other Charges (j)	Revenue Total (h + i + j) (k)
1					
2	718,915	10,754,065	14,510,427		25,264,492
3	474,936	7,340,574	9,686,684		17,029,258
4	2,133,954	33,458,652	37,528,828		70,987,480
5	11,831		336,782		336,782
6	2,232,981		119,891,878		119,891,878
7	3,400		120,900		120,900
8	50		2,250		2,250
9	7,342		448,890		448,890
10	2,253		91,705		91,705
11	71,210		3,042,003		3,042,003
12	17,789		1,551,837		1,551,837
13	105,263		3,661,696		3,661,696
14	14,599		659,199		659,199
15	37		2,701		2,701
16	261,441		12,378,436		12,378,436
17	33,600		3,091,200		3,091,200
18	26,706		1,255,279		1,255,279
19	4,048		145,378		145,378
20	744		19,307		19,307
21	40,737		1,833,368		1,833,368
22	1,758		78,158		78,158
	5,572,617	51,553,291	181,956,599	0	233,509,890
	13,045	0	663,745	0	663,745
	577,932	0	27,718,562	0	27,718,562
	6,163,594	51,553,291	210,338,906	0	261,892,197

Preliminary

USDA-RUS

OPERATING REPORT

INSTRUCTIONS - See RUS Bulletin 1717B-3

BORROWER DESIGNATION

KY0062

PERIOD ENDED

December, 2007

OPERATING REPORT SALES OF ELECTRICITY

Sale No	Comments
1	
2	
3	
4	
5	
6	
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USDA-RUS OPERATING REPORT INSTRUCTIONS - See RUS Bulletin 1717B-3	BORROWER DESIGNATION KY0062 PERIOD ENDED December, 2007
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OPERATING REPORT PURCHASED POWER						
Purchase No.	Name Of Company or Public Authority (a)	Statistical Classification (b)	RUS Borrower Designation (c)	Average Monthly Billing Demand (MW) (d)	Actual Average Monthly NCP Demand (e)	Actual Average Monthly CP Demand (f)
1	Kenergy Corporation (KY) (KY0065)	SF	KY0065			
2	Associated Electric Coop, Inc (MO) (MO0073)	OS	MO0073			
3	East Kentucky Power Coop, Inc (KY) (KY0059)	OS	KY0059			
4	Cargill-Alliant LLC	OS				
5	Constellation Energy Commodities Group	OS				
6	Eagle Energy Partners	OS				
7	Fortis Financial Services, LLC (NJ)	OS				
8	LG&E Energy Marketing, Inc	RQ				
9	LG&E Energy Marketing, Inc	OS				
10	Midwest Independent Transmission System Operator	OS				
11	Morgan Stanley Capital Grp Inc	OS				
12	PJM Interconnection (PA)	OS				
13	Reliant Energy Services, Inc	SF				
14	Southeastern Power Admin	LF		178		
15	Southern Company Services	OS				
16	Southern Indiana Gas & Elec Co	OS				
Total for Distribution Borrowers				0	0	0
Total for G&T Borrowers				0	0	0
Total for Other				178	0	0
Grand Total				178	0	0

Preliminary

USDA-RUS OPERATING REPORT INSTRUCTIONS - See RUS Bulletin 1717B-3	BORROWER DESIGNATION KY0062 PERIOD ENDED December, 2007
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OPERATING REPORT PURCHASED POWER							
Purchase No	Electricity Purchased (MWh) (g)	Electricity Received (MWh) (h)	Electricity Delivered (MWh) (i)	Demand Charges (l)	Energy Charges (k)	Other Charges (j)	Total (j + k + l) (m)
1	8,016				440,880		440,880
2	113				7,129		7,129
3	15				975		975
4	2,456				136,211		136,211
5	156				9,850		9,850
6	37,806				2,354,334		2,354,334
7	472,737				28,537,511		28,537,511
8	4,830,682				96,294,886		96,294,886
9	161				16,100		16,100
10	1,444				118,093		118,093
11	655,009				29,246,854		29,246,854
12	167				12,755		12,755
13	6,345				1,490,836		1,490,836
14	195,521			3,866,632	1,543,457		5,410,089
15	208				11,960		11,960
16	2,846				213,435		213,435
	8,016	0	0	0	440,880	0	440,880
	128	0	0	0	8,104	0	8,104
	6,205,538	0	0	3,866,632	159,986,282	0	163,852,914
	6,213,682	0	0	3,866,632	160,435,266	0	164,301,898

USDA-RUS

OPERATING REPORT

INSTRUCTIONS - See RUS Bulletin 1717B-3

BORROWER DESIGNATION

KY0062

PERIOD ENDED

December, 2007

OPERATING REPORT PURCHASED POWER

Purchase No	Comments
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UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE OPERATING REPORT SOURCES AND DISTRIBUTION OF ENERGY		BORROWER DESIGNATION KY0062		
		PERIOD ENDED December, 2007		
INSTRUCTIONS - Submit an original and two copies to RUS or file electronically. For detailed instructions, see RUS Bulletin 1717B-3.		This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et. seq.) and may be confidential.		
SOURCES OF ENERGY (a)	NO. OF PLANTS (b)	NAMEPLATE CAPACITY (kW) (c)	NET ENERGY RECEIVED BY SYSTEM (MWh) (d)	COST (\$) (e)
GENERATED IN OWN PLANT (Details on Forms 12d, e, f, and g)				
1. Fossil Steam	0	0	0	0
2. Nuclear	0	0	0	0
3. Hydro	0	0	0	0
4. Combined Cycle	0	0	0	0
5. Internal Combustion	0	0	0	0
6. Other	0	0	0	0
7. TOTAL in Own Plant (Sum of lines 1 thru 6)	0	0	0	0
PURCHASED POWER			6,213,682	164,301,898
8. TOTAL PURCHASED POWER				
INTERCHANGED POWER				
9. Received Into System (Gross)			0	0
10. Delivered Out of System (Gross)			0	0
11. Net Interchange (Line 9 minus 10)				
TRANSMISSION FOR OR BY OTHERS - (WHEELING)				
12. Received Into System			0	0
13. Delivered Out of System			0	0
14. Net Energy Wheeled (Line 12 minus 13)				
15. TOTAL Energy Available for Sale (Sum of lines 7 + 8 + 11 + 14)			6,213,682	
DISTRIBUTION OF ENERGY				
16. TOTAL Sales			6,163,594	
17. Energy Furnished to Others Without Charge			0	
18. Energy Used by Borrower (Excluding Station Use)			0	
19. TOTAL Energy Accounted For (Sum of lines 16 thru 18)			6,163,594	
LOSSES				
20. Energy Losses - MWh (Line 15 minus 19)			50,088	
21. Energy Losses - Percentage ((Line 20 divided by line 15) * 100)			.81 %	

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE	BORROWER DESIGNATION KY0062
OPERATING REPORT - LINES AND STATIONS	PERIOD ENDED December, 2007
INSTRUCTIONS - Submit an original and two copies to RUS or file electronically. For filed instructions, see Bulletin 1717B-3.	This data will be used to review your financial situation. Your response is required (7 U.S.C. 901 et. seq.) and may be confidential.

SECTION A. EXPENSE AND COSTS

ITEM	ACCOUNT NUMBER	LINES (a)	STATIONS (b)
TRANSMISSION OPERATION			
1. Supervision and Engineering	560	391,422	314,597
2. Load Dispatching	561	1,265,725	
3. Station Expenses	562		1,008,802
4. Overhead Line Expenses	563	932,124	
5. Underground Line Expenses	564		
6. Miscellaneous Expenses	566	166,528	149,659
7. SUBTOTAL (1 thru 6)		2,755,799	1,473,058
8. Transmission of Electricity by Others	565	5,120,221	
9. Rents	567		24,701
10. TOTAL TRANSMISSION OPERATION (7 thru 9)		7,876,020	1,497,759
TRANSMISSION MAINTENANCE			
11. Supervision and Engineering	568	242,373	275,346
12. Structures	569		33,920
13. Station Equipment	570		1,551,863
14. Overhead Lines	571	1,585,704	
15. Underground Lines	572		
16. Miscellaneous Transmission Plant	573	50,719	40,966
17. TOTAL TRANSMISSION MAINTENANCE (11 thru 16)		1,878,796	1,902,095
18. TOTAL TRANSMISSION EXPENSE (10 + 17)		9,754,816	3,399,854
19. Distribution Expense - Operation	580-589		
20. Distribution Expense - Maintenance	590-598		
21. TOTAL DISTRIBUTION EXPENSE (19 + 20)			
22. TOTAL OPERATION AND MAINTENANCE (18 + 21)		9,754,816	3,399,854
FIXED COSTS			
23. Depreciation - Transmission	403.5	2,312,453	2,478,171
24. Depreciation - Distribution	403.6		
25. Interest - Transmission	427	3,494,644	4,394,188
26. Interest - Distribution	427		
27. TOTAL TRANSMISSION (18 + 23 + 25)		15,561,913	10,272,213
28. TOTAL DISTRIBUTION (21 + 24 + 26)			
29. TOTAL LINES AND STATIONS (27 + 28)		15,561,913	10,272,213

SECTION B. FACILITIES IN SERVICE

SECTION C. LABOR AND MATERIAL SUMMARY

TRANSMISSION LINES				SUBSTATIONS		1. NUMBER OF EMPLOYEES		
VOLTAGE (kV)	MILES	TYPE	CAPACITY (kVA)	ITEM	LINES	STATIONS		
1. 345 KV	67.40	13. Distr. Lines		2. Oper. Labor	1,684,020	794,946		
2. 69 KV	814.71			3. Maint. Labor	835,958	1,350,684		
3. 138 KV	14.40	14. TOTAL (12 + 13)	1,231.91	4. Oper. Material	6,192,000	702,813		
4. 161 KV	335.40			5. Maint. Material	1,042,838	551,411		
5.		15. Stepup at Generating Plants	1,879,800	SECTION D. OUTAGES				
6.				16. Transmission	3,535,000	1. TOTAL		222,361.00
7.		17. Distribution				2. Avg. No. Dist. Cons: Served		109,329.00
8.				18. TOTAL (15 thru 17)	5,414,800	3. Avg. No. Hours Out Per Cons.		2.00
9.								
10.								
11.								
12. TOTAL (1 thru 11)	1,231.91							

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 25 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

BORROWER DESIGNATION KY0062

OPERATING REPORT - FINANCIAL

PERIOD ENDED
January, 2008

INSTRUCTIONS - Submit an original and two copies to RUS or file electronically.
For detailed instructions, see RUS Bulletin 1717B-3.

BORROWER NAME

This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et. seq.) and may be confidential.

Big Rivers Electric Corporation

CERTIFICATION

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

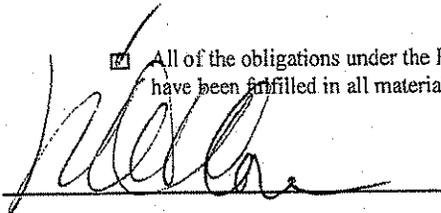
We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII
(check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Form 12a Section C of this report.



2/29/08
DATE

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

BORROWER DESIGNATION
KY0062

OPERATING REPORT - FINANCIAL

PERIOD ENDED
January, 2008

INSTRUCTIONS - Submit an original and two copies to RUS or file electronically.
For detailed instructions, see RUS Bulletin 1717B-3.

This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et. seq.) and may be confidential.

SECTION A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Electric Energy Revenues	22,837,378	17,007,386	16,934,408	17,007,386
2. Income From Leased Property (Net)	2,507,479	2,554,294	2,530,264	2,554,294
3. Other Operating Revenue and Income	785,166	813,906	796,135	813,906
4. TOTAL OPER. REVENUES & PATRONAGE CAPITAL (1 thru 3)	26,130,023	20,375,586	20,260,807	20,375,586
5. Operating Expense - Production - Excluding Fuel				
6. Operating Expense - Production - Fuel				
7. Operating Expense - Other Power Supply	14,000,261	9,636,631	9,959,941	9,636,631
8. Operating Expense - Transmission	753,569	580,308	622,208	580,308
9. Operating Expense - Distribution				
10. Operating Expense - Customer Accounts				
11. Operating Expense - Customer Service & Information	44,969	52,301	67,280	52,301
12. Operating Expense - Sales	63,667	46,825	50,018	46,825
13. Operating Expense - Administrative & General	795,450	1,115,204	1,261,454	1,115,204
14. TOTAL OPERATION EXPENSE (5 thru 13)	15,657,916	11,431,269	11,960,901	11,431,269
15. Maintenance Expense - Production				
16. Maintenance Expense - Transmission	419,235	303,338	356,718	303,338
17. Maintenance Expense - Distribution				
18. Maintenance Expense - General Plant	24,300	162,536	19,179	162,536
19. TOTAL MAINTENANCE EXPENSE (15 thru 18)	443,535	465,874	375,897	465,874
20. Depreciation and Amortization Expense	423,124	425,196	437,590	425,196
21. Taxes	89,983	92,777	92,777	92,777
22. Interest on Long-Term Debt	6,159,801	6,274,584	6,168,900	6,274,584
23. Interest Charged to Construction - Credit	(22,237)	(63,289)	(86,730)	(63,289)
24. Other Interest Expense	2,971	1,297	1,400	1,297
25. Asset Retirement Obligations				
26. Other Deductions	(238,654)	(240,300)	(240,360)	(240,300)
27. TOTAL COST OF ELECTRIC SERVICE (14 + 19 thru 26)	22,516,439	18,387,408	18,710,375	18,387,408
28. OPERATING MARGINS (4 less 27)	3,613,584	1,988,178	1,550,432	1,988,178
29. Interest Income	1,512,000	1,588,159	1,643,994	1,588,159
30. Allowance For Funds Used During Construction				
31. Income (Loss) from Equity Investments				
32. Other Non-operating Income (Net)				
33. Generation & Transmission Capital Credits				
34. Other Capital Credits and Patronage Dividends				
35. Extraordinary Items				
36. NET PATRONAGE CAPITAL OR MARGINS (28 thru 35)	5,125,584	3,576,337	3,194,426	3,576,337

RUS Form 12a

000005

OPERATING REPORT - FINANCIAL

PERIOD ENDED January, 2008

INSTRUCTIONS - Submit an original and two copies to RUS or file electronically.
For detailed instructions, see RUS Bulletin 1717B-3.

This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et. seq.) and may be confidential.

SECTION B. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	1,750,365,528	32. Memberships	75
2. Construction Work in Progress	17,054,996	33. Patronage Capital	
3. TOTAL UTILITY PLANT (1 + 2)	1,767,420,524	a Assigned and Assignable	
4. Accum. Provision for Depreciation and Amort.	855,984,281	b Retired This year	
5. NET UTILITY PLANT (3 - 4)	911,436,243	c Retired Prior years	
6. Non-Utility Property (Net)		d Net Patronage Capital	
7. Investments in Subsidiary Companies		34. Operating Margins - Prior Years	(265,296,621)
8. Invest. in Assoc. Org. - Patronage Capital	2,983,950	35. Operating Margin - Current Year	1,988,178
9. Invest. in Assoc. Org. - Other - General Funds	684,993	36. Non-Operating Margins	87,442,142
10. Invest. in Assoc. Org. - Other - Nongeneral Funds		37. Other Margins and Equities	4,444,502
11. Investments in Economic Development Projects	10,000	38. TOTAL MARGINS & EQUITIES (32 + 33d thru 37)	(171,421,724)
12. Other Investments	5,334	39. Long-Term Debt - RUS (Net)	856,137,565
13. Special Funds	187,424,113	40. Long-Term Debt - FFB - RUS Guaranteed	
14. TOTAL OTHER PROPERTY AND INVESTMENTS (6 thru 13)	191,108,390	41. Long-Term Debt - Other - RUS Guaranteed	
15. Cash - General Funds	6,386	42. Long-Term Debt - Other (Net)	329,833,383
16. Cash - Construction Funds - Trustee		43. Long-Term Debt - RUS - Econ. Devel. (Net)	
17. Special Deposits	557,159	44. Payments - Unapplied	
18. Temporary Investments	135,803,228	45. TOTAL LONG-TERM DEBT (39 thru 43 - 44)	1,185,970,948
19. Notes Receivable (Net)		46. Obligations Under Capital Leases - Noncurrent	
20. Accounts Receivable - Sales of Energy (Net)	18,358,998	47. Accumulated Operating Provisions and Asset Retirement Obligations	4,540,115
21. Accounts Receivable - Other (Net)	2,614,083	48. TOTAL OTHER NONCURRENT LIABILITIES (46 + 47)	4,540,115
22. Fuel Stock		49. Notes Payable	
23. Materials and Supplies - Other	736,331	50. Accounts Payable	17,405,608
24. Prepayments	11,525,426	51. Current Maturities Long-Term Debt	45,064,346
25. Other Current and Accrued Assets	1,533,403	52. Current Maturities Long-Term Debt - Rural Development	
26. TOTAL CURRENT AND ACCRUED ASSETS (15 thru 25)	171,135,014	53. Current Maturities Capital Leases	
27. Unamortized Debt Discount & Extraor. Prop. Losses	784,303	54. Taxes Accrued	1,170,613
28. Regulatory Assets		55. Interest Accrued	4,432,534
29. Other Deferred Debits	16,784,286	56. Other Current and Accrued Liabilities	1,703,971
30. Accumulated Deferred Income Taxes	5,112,491	57. TOTAL CURRENT & ACCRUED LIABILITIES (49 thru 56)	69,777,072
31. TOTAL ASSETS AND OTHER DEBITS (5+14+26 thru 30)	1,296,360,727	58. Deferred Credits	207,494,316
		59. Accumulated Deferred Income Taxes	
		60. TOTAL LIABILITIES AND OTHER CREDITS (38 + 45 + 48 + 57 thru 59)	1,296,360,727

USDA-RUS

FINANCIAL AND STATISTICAL REPORT

INSTRUCTIONS - See RUS Bulletin 1717B-3

BORROWER DESIGNATION

KY0062

PERIOD ENDED

January, 2008

SECTION C. Notes to Financial Statements

Footnote to RUS Form 12b SE

Kenergy "LF" Contract termination date is March 31, 2011.

000007

RUS Form 12b SE
 Operating Report
 Sales of Electricity

01/31/08
 Page 1

Sale No.	(a)	Statistical (b)	RUS Borrower (c)	Average Monthly Billing (d)	Actual Demand Average Monthly NCP (e)	Actual Demand Average Monthly CP (f)
1	Ultimate Consumer(s)					
2	Jackson Purchase Energy Corp	RQ	KY0020	142	155	139
3	Meade County Rural ECC	RQ	KY0018	121	123	120
4	Kenergy Corporation	RQ	KY0065	388	398	393
5	Kenergy Corporation	IF	KY0065			
6	Kenergy Corporation	LF	KY0065			
7						
8	Alabama Electric Coop	OS	AL0042			
9	Oglethorpe Power	OS	GA0109			
10						
11	Cargill-Alliant	OS				
12	Constellation Power Source	OS				
13	Eagle Energy Partners	OS				
14	Midwest Independent Trans.	OS				
15	PJM Interconnection	OS				
16	Southern Company Services	OS				
17	Tennessee Valley Authority	OS				
18	The Energy Authority	OS				

Total for Ultimate Consumer(s)			0	0	0
Total for Distribution Borrowers			651	676	652
Total for G&T Borrowers			0	0	0
Total for Others			0	0	0
Grand Total			651	676	652

000008

**RUS Form 12b SE
Operating Report
Sales of Electricity**

**01/31/08
Page 2**

Sale No.	Electricity Sold (g)	Revenue Demand (h)	Revenue Energy (i)	Revenue Other (j)	Revenue Total (h+i+j+k)
1					
2	71,533	993,841	1,446,840		2,440,681
3	54,388	841,215	1,109,527		1,950,742
4	200,170	3,047,542	3,585,931		6,633,473
5	79		(17,607)		(17,607)
6	72,360		3,672,393		3,672,393
7					
8	525		19,950		19,950
9	80		8,400		8,400
10					
11	11,449		566,014		566,014
12	885		59,900		59,900
13	20,553		906,590		906,590
14	10,050		625,246		625,246
15	1,570		56,823		56,823
16	1,345		41,375		41,375
17	447		23,964		23,964
18	368		19,442		19,442

	-	-	-	-	-
	398,530	4,882,598	9,797,084	-	14,679,682
	605	-	28,350	-	28,350
	46,667	-	2,299,354	-	2,299,354
	445,802	4,882,598	12,124,788	-	17,007,386

000009

RUS Form 12b PP
 Operating Report
 Purchased Power

01/31/08
 Page1

Purch. No.	(a)	Statistical (b)	RUS Borrower (c)	Average Monthly Billing (d)	Actual Demand Average Monthly NCP (e)	Actual Demand Average Monthly CP (f)
1	Kenergy Corporation	SF	KY0065			
2						
3	Cargill-Alliant	OS				
4	Eagle Energy Partners	OS				
5	LG&E Energy Marketing	RQ				
6	Midwest Independent Trans.	OS				
7	Reliant Energy Services, Inc	SF				
8	Southeastern Power Admin	LF		178		
9	The Energy Authority	OS				

Total for Distribution Borrowers				0	0	0
Total for G&T Borrowers						
Total for Others				178	0	0
Grand Total				178	0	0

000010

**RUS Form 12b PP
Operating Report
Purchased Power**

**01/31/08
Page 2**

Purch No.	Electricity Purchased (g)	Power Echanges Electricity Received (h)	Power Echanges Electricity Delivered (i)	Revenue Demand (j)	Revenue Energy (k)	Revenue Other (l)	Revenue Total (j+k+l)
1	744				40,920		40,920
2							
3	10				540		540
4	85				4,755		4,755
5	427,366				8,671,394		8,671,394
6	321				19,743		19,743
7					89,900		89,900
8	22,037			260,937	267,970		528,907
9	15				1,050		1,050

	744	-	-	-	40,920	-	40,920
	449,834	-	-	260,937	9,055,352	-	9,316,289
	450,578	-	-	260,937	9,096,272	-	9,357,209

000011

**RUS Form 12c
Operating Report
Sources and Distribution of Energy**

01/31/08

Sources of Energy (a)	No. of Plants (b)	Nameplate Capacity (kW) (c)	Net Energy Received by System (MWh) (d)	Cost (\$) (e)
GENERATED IN OWN PLANT (Details on Form 12d, e, f and g)				
1 Fossil Steam				
2 Nuclear				
3 Hydro				
4 Combined Cycle				
5 Internal Combustion				
6 Other				
7 TOTAL In Own Plant (Sum of lines 1 thru 6)				
PURCHASED POWER				
8 Total Purchased Power			450,578	9,357,209
INTERCHANGED POWER				
9 Received into System				
10 Delivered Out of System				
11 Net Interchange				
TRANSMISSION FOR OR BY OTHERS - (WHEELING)				
12 Received into System				
13 Delivered Out of System				
14 Net Energy Wheeled				
15 TOTAL Energy Available for Sale (Sum of lines 7 + 8 + 11 + 14)			450,578	
DISTRIBUTION OF ENERGY				
16 TOTAL Sales			445,802	
17 Energy Fumished to Others Without Charge				
18 Energy Used by Borrower				
19 TOTAL Energy Accounted For (Sum of lines 16 thru 18)			445,802	
LOSSES				
20 Energy Losses - MWh (Line 15 minus 19)			4,776	
21 Energy Losses - Percentage ((Line 20 divided by line 15)*100)			1.06	

000012

RUS Form 12i
OPERATING REPORT - LINES AND STATIONS

01/31/08

SECTION A. EXPENSE AND COSTS						
ITEM		Account Number	LINES (a)	STATIONS (b)		
TRANSMISSION OPERATION						
1	Supervision and Engineering	560	41,096	36,326		
2	Load Dispatching	561	109,990			
3	Station Expenses	562		69,753		
4	Overhead Line Expenses	563	80,599			
5	Underground Line Expenses	564				
6	Miscellaneous Expenses	566	11,879	6,439		
7	SUBTOTAL (1 thru 6)		243,564	112,518		
8	Transmission of Electricity by Others	565	222,168			
9	Rents	567		2,058		
10	TOTAL TRANSMISSION OPERATION (7 THRU 9)		465,732	114,576		
TRANSMISSION MAINTENANCE						
11	Supervision and Engineering	568	25,629	29,662		
12	Structures	569		22		
13	Station Equipment	570		150,058		
14	Overhead Lines	571	94,432			
15	Underground Lines	572				
16	Miscellaneous Transmission Plant	573	2,294	1,241		
17	TOTAL TRANSMISSION MAINTENANCE (11 THRU 16)		122,355	180,983		
18	TOTAL TRANSMISSION EXPENSE (10 + 17)		588,087	295,559		
19	Distribution Expense - Operation	580-589				
20	Distribution Expense - Maintenance	590-598				
21	TOTAL DISTRIBUTION EXPENSE (19 + 20)					
22	TOTAL OPERATION AND MAINTENANCE (18 + 21)		588,087	295,559		
FIXED COSTS						
23	Depreciation - Transmission	403.5	193,030	208,844		
24	Depreciation - Distribution	403.6				
25	Interest - Transmission	427	289,519	339,315		
26	Interest - Distribution	427				
27	TOTAL TRANSMISSION (18 + 23 + 25)		1,070,636	843,718		
28	TOTAL DISTRIBUTION (21 + 24 + 26)					
29	TOTAL LINES AND STATIONS (27 + 28)		1,070,636	843,718		
SECTION B. FACILITIES IN SERVICE				SECTION C. LABOR AND MATERIAL SUMMARY		
TRANSMISSION LINES		SUBSTATIONS		1. NUMBER OR EMPLOYEES	49	
VOLTAGE (KV)	MILES	TYPE	CAPACITY (KVA)	ITEM	LINES	STATIONS
1	69 KV	825.41	13. Distr. Lines	2. Oper. Labor	166,315	75,447
2	345 KV	67.40	14. Total (12 + 13)	3. Maint Labor	95,309	143,174
3	138 KV	14.40				
4	161 KV	335.40	15. Stepup at Generating Plants	4. Oper. Material	299,417	39,129
5						
6			16. Transmission	5. Maint. Material	27,046	37,809
7						
8			17. Distribution	SECTION D. OUTAGES		
9						
10			18. Total	1. TOTAL	13,009.60	
11				(15 thru 17)	2. Avg. No. Dist. Cons. Served	110,585.00
12	TOTAL (1 thru 11)	1,242.61	5,419,800	3. Avg No. Hours Out Per Cons.	0.12	

000013

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 25 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

BORROWER DESIGNATION KY0062

OPERATING REPORT - FINANCIAL

PERIOD ENDED
February, 2008

INSTRUCTIONS - Submit an original and two copies to RUS or file electronically.
For detailed instructions, see RUS Bulletin 1717B-3.

BORROWER NAME

This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et. seq.) and may be confidential.

Big Rivers Electric Corporation

CERTIFICATION

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII

(check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Form 12a Section C of this report.



3-20-08
DATE

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

BORROWER DESIGNATION
KY0062

OPERATING REPORT - FINANCIAL

PERIOD ENDED
February, 2008

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SECTION A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Electric Energy Revenues	45,037,977	33,265,274	32,540,701	16,257,887
2. Income From Leased Property (Net)	5,026,428	5,076,853	5,053,323	2,522,559
3. Other Operating Revenue and Income	1,569,703	1,639,201	1,596,215	825,295
4. TOTAL OPER. REVENUES & PATRONAGE CAPITAL (1 thru 3)	51,634,108	39,981,328	39,190,239	19,605,741
5. Operating Expense - Production - Excluding Fuel				
6. Operating Expense - Production - Fuel				
7. Operating Expense - Other Power Supply	27,221,462	18,595,156	18,383,062	8,958,524
8. Operating Expense - Transmission	1,429,967	1,193,632	1,339,424	613,324
9. Operating Expense - Distribution				
10. Operating Expense - Customer Accounts				
11. Operating Expense - Customer Service & Information	105,631	104,051	128,202	51,750
12. Operating Expense - Sales	67,768	74,310	97,723	27,485
13. Operating Expense - Administrative & General	1,806,332	2,531,574	2,471,148	1,416,370
14. TOTAL OPERATION EXPENSE (5 thru 13)	30,631,160	22,498,723	22,419,559	11,067,453
15. Maintenance Expense - Production				
16. Maintenance Expense - Transmission	690,173	595,033	635,270	291,695
17. Maintenance Expense - Distribution				
18. Maintenance Expense - General Plant	169,313	216,800	160,091	54,264
19. TOTAL MAINTENANCE EXPENSE (15 thru 18)	859,486	811,833	795,361	345,959
20. Depreciation and Amortization Expense	846,262	850,228	875,913	425,032
21. Taxes	179,952	185,554	185,554	92,777
22. Interest on Long-Term Debt	12,081,801	12,623,426	12,418,540	6,348,842
23. Interest Charged to Construction - Credit	(41,115)	(112,162)	(183,730)	(48,873)
24. Other Interest Expense	5,565	2,191	2,800	894
25. Asset Retirement Obligations				
26. Other Deductions	(454,663)	(465,753)	(464,480)	(225,453)
27. TOTAL COST OF ELECTRIC SERVICE (14 + 19 thru 26)	44,108,448	36,394,040	36,049,517	18,006,631
28. OPERATING MARGINS (4 less 27)	7,525,660	3,587,288	3,140,722	1,599,110
29. Interest Income	2,890,468	3,039,183	3,171,563	1,451,025
30. Allowance For Funds Used During Construction				
31. Income (Loss) from Equity Investments				
32. Other Non-operating Income (Net)				
33. Generation & Transmission Capital Credits				
34. Other Capital Credits and Patronage Dividends				
35. Extraordinary Items				
36. NET PATRONAGE CAPITAL OR MARGINS (28 thru 35)	10,416,128	6,626,471	6,312,285	3,050,135

OPERATING REPORT - FINANCIAL

INSTRUCTIONS - Submit an original and two copies to RUS or file electronically. or detailed instructions, see RUS Bulletin 1717B-3.

This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et. seq.) and may be confidential.

SECTION B. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	1,750,655,569	32. Memberships	75
2. Construction Work in Progress	21,077,107	33. Patronage Capital	
3. TOTAL UTILITY PLANT (1 + 2)	1,771,732,676	a Assigned and Assignable	
4. Accum. Provision for Depreciation and Amort.	858,557,741	b Retired This year	
5. NET UTILITY PLANT (3 - 4)	913,174,935	c Retired Prior years	
6. Non-Utility Property (Net)		d Net Patronage Capital	
7. Investments in Subsidiary Companies		34. Operating Margins - Prior Years	(265,296,621)
8. Invest. in Assoc. Org. - Patronage Capital	2,983,951	35. Operating Margin - Current Year	3,587,288
9. Invest. in Assoc. Org. - Other - General Funds	684,993	36. Non-Operating Margins	88,893,167
10. Invest. in Assoc. Org. - Other - Nongeneral Funds		37. Other Margins and Equities	4,444,502
11. Investments in Economic Development Projects	10,000	38. TOTAL MARGINS & EQUITIES (32 + 33d thru 37)	(168,371,589)
12. Other Investments	5,334	39. Long-Term Debt - RUS (Net)	855,968,095
13. Special Funds	187,386,172	40. Long-Term Debt - FFB - RUS Guaranteed	
14. TOTAL OTHER PROPERTY AND INVESTMENTS (6 thru 13)	191,070,450	41. Long-Term Debt - Other - RUS Guaranteed	
15. Cash - General Funds	5,751	42. Long-Term Debt - Other (Net)	329,785,593
16. Cash - Construction Funds - Trustee		43. Long-Term Debt - RUS - Econ. Devel. (Net)	
17. Special Deposits	559,084	44. Payments - Unapplied	
18. Temporary Investments	143,981,216	45. TOTAL LONG-TERM DEBT (39 thru 43 - 44)	1,185,753,688
19. Notes Receivable (Net)		46. Obligations Under Capital Leases - Noncurrent	
20. Accounts Receivable - Sales of Energy (Net)	17,017,578	47. Accumulated Operating Provisions and Asset Retirement Obligations	4,415,534
21. Accounts Receivable - Other (Net)	2,199,658	48. TOTAL OTHER NONCURRENT LIABILITIES (46 + 47)	4,415,534
22. Fuel Stock		49. Notes Payable	
23. Materials and Supplies - Other	735,945	50. Accounts Payable	16,423,547
24. Prepayments	11,508,694	51. Current Maturities Long-Term Debt	45,068,009
25. Other Current and Accrued Assets	2,711,069	52. Current Maturities Long-Term Debt - Rural Development	
26. TOTAL CURRENT AND ACCRUED ASSETS (15 thru 25)	178,718,995	53. Current Maturities Capital Leases	
27. Unamortized Debt Discount & Extraor. Prop. Losses	780,056	54. Taxes Accrued	1,373,495
28. Regulatory Assets		55. Interest Accrued	8,581,987
29. Other Deferred Debits	16,702,603	56. Other Current and Accrued Liabilities	1,682,657
30. Accumulated Deferred Income Taxes	5,112,491	57. TOTAL CURRENT & ACCRUED LIABILITIES (49 thru 56)	73,129,695
31. TOTAL ASSETS AND OTHER DEBITS (5+14+26 thru 30)	1,305,559,530	58. Deferred Credits	210,632,202
		59. Accumulated Deferred Income Taxes	
		60. TOTAL LIABILITIES AND OTHER CREDITS (38 + 45 + 48 + 57 thru 59)	1,305,559,530

USDA-RUS

FINANCIAL AND STATISTICAL REPORT

INSTRUCTIONS - See RUS Bulletin 1717B-3

BORROWER DESIGNATION

KY0062

PERIOD ENDED

February, 2008

SECTION C. Notes to Financial Statements

Footnote to RUS Form 12b SE

Kenergy "LF" Contract termination date is March 31, 2011.

RUS Form 12b SE
 Operating Report
 Sales of Electricity

02/29/08
 Page1

Sale No.	(a)	Statistical (b)	RUS Borrower (c)	Average Monthly Billing (d)	Actual Demand Average Monthly NCP (e)	Actual Demand Average Monthly CP (f)
1	Ultimate Consumer(s)					
2	Jackson Purchase Energy Corp	RQ	KY0020	135	150	120
3	Meade County Rural ECC	RQ	KY0018	112	116	120
4	Kenergy Corporation	RQ	KY0065	372	385	384
5	Kenergy Corporation	IF	KY0065			
6	Kenergy Corporation	LF	KY0065			
7						
8	Alabama Electric Coop	OS	AL0042			
9	East Kentucky Power Coop	OS	KY0059			
10	Oglethorpe Power	OS	GA0109			
11						
12	Cargill-Alliant	OS				
13	Constellation Power Source	OS				
14	Eagle Energy Partners	OS				
15	Midwest Independent Trans.	OS				
16	PJM Interconnection	OS				
17	Southern Company Services	OS				
18	Tennessee Valley Authority	OS				
19	The Energy Authority	OS				

Total for Ultimate Consumer(s)				0	0	0
Total for Distribution Borrowers				619	651	624
Total for G&T Borrowers				0	0	0
Total for Others				0	0	0
Grand Total				619	651	624

RUS Form 12b SE
 Operating Report
 Sales of Electricity

02/29/08
 Page 2

Sale No.	Electricity Sold (g)	Revenue Demand (h)	Revenue Energy (i)	Revenue Other (j)	Revenue Total (h+i+j+k)
1					
2	134,613	1,892,327	2,722,972		4,615,299
3	101,868	1,552,477	2,078,116		3,630,593
4	380,179	5,854,807	6,785,203		12,640,010
5	718		8,192		8,192
6	145,337		7,190,309		7,190,309
7					
8	525		19,950		19,950
9	594		33,798		33,798
10	80		8,400		8,400
11					
12	30,444		1,580,460		1,580,460
13	6,531		365,616		365,616
14	28,183		1,314,922		1,314,922
15	25,921		1,436,623		1,436,623
16	6,192		221,514		221,514
17	1,345		41,375		41,375
18	2,084		98,306		98,306
19	1,457		59,907		59,907

	-	-	-	-	-
	762,715	9,299,611	18,784,792	-	28,084,403
	1,199	-	62,148	-	62,148
	102,157	-	5,118,723	-	5,118,723
	866,071	9,299,611	23,965,663	-	33,265,274

RUS Form 12b PP
 Operating Report
 Purchased Power

02/29/08
 Page1

Purch. No.	(a)	Statistical (b)	RUS Borrower (c)	Average Monthly Billing (d)	Actual Demand Average Monthly NCP (e)	Actual Demand Average Monthly CP (f)
1	Kenergy Corporation	SF	KY0065			
2						
3	Cargill-Alliant	OS				
4	Eagle Energy Partners	OS				
5	Fortis	OS				
6	LG&E Energy Marketing	RQ				
7	Midwest Independent Trans.	OS				
8	Reliant Energy Services, Inc	SF				
9	Southeastern Power Admin	LF		178		
10	The Energy Authority	OS				

Total for Distribution Borrowers				0	0	0
Total for G&T Borrowers						
Total for Others				178	0	0
Grand Total				178	0	0

RUS Form 12b PP
 Operating Report
 Purchased Power

02/29/08
 Page 2

Purch No.	Electricity	Power Echanges	Power Echanges	Revenue	Revenue	Revenue	Total
	Purchased	Electricity	Electricity	Demand	Energy	Other	
	(g)	(h)	(l)	(j)	(k)	(l)	(j+k+l)
1	1,440				79,200		79,200
2							
3	10				540		540
4	85				4,755		4,755
5	(25)				(946)		(946)
6	813,900				16,438,854		16,438,854
7	571				41,325		41,325
8	451				220,869		220,869
9	58,611			521,874	712,710		1,234,584
10	41				2,740		2,740

	1,440	-	-	-	79,200	-	79,200
	873,644	-	-	521,874	17,420,847	-	17,942,721
	875,084	-	-	521,874	17,500,047	-	18,021,921

**RUS Form 12c
Operating Report
Sources and Distribution of Energy**

02/29/08

Sources of Energy (a)	No. of Plants (b)	Nameplate Capacity (kW) (c)	Net Energy Received by System (MWh) (d)	Cost (\$) (e)
GENERATED IN OWN PLANT (Details on Form 12d, e, f and g)				
1 Fossil Steam				
2 Nuclear				
3 Hydro				
4 Combined Cycle				
5 Internal Combustion				
6 Other				
7 TOTAL In Own Plant (Sum of lines 1 thru 6)				
PURCHASED POWER				
8 Total Purchased Power			875,084	18,021,921
INTERCHANGED POWER				
9 Received into System				
10 Delivered Out of System				
11 Net Interchange				
TRANSMISSION FOR OR BY OTHERS - (WHEELING)				
12 Received into System				
13 Delivered Out of System				
14 Net Energy Wheeled				
15 TOTAL Energy Available for Sale (Sum of lines 7 + 8 + 11 + 14)			875,084	
DISTRIBUTION OF ENERGY				
16 TOTAL Sales			866,071	
17 Energy Fumished to Others Without Charge				
18 Energy Used by Borrower				
19 TOTAL Energy Accounted For (Sum of lines 16 thru 18)			866,071	
LOSSES				
20 Energy Losses - MWh (Line 15 minus 19)			9,013	
21 Energy Losses - Percentage ((Line 20 divided by line 15)*100)			1.03	

RUS Form 12i
OPERATING REPORT - LINES AND STATIONS

02/29/08

SECTION A. EXPENSE AND COSTS							
ITEM		Account Number	LINES (a)	STATIONS (b)			
TRANSMISSION OPERATION							
1	Supervision and Engineering	560	74,581	62,414			
2	Load Dispatching	561	197,632				
3	Station Expenses	562		175,319			
4	Overhead Line Expenses	563	172,519				
5	Underground Line Expenses	564					
6	Miscellaneous Expenses	566	33,647	26,124			
7	SUBTOTAL (1 thru 6)		478,379	263,857			
8	Transmission of Electricity by Others	565	447,279				
9	Rents	567		4,117			
10	TOTAL TRANSMISSION OPERATION (7 THRU 9)		925,658	267,974			
TRANSMISSION MAINTENANCE							
11	Supervision and Engineering	568	45,017	51,843			
12	Structures	569		101			
13	Station Equipment	570		311,486			
14	Overhead Lines	571	154,294				
15	Underground Lines	572					
16	Miscellaneous Transmission Plant	573	4,051	28,241			
17	TOTAL TRANSMISSION MAINTENANCE (11 THRU 16)		203,362	391,671			
18	TOTAL TRANSMISSION EXPENSE (10 + 17)		1,129,020	659,645			
19	Distribution Expense - Operation	580-589					
20	Distribution Expense - Maintenance	590-598					
21	TOTAL DISTRIBUTION EXPENSE (19 + 20)						
22	TOTAL OPERATION AND MAINTENANCE (18 + 21)		1,129,020	659,645			
FIXED COSTS							
23	Depreciation - Transmission	403.5	385,879	417,688			
24	Depreciation - Distribution	403.6					
25	Interest - Transmission	427	604,063	683,213			
26	Interest - Distribution	427					
27	TOTAL TRANSMISSION (18 + 23 + 25)		2,118,962	1,760,546			
28	TOTAL DISTRIBUTION (21 + 24 + 26)		-	-			
29	TOTAL LINES AND STATIONS (27 + 28)		2,118,962	1,760,546			
SECTION B. FACILITIES IN SERVICE				SECTION C. LABOR AND MATERIAL SUMMARY			
TRANSMISSION LINES		SUBSTATIONS		1. NUMBER OR EMPLOYEES		49	
	VOLTAGE (KV)	MILES	TYPE	CAPACITY (KVA)	ITEM	LINES	STATIONS
1	69 KV	825.41	13. Distr. Lines		2. Oper. Labor	310,103	140,139
2	345 KV	67.40			3. Maint Labor	169,143	257,669
3	138 KV	14.40	14. Total (12 + 13)	1,242.61	4. Oper. Material	615,555	127,835
4	161 KV	335.40			5. Maint. Material	34,219	134,002
5			15. Stepup at	1,879,800			
6			Generating Plants				
7			16. Transmission	3,540,000			
8							
9			17. Distribution				
10							
11			18. Total				
12	TOTAL (1 thru 11)	1,242.61	(15 thru 17)	5,419,800			
				SECTION D. OUTAGES			
				1. TOTAL		122,207.70	
				2. Avg. No. Dist. Cons. Served		110,585.00	
				3. Avg No. Hours Out Per Cons.		1.11	