SULLIVAN, MOUNTJOY, STAINBACK & MILLER PSC

ATTORNEYS AT LAW

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MAR 02 2009

PUBLIC SERVICE COMMISSION

ald M. Sullivan
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Tyson A. Kamuf
Mark W. Starnes
C. Ellsworth Mountjoy
Susan Montalvo-Gesser

March 2, 2009

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

Re: Notice and Application of Big Rivers Electric Corporation for a General Adjustment in Rates P.S.C. Case No. 2009-00040

Dear Mr. Derouen:

Enclosed are an original and ten copies of the Notice and Application of Big Rivers Electric Corporation for a General Adjustment in Rates in P.S.C. Case No. 2009-00040 ("Notice and Application"). A copy of this Notice and Application has been served on the Kentucky Attorney General, Utility Intervention and Rate Division.

Big Rivers seeks to have the rates proposed by it ordered into effect on April 1, 2009, on an emergency, interim basis. Attached to this letter is a request by Big Rivers for an informal conference to expedite whatever procedural schedule Public Service Commission staff may require in connection with Big Rivers' request for emergency, interim relief. Please feel free to contact me with any questions you may have.

Sincerely yours,

James M. Miller

James M. Miller
Counsel for Big Rivers Electric Corporation

cc: Mark A. Bailey
David A. Spainhoward

Telephone (270) 926-4000
Telecopier (270) 683-6694

100 St. Ann Building
PO Box 727
Owensboro, Kentucky
42302-0727

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
MAR 02 2009
PUBLIC SERVICE COMMISSION

In the Matter of:

Notice and Application of Big Rivers Electric Corporation for a General Adjustment in Rates) Case No. 2009-00040

NOTICE, APPLICATION AND MOTIONS

1. Big Rivers Electric Corporation ("Big Rivers"), by and through its counsel, submits this notice ("Notice") pursuant to KRS 278.183, 807 KAR 5:001, 807 KAR 5:011, and all other applicable statutes and regulations, of the filing of revised tariffs that generally adjust its rates for service. Included in this Notice are an application prepared in accordance with the requirements of 807 KAR 5:001 Section 10 supported by an historical test year ("Application"), a motion for interim rate relief ("Motion for Interim Relief"), and a motion for deviation from certain filing requirements associated with a general adjustment in rates based upon an historical test year ("Motion for Deviation").

2. Big Rivers is a rural electric cooperative corporation organized pursuant to KRS Chapter 279. Its mailing address is P.O. Box 24, 201 Third Street, Henderson, Kentucky 42419. 807 KAR 5:001 Section 8(1). Big Rivers owns electric generation facilities, and purchases, transmits and sells electricity at wholesale. It exists for the principal purpose of providing the wholesale electricity requirements of its three distribution cooperative member-owners, which are: Kenergy Corp., Meade County Rural Electric Cooperative Corporation, and Jackson Purchase Energy Corporation (each a "Member," and collectively, the "Members"). The Members in turn provide retail electric service

to approximately 111,000 consumer/members located in 22 Western Kentucky counties, to wit: Ballard, Breckenridge, Caldwell, Carlisle, Crittenden, Daviess, Graves, Grayson, Hancock, Hardin, Henderson, Hopkins, Livingston, Lyon, Marshall, McCracken, McLean, Meade, Muhlenberg, Ohio, Union and Webster.

3. This Notice and Application and the supporting exhibits, all of which are incorporated herein by reference, contain fully the facts on which the relief requested by Big Rivers is based, a request for the relief sought and references to the particular provisions of law requiring or providing for the relief sought. 807 KAR 5:001 Section 8.

BACKGROUND

4. Pursuant to Big Rivers' plan of reorganization consummated in 1998, and the various agreements entered into in connection with that plan of reorganization, all of which were approved by the Kentucky Public Service Commission ("Commission") in Case Numbers 97-204 and 98-267,[1] subsidiaries or affiliates of E.ON U.S., LLC (the "E.ON Entities") operate Big Rivers' owned or leased generating facilities, and provide certain specified amounts of electric power and energy to Big Rivers (the "1998 Transaction"). Big Rivers and other parties have entered into a series of agreements by which they propose to terminate the 1998 Transaction (the "Unwind Transaction"), and in P.S.C. Case

[1] *See* Order dated April 30, 1998, in *In the Matter of: The Application of Big Rivers Electric Corporation, Louisville Gas and Electric Company, Western Kentucky Energy Corp., Western Kentucky Leasing Corp., and LG&E Station Two Inc. for Approval of Wholesale Rate Adjustment for Big Rivers Electric Corporation and for Approval of Transaction*, PSC Case No. 97-204; Order dated July 14, 1998, in *In the Matter of: The Application of Big Rivers Electric Corporation for Approval of the 1998 Amendments to Station Two Contracts between Big Rivers Electric Corporation and the City of Henderson, Kentucky and the Utility Commission of the City of Henderson*, PSC Case No. 98-267.

Number 2007-00455 (the "Unwind Proceeding")[2] are seeking the various approvals required by one or more of them from the Commission to implement the Unwind Transaction. The Commission has yet to issue an order in the Unwind Proceeding. If the Unwind Transaction is approved by the Commission, and the Unwind Transaction closes, this proceeding will become moot, and Big Rivers will withdraw its Notice and Application. But Big Rivers cannot predict when or whether the Unwind Transaction will close for reasons given in the Unwind Proceeding.

5. If the Unwind Transaction does not close, Big Rivers requires the revenue relief resulting from the rate adjustments proposed in this Notice and Application to meet its cash requirements in the ordinary course of business for the year 2009, and beyond. Big Rivers' cash reserves have been dramatically depleted over the past twelve months to manage the impacts on it of events over which it has no control that were created by the financial markets turmoil of the last year. The two principal implications for Big Rivers arising out of those extraordinary circumstances, and the two principal reasons for the rate relief required by Big Rivers are:

a. On September 30, 2008, Big Rivers paid $121.7 million to purchase and terminate certain leveraged leases of three of its generating units to Bluegrass Leasing, a subsidiary of Philip Morris Capital Corporation ("PMCC").[3]

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[2] *In the Matter of: Joint Application of Big Rivers, E.ON, LG&E Energy Marketing, Inc., and Western Kentucky Energy Corporation for Approval to Unwind Lease and Power Purchase Transactions*, PSC Case No. 2007-00455.

[3] These leveraged leases were approved by the Commission in *Big Rivers Electric Corporation's Application for Approval of a Leveraged Lease of Three Generating Units*, P.S.C. Case No. 99-450.

Big Rivers funded these lease terminations with a $12.4 million short-term promissory note to PMCC, and $109.3 million in cash from its reserves. Termination of these leveraged leases was the best option available to Big Rivers to cure a looming default in the leveraged leases caused by the downgrade on June 19, 2008, of the financial rating of Ambac Assurance Corporation ("<u>Ambac</u>"). The genesis of the leveraged leases is described in the Testimony of C. William Blackburn, attached to this Application as Exhibit 47, at pages 16 through 20. The circumstances surrounding the collapse of the financial markets, the effects of those circumstances on Ambac, the effect of the Ambac ratings downgrades on Big Rivers' obligations under the PMCC leveraged leases and the events that led to the decision to purchase and terminate the PMCC leveraged leases are described in detail in the Testimony of C. William Blackburn, attached to this Application as Exhibit 47, at pages 21 through 38.

b. Big Rivers is currently paying interest at rates as high as 18% on portions of its $141.1 million of pollution control bonds because Ambac's financial rating fell below the minimum required of the credit support provider under the pollution control bond ("<u>PCB</u>") documents. On an annualized basis, the PCB interest Big Rivers must pay today as compared to what it paid in 2007 has increased by $12.5 million. The effect of Ambac's financial rating downgrade on Big Rivers under the terms of its PCBs, and the terms that result in the increase in interest rates are described in the Testimony of C. William Blackburn, attached to this Application as Exhibit 47, at pages 50.

6. The rate increase proposed by Big Rivers, including the interim implementation of that rate increase, is the only option Big Rivers has identified that will allow it to generate the cash required, along with other actions, to meet its needs on a timely basis. Those cash needs, and the limitations on the options available to Big Rivers to accommodate those needs, including the absence of any material ability to borrow money, are described in the testimony of Mark A. Bailey, attached to this Application as Exhibit 45, at pages 6 through 11 and pages 16 through 17, and in the Testimony of C. William Blackburn, attached to this Application as Exhibit 47, at pages 10 through 16 and pages 38 through 43. Unless Big Rivers receives the revenue increase it anticipates from its proposed rate adjustment, Big Rivers will be unable to pay its obligations as they become due in January of 2010, if not earlier. But as stated in the testimony of Mark A. Bailey, Exhibit 45, at page 22, Big Rivers will pursue every option available to it during the pendency of this proceeding to attempt to mitigate the level of rate relief required to remedy the Big Rivers cash deficiency.

NOTICE OF CHANGES TO TARIFF

8. Big Rivers notifies the Commission, pursuant to KRS 278.180, .190 and .192, and related sections, and 807 KAR 5:011 Section (3)(b) and related sections, of its intent to change its tariff as shown in Exhibit 8 hereto to increase its rates for wholesale electric service effective April 2, 2009. Notice to the Commission and the public of this proposed rate change have been given in all respects as required by those statutes and regulations, and as shown and described in attached Exhibits 9 through 17.

APPLICATION FOR GENERAL ADJUSTMENT IN RATES

9. This filing also represents Big Rivers' application pursuant to KRS 278.180, .190 and .192, and related sections, and 807 KAR 5:001 Section 10 and related sections for a general adjustment in rates as shown in the attached Exhibit 7. The table of contents to this filing cross-references each filing requirement for this Notice and Application to the location in the Notice and Application where the requirement is satisfied.

10. The adjustment in wholesale rates proposed in this Notice and Application will result in an increase in Big Rivers' operating revenue of approximately $24.9 million or 21.6% per year based on the adjusted historical test year ended November 30, 2008. As shown on the table attached as Exhibit 9, the estimated monthly increase in the rates paid by a Big Rivers rural delivery point wholesale Member-customer will be approximately 21.6%, and the estimated monthly increase in the rates paid by a Big Rivers large industrial delivery point wholesale Member-customer will also be approximately 21.6%.

11. The Notice and Application are supported by the verified testimony and exhibits of the following persons:

- Mark A. Bailey, President and CEO
- C. William Blackburn, Senior Vice President Financial & Energy Services & Chief Financial Officer
- David A. Spainhoward, Senior Vice President External Relations & Interim Chief Production Officer

- William Steven Seelye, Principal and Senior Consultant, The Prime Group, LLC

For convenience, Big Rivers also attaches in Exhibits 49 through 55 certain orders and documents previously filed with the Commission that are referred to in the testimonies of Big Rivers' witnesses.

12. The rates proposed by Big Rivers in this Notice and Application are fair, just and reasonable for the wholesale electric service provided or to be provided by Big Rivers to its Members.

MOTION FOR INTERIM RELIEF

13. Big Rivers moves pursuant to KRS 278.180(1) and .190(2) that the Commission order the tariff changes proposed by Big Rivers into effect on an interim basis effective 12:01 a.m. CDT on April 1, 2009. As described in the testimony of William Steven Seelye, Exhibit 46 at pages 11 through 14, Big Rivers must improve its cash position by $16.6 million by the end of 2009 to have sufficient funds to pay its bills as they become due. The rates proposed by Big Rivers will only generate the level of revenue necessary to accomplish that requirement if they become effective April 1, 2009. Even then, as described in the Testimony of C. William Blackburn, Exhibit 47, pages 40 and 43, Big Rivers must additionally defer or cancel certain budgeted expenditures in 2009 to have adequate cash for those purposes. If implementation of the rates proposed in this Notice and Application is delayed beyond April 1, 2009, Big Rivers will not have sufficient cash to pay its bills as and when due, and its credit or operations will be materially impaired or damaged. This Motion for Interim Relief is

supported by the testimony and exhibits filed with this Notice and Application, and is more particularly addressed in the testimony of Mark A. Bailey, Exhibit 45, pages 7 through 15, and in the testimony of William Steven Seelye, Exhibit 46, pages 11 through 14, and in the Testimony of C. William Blackburn, Exhibit 47, pages 38 through 43.

MOTION FOR DEVIATION FROM RULES

14. Big Rivers moves pursuant to 807 KAR 5:001 Section 14 that it be permitted to deviate from the requirements of 807 KAR 5:001 Section 10(6)(u) that the Application be accompanied by a current cost of service study. As good cause for this request for a deviation from the Commission's rules, Big Rivers states that given its inability to borrow, imminent financial obligations and urgent need to place the rate changes in effect, Big Rivers had insufficient time to develop a cost of service methodology with its Members, and to prepare a cost of service study and rate design. These circumstances are elaborated upon in the Testimony of Mark A. Bailey, Exhibit 45 at page 24, and in the Testimony of William Steven Seelye, Exhibit 46, at pages 34 and 35. Instead, as addressed in the testimony of William Steven Seelye, Exhibit 46, pages 16 through 24, Big Rivers has developed a cash needs study in support of its proposed rates. As explained by Mr. Seelye, Big Rivers allocated its proposed revenue increase to each rate component and each rate schedule on a *pro rata* basis to facilitate the use by its Members of the flow through provisions of KRS 278.455(2). For these reasons, good cause exists for granting the deviation from the cost of service study requirement.

WHEREFORE, Big Rivers requests that the Commission (i) order Big Rivers' tariff revisions into effect on an interim basis on April 1, 2009, and on a permanent basis at the end of the suspension period; (ii) for a deviation from the requirements of 807 KAR 5:001 Section 10(6)(u); and (iii) for all other relief to which it may appear entitled.

On this the 2nd day of March, 2009.

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

James M. Miller

James M. Miller
Tyson Kamuf
100 St. Ann Street, P. O. Box 727
Owensboro, Kentucky 42302-0727
(270) 926-4000

Douglas L. Beresford
George F. Hobday, Jr.
Hogan & Hartson, LLP
Columbia Square
555 Thirteenth Street, NW
Washington, D.C. 20004
(202) 637-5600

Counsel for Big Rivers Electric
Corporation

Verification

I, C. William Blackburn, the Senior Vice President Financial & Energy Services & Chief Financial Officer for Big Rivers Electric Corporation, hereby state that I have read the foregoing Application and that the statements contained therein are true and correct to the best of my knowledge and belief, on this the 27th day of February, 2009.

C William Blackburn

C. William Blackburn

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

The foregoing verification statement was SUBSCRIBED AND SWORN to before me by C. William Blackburn as Senior Vice President Financial & Energy Services & Chief Financial Officer for Big Rivers Electric Corporation, on this the 27th day of February, 2009.

Notary Public, Ky., State at Large
My commission expires: 2/21/2010

KENTUCKY
PUBLIC SERVICE
COMMISSION

211 Sower Blvd
Post Office Box 615
Frankfort, KY 40602
http://psc.ky.gov

Telephone: 502-564-3940
Telefax: 502-564-9625
OR 502-564-

MEETING REQUEST INFORMATION

Thank you for your request for a meeting with our Commissioners or staff. To assist us in scheduling this meeting, please provide the following information as soon as possible.

[ ] meeting with commissioners [X] meeting with staff [ ] meeting with commissioners & staff

Utility requesting meeting: BIG RIVERS ELECTRIC CORPORATION

Contact person: James M. Miller, Counsel
(270) 926-4000
jmiller@smsmlaw.com

Requested date & time: 10:00 a.m. EPT on any of March 6, 9, or 10, 2009 **requested length of meeting** two hours

Alternative dates & times: see above

rpose of meeting: to discuss procedural schedule for purposes of expediting consideration of motion for emergency, interim relief.

Topics requested for discussion: Same as purpose of meeting

Names of attendees and their titles:
Mark A. Bailey, President and CEO
C. William Blackburn, Senior Vice President Financial & Energy Services Chief Financial Officer
David A. Spainhoward, Senior Vice President External Relations & Interim Chief Production Officer (Continued below)

PSC personnel requested/planning to attend staff that will be handling case

Brenda Stith
Completed form should be e-mailed to: Brendah.stith@ky.gov

(Attendees and titles, continued)
William Steven Seelye, Principal and Senior Consultant, The Prime Group, LLC
Mark A. Hite, Vice President, Accounting
James M. Miller, Counsel (Sullivan, Mountjoy, Stainback & Miller, PSC)
Attorney General, Utility Intervention and Rate Division

Kentucky
UNBRIDLED SPIRIT

Big Rivers Electric Corporation
Case No. 2009-00040
Historical Test Period Filing Requirements
and Table of Contents

Exhibit No.	Volume No(s).	Description	Filing Requirement	Sponsoring Witness(es)
1	1	*A statement of the reason the adjustment is required.*	807 KAR 5:001 Section 10(1)(a)1	C. William Blackburn
2	1	*A statement that the utility's annual reports, including the annual report for the most recent calendar year, are on file with the Commission in accordance with 807 KAR 5:006, Section 3(1).*	807 KAR 5:001 Section 10(1)(a)2	C. William Blackburn
3	1	*If the utility is incorporated, a certified copy of the utility's articles of incorporation and all amendments thereto or all out-of-state documents of similar import. If the utility's articles of incorporation and amendments have already been filed with the commission in a prior proceeding, the application may state this fact making reference to the style and case number of the prior proceeding.*	807 KAR 5:001 Section 10(1)(a)3	C. William Blackburn
4	1	*If the utility is a limited partnership, a certified copy of the limited partnership agreement and all amendments thereto or all out-of-state documents of similar import. If the utility's limited partnership agreement and amendments have already been filed with the commission in a prior proceeding, the application may state this fact making reference to the style and case number of the prior proceeding.*	807 KAR 5:001 Section 10(1)(a)4	C. William Blackburn
5	1	*If the utility is incorporated or a is a limited partnership, a certificate of good standing or certificate of authorization dated within sixty (60) days of the date the application is filed.*	807 KAR 5:001 Section 10(1)(a)5	C. William Blackburn
6	1	*A certified copy of a certificate of assumed name as required by KRS 365.015 or a statement that such a certificate is not necessary.*	807 KAR 5:001 Section 10(1)(a)6	C. William Blackburn
7	1	*The proposed tariff in a form which complies with 807 KAR 5:011 with an effective date not less than thirty (30) days from the date the application is filed.*	807 KAR 5:001 Section 10(1)(a)7	David A. Spainhoward
8	1	*The utility's proposed tariff changes, identified in compliance with 807 KAR 5:011, shown either by:* *(a) Providing the present and proposed tariffs in comparative form on the same sheet side by side; or,* *(b) Providing a copy of the present tariff indicating proposed additions by italicized inserts or underscoring and striking over proposed deletions.*	807 KAR 5:001 Section 10(1)(a)8	David A. Spainhoward
9	1	*A statement that customer notice has been given in compliance with subsections (3) and (4) of this section with a copy of the notice.*	807 KAR 5:001 Section 10(1)(a)9	David A. Spainhoward
10	1	*Notice of Intent. Utilities with gross annual revenues greater than $1,000,000 shall file with the commission a written notice of intent to file a rate application at least four (4) weeks prior to filing their application. The notice of intent shall state whether the rate application shall be supported by a historical test period or a fully forecasted test period. This notice shall be served upon the Attorney General, Utility Intervention and Rate Division.*	807 KAR 5:001 Section 10(2)	David A. Spainhoward

Exhibit No.	Volume No(s).	Description	Filing Requirement	Sponsoring Witness(es)
11	1	*Form of notice to customers. Every utility filing an application pursuant to this section shall notify all affected customers in the manner prescribed herein. The notice shall include the following information:* *(a) The amount of the change requested in both dollar amounts and percentage change for each customer classification to which the proposed rate change will apply;* *(b) The present rates and the proposed rates for each customer class to which the proposed rates would apply;* *(c) Electric, gas, water and sewer utilities shall include the effect upon the average bill for each customer class to which the proposed rate change will apply;* *(d) Local exchange companies shall include the effect upon the average bill for each customer class for the proposed rate change in basic local service;* *(e) A statement that the rates contained in this notice are the rates proposed by (name of utility); however, the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice;* *(f) A statement that any corporation, association, or person with a substantial interest in the ma* *(g) A statement that any person who has been granted intervention by the commission may obta* *(h) A statement that any person may examine the rate application and any other filings made by* *(i) The commission may grant a utility with annual gross revenues greater than $1,000,000, up*	807 KAR 5:001 Section 10(3)	David A. Spainhoward
12	1	*Manner of notification. Sewer utilities shall give the required typewritten notice by mail to all of their customers pursuant to KRS 278.185.*	807 KAR 5:001 Section 10(4)(a)	David A. Spainhoward
13	1	*Manner of notification. Applicants with twenty (20) or fewer customers affected by the proposed general rate adjustment shall mail the required typewritten notice to each customer no later than the date the application is filed with the commission.*	807 KAR 5:001 Section 10(4)(b)	David A. Spainhoward
14	1	*Manner of notification. Except for sewer utilities, applicants with more than twenty (20) customers affected by the proposed general rate adjustment shall give the required notice by one (1) of the following methods:* *1. A typewritten notice mailed to all customers no later than the date the application is filed with the commission;* *2. Publishing the notice in a trade publication or newsletter which is mailed to all customers no later than the date on which the application is filed with the commission; or* *3. Publishing the notice once a week for three (3) consecutive weeks in a prominent manner in a newspaper of general circulation in the utility's service area, the first publication to be made within seven (7) days of the filing of the application with the commission.*	807 KAR 5:001 Section 10(4)(c)	David A. Spainhoward
15	1	*Manner of notification. If the notice is published, an affidavit from the publisher verifying the notice was published, including the dates of the publication with an attached copy of the published notice, shall be filed with the commission no later than forty-five (45) days of the filed date of the application.*	807 KAR 5:001 Section 10(4)(d)	David A. Spainhoward

Big Rivers Electric Corporation
Case No. 2009-00040
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Exhibit No.	Volume No(s).	Description	Filing Requirement	Sponsoring Witness(es)
16	1	*Manner of notification. If the notice is mailed, a written statement signed by the utility's chief officer in charge of Kentucky operations verifying the notice was mailed shall be filed with the commission no later than thirty (30) days of the filed date of the application.*	807 KAR 5:001 Section 10(4)(e)	Mark A. Bailey
17	1	*Manner of notification. All utilities, in addition to the above notification, shall post a sample copy of the required notification at their place of business no later than the date on which the application is filed which shall remain posted until the commission has finally determined the utility's rates.*	807 KAR 5:001 Section 10(4)(f)	David A. Spainhoward
18	1	*A complete description and quantified explanation for all proposed adjustments, with proper support for any proposed changes in price or activity levels, and any other factors which may affect the adjustment.*	807 KAR 5:001 Section 10(6)(a)	C. William Blackburn
19	1	*If the utility has gross annual revenues greater than $1,000,000, the prepared testimony of each witness the utility proposes to use to support its application.*	807 KAR 5:001 Section 10(6)(b)	David A. Spainhoward
20	1	*If the utility has gross annual revenues less than $1,000,000, the prepared testimony of each witness the utility proposes to use to support its application or a statement that the utility does not plan to submit any prepared testimony.*	807 KAR 5:001 Section 10(6)(c)	David A. Spainhoward
21	1	*A statement estimating the effect that the new rates will have upon the revenues of the utility including, at minimum, the total amount of revenues resulting from the increase or decrease and the percentage of the increase or decrease.*	807 KAR 5:001 Section 10(6)(d)	William Steven Seelye
22	1	*If the utility provides electric, gas, water, or sewer service the effect upon the average bill for each customer classification to which the proposed rate change will apply.*	807 KAR 5:001 Section 10(6)(e)	William Steven Seelye
23	1	*If the utility is a local exchange company, the effect upon the average bill for each customer class for the proposed rate change in basic local service.*	807 KAR 5:001 Section 10(6)(f)	C. William Blackburn
24	1	*An analysis of customers' bills in such detail that revenues from the present and proposed rates can be readily determined for each customer class.*	807 KAR 5:001 Section 10(6)(g)	C. William Blackburn
25	1	*A summary of the utility's determination of its revenue requirements based on return on net investment rate base, return on capitalization, interest coverage, debt service coverage, or operating ratio, with supporting schedules.*	807 KAR 5:001 Section 10(6)(h)	C. William Blackburn
26	1	*A reconciliation of the rate base and capital used to determine its revenue requirement.*	807 KAR 5:001 Section 10(6)(i)	C. William Blackburn
27	1	*A current chart of accounts if more detailed that the Uniform System of Accounts prescribed by the commission.*	807 KAR 5:001 Section 10(6)(j)	C. William Blackburn
28	1	*The independent auditor's annual opinion report, with any written communication from the independent auditor to the utility which indicates the existence of a material weakness in the utility's internal controls.*	807 KAR 5:001 Section 10(6)(k)	C. William Blackburn
29	1	*The most recent Federal Energy Regulatory Commission or Federal Communication Commission audit reports.*	807 KAR 5:001 Section 10(6)(l)	C. William Blackburn
30	1	*The most recent Federal Energy Regulatory Commission Form 1 (electric), Federal Energy Regulatory Commission Form 2 (gas), or Automated Reporting Management Information System Report (telephone) and Public Service Commission Form T (telephone);*	807 KAR 5:001 Section 10(6)(m)	C. William Blackburn
31	1	*A summary of the utility's latest depreciation study with schedules by major plant accounts, except that telecommunications utilities that have adopted the commission's average depreciation rates shall provide a schedule that identifies the current and test period depreciation rates used by major plant accounts. If the required information has been filed in another commission case a reference to that case's number and style will be sufficient.*	807 KAR 5:001 Section 10(6)(n)	C. William Blackburn

Big Rivers Electric Corporation
Case No. 2009-00040
Historical Test Period Filing Requirements
and Table of Contents

Exhibit No.	Volume No(s).	Description	Filing Requirement	Sponsoring Witness(es)
32	1	*A list of all commercially available or in-house developed computer software, programs, and models used in the development of the schedules and work papers associated with the filing of the utility's application. This list shall include each software, program, or model; what the software, program, or model was used for; identify the supplier of each software, program, or model; a brief description of the software, program, or model; the specifications for the computer hardware and the operating system required to run the program.*	807 KAR 5:001 Section 10(6)(o)	C. William Blackburn
33	1	*Prospectuses of the most recent stock or bond offerings.*	807 KAR 5:001 Section 10(6)(p)	C. William Blackburn
34	1	*Annual report to shareholders, or members, and statistical supplements covering the two (2) most recent years from the utility's application filing date.*	807 KAR 5:001 Section 10(6)(q)	C. William Blackburn
35	1	*The monthly management reports providing financial results of operations for the twelve (12) months in the test period.*	807 KAR 5:001 Section 10(6)(r)	C. William Blackburn
36	1	*Securities and Exchange Commission's annual report for the most recent two (2) years, Form 10-Ks and any Form 8-Ks issued within the past two (2) years, and Form 10-Qs issued during the past six (6) quarters updated as current information becomes available.*	807 KAR 5:001 Section 10(6)(s)	C. William Blackburn
37	2	*If the utility had any amounts charged or allocated to it by an affiliate or general or home office or paid any monies to an affiliate or general or home office during the test period or during the previous three (3) calendar years, the utility shall file:* *1. A detailed description of the method and amounts allocated or charged to the utility by the affiliate or general or home office for each charge allocation or payment;* *2. An explanation of how the allocator for the test period was determined; and* *3. All facts relied upon, including other regulatory approval, to demonstrate that each amount charged, allocated or paid during the test period was reasonable;*	807 KAR 5:001 Section 10(6)(t)	C. William Blackburn
38	2	*If the utility provides gas, electric or water utility service and has annual gross revenues greater than $5,000,000, a cost of service study based on a methodology generally accepted within the industry and based on current and reliable data from a single time period.*	807 KAR 5:001 Section 10(6)(u)	Counsel
39	2	*Local exchange carriers with fewer than 50,000 access lines shall not be required to file cost of service studies, except as specifically directed by the commission. Local exchange carriers with more than 50,000 access lines shall file:* *1. A jurisdictional separations study consistent with Part 36 of the Federal Communications Commission's rules and regulations; and* *2. Service specific cost studies to support the pricing of all services that generate annual revenue greater than $1,000,000, except local exchange access:* *a. Based on current and reliable data from a single time period; and* *b. Using generally recognized fully allocated, embedded, or incremental cost principles.*	807 KAR 5:001 Section 10(6)(v)	C. William Blackburn
40	2	*Upon good cause shown, a utility may request pro forma adjustments for known and measurable changes to ensure fair, just and reasonable rates based on the historical test period. The following information shall be filed with applications requesting pro forma adjustments or a statement explaining why the required information does not exist and is not applicable to the utility's application:* *(a) A detailed income statement and balance sheet reflecting the impact of all proposed adjustments;*	807 KAR 5:001 Section 10(7)(a)	C. William Blackburn

Big Rivers Electric Corporation
Case No. 2009-00040
Historical Test Period Filing Requirements
and Table of Contents

Exhibit No.	Volume No(s).	Description	Filing Requirement	Sponsoring Witness(es)
41	2	*Upon good cause shown, a utility may request pro forma adjustments for known and measurable changes to ensure fair, just and reasonable rates based on the historical test period. The following information shall be filed with applications requesting pro forma adjustments or a statement explaining why the required information does not exist and is not applicable to the utility's application:* *(b) The most recent capital construction budget containing at least the period of time as proposed for any pro forma adjustment for plant additions.*	807 KAR 5:001 Section 10(7)(b)	David A. Spainhoward
42	2	*Upon good cause shown, a utility may request pro forma adjustments for known and measurable changes to ensure fair, just and reasonable rates based on the historical test period. The following information shall be filed with applications requesting pro forma adjustments or a statement explaining why the required information does not exist and is not applicable to the utility's application:* *(c) For each proposed pro forma adjustment reflecting plant additions provide the following information:* *1. The starting date of the construction of each major component of plant;* *2. The proposed in-service date;* *3. The total estimated cost of construction at completion;* *4. The amount contained in construction work in progress at the end of the test period;* *5. A schedule containing a complete description of actual plant retirements and anticipated plant retirements related to the pro forma plant additions including the actual or anticipated date of retirement;* *6. The original cost, cost of removal and salvage for each component of plant to be retired during the period of the proposed pro forma adjustment for plant additions;* *7. An explanation of any differences in the amounts contained in the capital construction budge* *8. The impact on depreciation expense of all proposed pro forma adjustments for plant additio*	807 KAR 5:001 Section 10(7)(c)	C. William Blackburn
43	2	*Upon good cause shown, a utility may request pro forma adjustments for known and measurable changes to ensure fair, just and reasonable rates based on the historical test period. The following information shall be filed with applications requesting pro forma adjustments or a statement explaining why the required information does not exist and is not applicable to the utility's application:* *(d) The operating budget for each period encompassing the pro forma adjustments.*	807 KAR 5:001 Section 10(7)(d)	C. William Blackburn
44	2	*Upon good cause shown, a utility may request pro forma adjustments for known and measurable changes to ensure fair, just and reasonable rates based on the historical test period. The following information shall be filed with applications requesting pro forma adjustments or a statement explaining why the required information does not exist and is not applicable to the utility's application:* *(e) The number of customers to be added to the test period-end level of customers and the related revenue requirements impact for all pro forma adjustments with complete details and supporting work papers.*	807 KAR 5:001 Section 10(7)(e)	C. William Blackburn
45	2	*Direct Testimony of Mark A. Bailey*		
46	2	*Direct Testimony of William Steven Seelye*		
47	2	*Direct Testimony of C. William Blackburn*		

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Historical Test Period Filing Requirements
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Exhibit No.	Volume No(s).	Description	Filing Requirement	Sponsoring Witness(es)
48	2	*Direct Testimony of David A. Spainhoward*		
49	2	*Order In Case No. 99-450 dated November 24, 1999, re: Big Rivers Electric Corporation's Application for Approval of a Leveraged Lease of Three Generating Units (First Order)*		
50	2	*Order In Case No. 99-450 dated January 28, 2000, re: Big Rivers Electric Corporation's Application for Approval of a Leveraged Lease of Three Generating Units (Second Order)*		
51	2	*Order In Case No. 97-204 dated April 30, 1998, re: The Application of Big Rivers Electric Corporation, Louisville Gas and Electric Company, Western Kentucky Energy Corp., and LG&E Station Two Inc. for Approval of Wholesale Rate Adjustment for Big Rivers Electric Corporation and for Approval of Transaction*		
52	2	*Order In Case No. 98-267 dated July 14, 1998 re: The Application of Big Rivers Electric Corporation for Approval of the 1998 Amendments to Station Two Contracts between Big Rivers Electric Corporation and the City of Henderson, Kentucky and the Utility Commisison of the City of Henderson*		
53	2	*Affidavit of C. William Blackburn submitted on September 25, 2008, in Case No. 2007-00455 describing the buyout of Phillip Morris Capital Corporation leveraged lease interest*		
54	2	*Selected 1998 Transaction Documents (on CD)*		
55	2	*Selected RUS Loan Documents (on CD)*		

Big Rivers Electric Corporation
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Historical Test Period Filing Requirements

EXHIBIT 1

Filing Requirement
807 KAR 5:001 Section 10(1)(a)1
Sponsoring Witness: C. William Blackburn

Description of Filing Requirement:

A statement of the reason the adjustment is required.

Response:

The rate adjustment proposed by Big Rivers is principally required to help generate the cash Big Rivers must have by the end of 2009 to pay its obligations, when due, and to provide it reasonable cash balances to allow it to continue to operate. Big Rivers' prior cash balances were dramatically reduced by the particular effects on Big Rivers of the turmoil in the financial markets over the past year. Big Rivers' unique circumstances do not permit it to solve this problem without a rate adjustment. Because the goal of the rate adjustment and other cost-cutting and cost deferral efforts is to produce cash of $28.2 million by the end of 2009, Big Rivers seeks to place the rate adjustment into effect on an interim basis beginning April 1, 2009. Without the proposed adjustment, Big Rivers' rates are not fair, just and reasonable. If the proposed rates are not placed in effect on an emergency interim basis, Big Rivers' ability to collect the required cash by year-end will be compromised, and Big Rivers' operations and credit will be materially impaired.

The reasons this rate adjustment is required are further described and supported in detail in the application, the testimony of Big Rivers' witnesses and the exhibits contained in this filing.

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EXHIBIT 2

Filing Requirement
807 KAR 5:001 Section 10(1)(a)2
Sponsoring Witness: C. William Blackburn

Description of Filing Requirement:

A statement that the utility's annual reports, including the annual report for the most recent calendar year, are on file with the Commission in accordance with 807 KAR 5:006, Section 3(1).

Response:

Big Rivers confirms that its annual reports required in accordance with 807 KAR 5:006, Section 3(1), including the annual report for the most recent calendar year available, 2007, are on file with the Commission. The 2008 annual report is not due until March 31, 2009.

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EXHIBIT 3

Filing Requirement
807 KAR 5:001 Section 10(1)(a)3
Sponsoring Witness: C. William Blackburn

Description of Filing Requirement:

If the utility is incorporated, a certified copy of the utility's articles of incorporation and all amendments thereto or all out-of-state documents of similar import. If the utility's articles of incorporation and amendments have already been filed with the commission in a prior proceeding, the application may state this fact making reference to the style and case number of the prior proceeding.

Response:

The articles of incorporation of Big Rivers, and all amendments thereto, are attached as Exhibit 1 to the Application of Big Rivers in *In the Matter of: Application of Big Rivers Electric Corporation, LG&E Energy Marketing Inc., Western Kentucky Energy Corp., WKE Station Two Inc., and WKE Corp., Pursuant to the Public Service Commission Orders in Case Nos. 99-450 and 2000-095, for Approval of Amendments to Station Two Agreements*, PSC Case No. 2005-00532, and are incorporated herein by reference.

Big Rivers Electric Corporation
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EXHIBIT 4

Filing Requirement
807 KAR 5:001 Section 10(1)(a)4
Sponsoring Witness: C. William Blackburn

Description of Filing Requirement:

If the utility is a limited partnership, a certified copy of the limited partnership agreement and all amendments thereto or all out-of-state documents of similar import. If the utility's limited partnership agreement and amendments have already been filed with the commission in a prior proceeding, the application may state this fact making reference to the style and case number of the prior proceeding.

Response:

Big Rivers is not a limited partnership.

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EXHIBIT 5

Filing Requirement
807 KAR 5:001 Section 10(1)(a)5
Sponsoring Witness: C. William Blackburn

Description of Filing Requirement:

If the utility is incorporated or a is a limited partnership, a certificate of good standing or certificate of authorization dated within sixty (60) days of the date the application is filed.

Response:

See attached.

Commonwealth of Kentucky
Trey Grayson, Secretary of State

2/11/2009

Division of Corporations
Business Filings

P. O. Box 718
Frankfort, KY 40602
(502) 564-2848
http://www.sos.ky.gov

Certificate of Existence

Authentication Number: 76447
Jurisdiction: Big Rivers Electric Corporation
Visit http://apps.sos.ky.gov/business/obdb/certvalidate.aspx to authenticate this certificate.

I, Trey Grayson, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records of the Office of the Secretary of State,

BIG RIVERS ELECTRIC CORPORATION

is a nonprofit corporation duly incorporated and existing under KRS Chapter 273, whose date of incorporation is June 14, 1961 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of state have been paid; that articles of dissolution have not been filed; and that the most recent annual report required by KRS 273.3671 has been delivered to the Secretary of State.

IN WITNESS THEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 11th day of February, 2009.

COMMONWEALTH OF KENTUCKY
OFFICE OF SECRETARY OF STATE

Trey Grayson
Secretary of State
Commonwealth of Kentucky
76447/0004242

Big Rivers Electric Corporation
Case No. 2009-00040
Historical Test Period Filing Requirements

EXHIBIT 6

Filing Requirement
807 KAR 5:001 Section 10(1)(a)6
Sponsoring Witness: C. William Blackburn

Description of Filing Requirement:

A certified copy of a certificate of assumed name as required by KRS 365.015 or a statement that such a certificate is not necessary.

Response:

Big Rivers Electric Corporation does not do business in Kentucky under an assumed name, and thus, no certificate is necessary.

Big Rivers Electric Corporation
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Historical Test Period Filing Requirements

EXHIBIT 7

Filing Requirement
807 KAR 5:001 Section 10(1)(a)7
Sponsoring Witness: David A. Spainhoward

Description of Filing Requirement:

The proposed tariff in a form which complies with 807 KAR 5:011 with an effective date not less than thirty (30) days from the date the application is filed.

Response:

See attached.

TRANSACTION RATES

BIG RIVERS ELECTRIC CORPORATION

OF

HENDERSON, KENTUCKY

RATES, RULES AND ADMINISTRATIVE REGULATIONS FOR FURNISHING

ELECTRIC SERVICE

AT

BRECKINRIDGE, CALDWELL, CRITTENDEN, DAVIESS, GRAYSON, HANCOCK, HARDIN, HENDERSON, HOPKINS, LYON, MCLEAN, MEADE, MUHLENBERG, OHIO, UNION, MCCRACKEN, LIVINGSTON, BALLARD, CARLISLE, MARSHALL, GRAVES AND WEBSTER COUNTIES

FILED WITH PUBLIC SERVICE COMMISSION
OF KENTUCKY

Issued August 12, 1998 Effective July 18, 1998

By Big Rivers Electric Corporation
(Name of Utility)

By

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

JUL 18 1998

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephan O Bell
SECRETARY OF THE COMMISSION

RULES AND REGULATIONS

A. SPECIAL RULES - ELECTRICAL SERVICE

1. Billing Demand:

a. For purposes of establishing billing demands, all delivery points shall be classified into one of three categories, as follows:

(1) Smelter Delivery Points (i.e., Southwire and Alcan)

(2) Large Industrial Customer Delivery Points (i.e., a single large industrial customer taking service from a dedicated delivery point as described in Section 7.a.).

(3) Rural Delivery Points (i.e. all delivery points not described in (1) or (2) of this paragraph 1.a.)

. Unless specifically stated otherwise in a rate schedule to this tariff, Billing Demands shall be determined as follows:

(1) Smelter Delivery Points -- As provided in the individual contracts with Southwire and Alcan, using where applicable the maximum integrated thirty-minute demand at each delivery point.

(2) Large Industrial Customer Delivery Points -- The maximum integrated thirty-minute demand at each delivery point during each month, or the contract demand, whichever is greater.

(3) Rural Delivery Points -- The monthly rural Billing Demand for each distribution cooperative shall be the maximum integrated thirty-minute coincident demand of its rural delivery points.

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2. Contract Demand:

Upon mutual agreement with Member, a Contract Demand may be established for certain customers.

3. Metering:

The Seller shall meter all power and energy at voltage as mutually agreed to with the Member. Meters and metering equipment shall be furnished, maintained and read or caused to be furnished, maintained and read by the Seller.

4. Electric Characteristics and Delivery Point(s):

Electric power and energy to be furnished hereunder shall be alternating current, three-phase, sixty Hertz. The Seller shall make and pay for all final connections between the systems of the Seller and the Member at the point(s) of delivery. The parties will specify the initial points of delivery, delivery voltages and capacity prior to the commencement of service hereunder. Additional points shall be agreed upon by the Seller and the Member from time to time.

5. Substations:

The Member shall install, own and maintain the necessary substation equipment at the point(s) of connection unless otherwise agreed to by Seller. The Seller shall own and maintain switching and protective equipment which may be reasonably necessary to enable the Member to take and use the electric power and energy hereunder and to protect the system of the Seller.

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6. Rate:

The Board of Directors of the Seller at such intervals as it shall deem appropriate, but in any event not less frequently than once in each calendar year, shall review the rate for electric power and energy furnished hereunder and, if necessary, shall revise such rate so that it shall produce revenues which shall be sufficient, but only sufficient, to meet the cost of operation and maintenance (including without limitation, replacements, insurance, taxes, and administrative and general overhead expenses) of the generating plant, transmission system and related facilities of the Seller, the cost of any power and energy purchased for resale hereunder by the Seller, the cost of transmission service, make payments on account of principal of and interest on all indebtedness of the Seller, and to provide for the establishment and maintenance of reasonable reserves. The Seller shall cause a notice in writing to be given to the Member, which shall set out all the proposed revisions of the rate.

7. Discount Adjustment:

At the discretion of the Board of Directors, and with the prior approval of the Public Service Commission, an appropriate discount may be authorized at such time as substantial application of the rate indicates revenues in excess of projected and relative levels of the rate design.

8. Meter Testing and Billing Adjustment:

Unless specifically stated otherwise in a contract or rate schedule to this tariff, the Seller shall test and calibrate meters in accordance with the provisions of 807 KAR 5:041, Sections 15 and 17. The Seller shall also make special meter tests at any time at the Member's request. The costs of all tests shall be borne by the Seller; provided, however, that if any special meter test made at the Member's request shall disclose that the meters are recording accurately, the Member shall reimburse the Seller for the cost of such test. Meters registering not more than two percent (2%) above or below normal shall be deemed to be accurate. The

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readings of any meter which shall have been disclosed by test to be inaccurate shall be corrected for the ninety (90) days previous to such test in accordance with the percentage of inaccuracy found by such test. If any meter shall fail to register for any period, the Member and the Seller shall agree as to the amount of energy furnished during such period and the Seller shall render a bill therefor.

9. Monitoring Uses:

Seller shall review members' usage by comparing the metered energy and demand for the current month to the previous month's metered amounts. Consideration is given for monthly deviations due to temperature related increases or decreases, along with a comparison to other sites with similar load patterns. A second comparison is made between the current month's usage and the previous year's data, when demand or energy levels appear to be out of line. Additionally, three of the member cooperatives have Scada systems which provide hourly printouts of usage and at times are used for comparison whenever there appears to be a metering deviation.

T A meter test is performed whenever there appears to be a potential metering problem. Seller shall review all special metering situations which affect demand and energy quantities applicable to the billing period. A written determination shall accompany the bill explaining any adjustment or calculation that was made.

10. Notice of Meter Reading or Test:

The Seller shall notify the Member in advance of the time of any meter reading or test so that the Member's representative may be present at such meter reading or test.

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11. Power Factor:

Unless specifically stated otherwise in a rate schedule to this tariff, the Member shall at all times take and use power in such manner that the power factor at the time of maximum demand shall not be less than 90 percent (90%) leading or lagging.

If, at the time of maximum demand, power is taken at a power factor less than 90 percent (90%) leading or lagging, the Seller may adjust the maximum measured demand for billing purposes in accordance with the following formula:

T

$$\frac{\text{Maximum Measured KW x 90\%}}{\text{Power Factor (\%)}}$$

The power factor shall be measured at the time of maximum demand.

12. Right of Access:

Duly authorized representatives of either party hereto shall be permitted to enter the premises of the other party hereto at all reasonable times in order to carry out the provisions thereof.

13. Continuity of Service:

T

The Seller shall use all reasonable diligence to provide a constant and uninterrupted supply of electric power and energy hereunder. If the supply of electric power and energy shall fail or be interrupted, or become defective, by reason of force majeure, the Seller shall not be liable therefor, or for damages caused thereby. The term "force majeure", as used herein, shall mean Acts of God, accidents, strikes or other labor troubles, acts of the public enemy, wars, blockages, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of the government, whether federal, state or local, civil or military, civil disturbances, explosions, breakage of or accident to machinery, equipment or transmission lines, inability to obtain

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T necessary materials, supplies or permits due to existing or future rules, regulations, orders, laws, or proclamations of governmental authorities, whether federal, state or local, civil or military, and any other forces which are not reasonably within the control of the Seller, whether like or unlike those herein enumerated.

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14. Payment of Bills:

The Seller shall read meters monthly. Unless stated otherwise by a rate schedule to this tariff, electric power and energy furnished hereunder shall be paid for in Seller's designated office in immediately available funds monthly on or before the first working day after the twenty-fourth (24^{th}) day of the month following service. If the Member shall fail to pay any such bill within such prescribed period, the Seller may discontinue delivery of electric power and energy hereunder upon five (5) days' written notice to Member of its intention to do so. Such discontinuance for non-payment shall not in any way affect the obligation of the Member to pay the minimum bill.

15. Transmission Emergency Control Program:

a. Purpose:

To provide a plan for the systematic expeditious restoration of electric service following a transmission system disturbance.

b. Procedures:

(1) Awareness:

The first indication of a transmission system disturbance will most likely be displayed on Big Rivers' system supervisor's SCADA system. From the SCADA alarms, the system supervisor can determine the general nature and extent of the disturbance.

(2) Localized Emergency:

If the disturbance is localized, the system supervisor will proceed to sectionalize the faulted line sections by use of his SCADA system, radio controlled switches and manually operated line switches. In sectionalizing faulted line sections, the system supervisor will attempt, to the extent practical, to sectionalize in such a way to minimize the curtailment or interruption of wholesale electric energy furnished to Big Rivers' member distribution cooperatives for retail electric service within those cooperatives' certified territory, except for interruptible service. Big Rivers' Transmission Department personnel, as well as the local member cooperative personnel, will be dispatched to carry out any required manual switching operations. The Transmission Department is notified of the faulted line sections and performs the required line repairs and releases the line to the system supervisor for reenergization. T

(3) Widespread Emergency:

When the system supervisor recognizes widespread transmission disturbances or the loss of service to multiple distribution substations, he declares an "extreme transmission emergency".

Upon declaration of an extreme transmission emergency, the service restoration coordinator (SRC) is notified and immediately assumes an operating position in the energy control area.

The system supervisor proceeds to sectionalize the line sections and restore service to as many substations as possible. In sectionalizing faulted line sections, the system supervisor will attempt, to the extent practical, to sectionalize in such a way to minimize the curtailment or interruption of wholesale electric T various subs, time of day, personnel available, etc.). They maintain a list of critical consumers and this list helps determine the sequence of restoration.

(e) The SRC monitors the progress of the restoration effort and conveys this information to the appropriate individuals for public dissemination.

(f) Upon completion of restoration of service, the emergency is declared ended.

(g) Effectiveness and timeliness of the restoration is reviewed by the Big Rivers' Operation Committee for possible procedural improvements.

energy furnished to Big Rivers' member distribution cooperatives for retail electric service within those cooperatives' certified territory, except for interruptible service.

The SRC establishes and maintains contact with the appropriate personnel from the affected member cooperative(s), appropriate Big Rivers' Transmission Department personnel, and the system supervisor. Restoration continues with the following steps:

(a) The SRC coordinates the efforts of the Transmission Department and member cooperatives(s) to determine the full extent of system damage. An estimate is made of the time to restore full service to the distribution substations using only Big Rivers and available cooperative work forces.

(b) If the system damages are so extensive that restoration with local or system labor only would result in prohibitively long outages, the SRC along with the Transmission Department and the Member Cooperative Coordinator(s), determines what additional equipment and labor is needed.

(c) The SRC conveys to the western area Regional Work Plan coordinator the time, place and amount of needed equipment and labor. The coordinator arranges to meet these needs from neighboring utilities.

(d) The SRC establishes a sequence of repair. This sequence is determined by working with the affected member cooperative coordinators who will have prioritized the restoration of their affected substations. The member cooperatives have chosen to determine case specific restoration priorities due to the number of variables that are unpredictable (i.e. weather, restoration times for

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16. Purchase Power Deficiency Emergency Control Program:

a. Purpose:

To provide a plan to recover from purchase power deficiencies from LG&E Energy Marketing, Inc. ("LEM").

(b) Procedures:

(1) Awareness:

When the level of available purchase power becomes insufficient to meet the projected total system sales, the following steps will be followed in the sequence listed until the purchase power and load are equal.

(2) Sequential Steps of Action:

(a) Determine capacity shortage based on Purchase power limitations, pending weather forecast conditions and forecasted load requirements.

(b) Arrange economic power purchases from off-system sources as required to serve firm load commitments (and non-firm commitments if economically feasible).

(c) Reduce or completely curtail non-firm power sales starting with the lowest price transactions as influenced by term of commitment.

(d) Curtail off-system short-term capacity sales.

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(e) Implement a request to other utilities for emergency power purchases to meet firm load requirements.

(f) Issue public appeals to all member cooperative consumers to reduce power usage on a voluntary basis, including direct calls to large industrial consumers.

(g) Initiate a voltage reduction action through Big Rivers' facilities as well as working with the member cooperative representatives to accomplish this action.

(h) Implement curtailment of off-system firm power sales.

(i) Implement curtailment of power to industrial consumers (on a rotating type basis as needed).

(j) Request load curtailment of member cooperatives. Determine amounts of load reduction required of each cooperative and the anticipated length of curtailment. The member cooperatives will reduce load in accordance with their curtailment plan. Their curtailment will be developed considering the essential loads on their systems.

B. SPECIAL RULES - CABLE TELEVISION ATTACHMENT

1. Establishing Pole Use:

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a. Before a CATV operator shall make use under this tariff of any of the facilities of Big Rivers, it shall notify Big Rivers in writing of its intent and shall comply with the procedures established by Big Rivers. The CATV operator shall furnish Big Rivers detailed construction plans and drawings, together with necessary maps, indicating the specific poles of Big Rivers upon which attachments are proposed, the number and character of the attachments to be on such poles, the rearrangements of Big Rivers' fixtures and equipment necessary for the attachments, and relocations or replacements of existing poles, and any additional poles required by the CATV operator.

b. Big Rivers shall, on the basis of such detailed construction plans and drawings, submit to the CATV operator a cost estimate (including overhead and less salvage value of materials) of all changes that may be required. Upon written notice by the CATV operator to Big Rivers that the cost estimate is approved, Big Rivers shall proceed with the necessary changes. Upon completion of all changes, the CATV operator shall have the right hereunder to make attachments in accordance with the terms of this tariff. The CATV operator shall, at its own expense, make attachments in such manner as not to interfere with the service requirements of Big Rivers.

c. Upon completion of all changes, the CATV operator shall pay Big Rivers the actual cost (including overhead and less salvage value of materials) of making such changes. The obligations of the CATV operator hereunder shall not be limited to amounts shown on estimates made by Big Rivers hereunder.

d. Any reclearing of existing rights-of-way and any tree trimming necessary for the establishment of attachments hereunder shall be performed by the CATV operator.

e. All poles and appurtenances to which attachments have been made under this tariff shall remain the property of Big Rivers, and any payments made by the CATV operator under this tariff for changes in Big Rivers' facilities shall not entitle the CATV operator to the ownership of any of said facilities.

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f. Any changes necessary for correction of a substandard installation made by the CATV operator, where notice of intent had not been given, shall be billed at an amount equal to twice the charges that would have been imposed if the attachment had been properly authorized.

2. Easements and Rights-of-Way:

Big Rivers does not warrant nor assure to the CATV operator any rights-of-way privileges or easements, and should the CATV operator at any time be prevented from placing or maintaining its attachments on Big Rivers' poles, no liability on account thereof shall attach to Big Rivers. Each party shall be responsible for obtaining its own easements and rights-of-way.

3. Maintenance of Poles, Attachments and Operation:

a. Whenever right-of-way considerations or public regulations make relocation of a pole or poles necessary, such relocation shall be made by Big Rivers at its own expense, except that each party shall bear the cost of transferring its own attachments.

b. Whenever it is necessary to replace or relocate a pole, Big Rivers shall, before making such replacement or relocation, give forty-eight (48) hours' notice (except in cases of emergency) to the CATV operator, specifying in said notice the time of such proposed replacement or relocation, and the CATV operator shall, at the time so specified, transfer its attachments to the new or relocated pole. Should the CATV operator fail to transfer its attachments to the new or relocated pole at the time specified, Big Rivers may elect to do such work and the CATV operator shall pay Big Rivers the cost thereof. Big Rivers shall not be liable for any consequential damages which may result therefrom.

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Any attachment of CATV which does not conform to the specifications set out in this tariff shall be brought into conformity herewith as soon as practical. Big Rivers reserves the right to inspect each new installation on its poles and in the vicinity of its lines or appurtenances. Such inspection made or not, shall not operate to relieve the CATV operator of any responsibility, obligation or liability assumed under this tariff.

d. Big Rivers reserves to itself, its successor and assigns, the right to maintain its poles and to operate its facilities thereon in such manner as will, in its own judgment, best enable it to fulfill its own service requirements. Big Rivers shall not be liable to the CATV operator for any interruption of service or for interference with the operation of its cables, wire and appliances when such conditions are caused by situations beyond Big Rivers' control.

4. Inspections:

a. Periodic Inspection: Any unauthorized or unreported attachment by a CATV operator will be billed at two times the amount that would have been due had the installation been made the day after the last inspection preceding discovery of the attachment.

b. Make-Ready Inspection: Actual expenses, plus appropriate overhead charges, incurred by Big Rivers in any "make-ready" or "walk-through" inspection required of Big Rivers will be paid for by the CATV operator.

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The CATV operator shall defend, indemnify and save harmless Big Rivers from any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature, including, but not limited to, costs and expenses of defending against the same and payment of any settlement or judgment therefor, by reason of (1) injuries or deaths to persons, (2) damages to or destruction of properties, (3) pollutions, contaminations of or other adverse effects on the environment or (4) violations of governmental laws, regulations or orders whether suffered directly by Big Rivers itself, or indirectly by reason of claims, demands or suits against it by third parties, resulting or alleged to have resulted from acts or omissions of the CATV operator, its employees, agents, or other representatives or from their presence on the premises of Big Rivers, either solely or in concurrence with any alleged joint negligence of Big Rivers. Big Rivers shall be liable for its sole active negligence.

b. The CATV operator will provide coverage as follows from a company authorized to do business in the commonwealth of Kentucky:

(1) Protection for its employees to the extent required by Workers' compensation Laws of Kentucky.

(2) Public liability coverage with separate coverage for each town or city in which the CATV operator operates under this contract to a minimum amount of $1,000,000 for each person and $1,000,000 for each accident or personal injury or death, and $25,000 as to the property of any one person, and $100,000 as to any one accident of property damage.

(3) Naming Big Rivers Electric Corporation as an additional insured.

c. Before beginning operations under this tariff, the CATV operator shall cause to be furnished to Big Rivers a certificate evidencing the existence of such coverage. Each policy required hereunder shall contain a contractual endorsement written as follows:

> The insurance or bond provided herein shall also be for the benefit of Big Rivers Electric Corporation, so as to guarantee, within the coverage limits, the performance by the

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insured of any indemnity agreement set forth in this tariff. This insurance or bond may not be canceled for any cause without thirty (30) days' advance notice being first given to Big Rivers Electric Corporation.

6. Change of Use Provision:

When Big Rivers requires a change in its facilities for reasons unrelated to CATV operations, the CATV operator shall be given forty-eight (48) hours' notice (except in cases of emergency) in order to accomplish the CATV-related changes. If the CATV operator is unable or unwilling to meet Big Rivers' time schedule for such changes, Big Rivers may do the work and charge the CATV operator its reasonable costs for performing the change of CATV attachments.

7. Abandonment:

a. Should Big Rivers decide to abandon any pole which the CATV operator is utilizing, it shall give the CATV operator notice in writing to that effect at least thirty (30) days prior to the date on which it intends to abandon such pole. If, at the expiration of said period, Big Rivers has no attachments on such pole, but the CATV operator has not removed all of its attachments therefrom, such pole shall thereupon become the property of the CATV operator, and the CATV operator shall save harmless Big Rivers from all obligation, liability, damages, cost, expenses or charges incurred thereafter, and shall pay Big Rivers for such pole an amount equal to Big Rivers' depreciated cost thereof. Big Rivers shall further evidence transfer to the CATV operator of title to the pole by means of a bill of sale. Big Rivers reserves the right to abandon and salvage any power line free and clear of any obligations to the CATV operator and upon one year's notice to the CATV operator.

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b. The CATV operator may at any time abandon the use of any pole by giving due notice thereof in writing to Big Rivers and by removing therefrom any and all attachment it may have thereon. The CATV operator shall in such case pay Big Rivers the pro rata rental for said pole for the then current billing period.

8. Right of Others:

Upon notice from Big Rivers to the CATV operator that the use of any pole is forbidden by municipal or other public authorities or by property owners, the permit governing the use of such pole shall immediately terminate and the CATV operator shall remove its facilities from the affected pole at once. No refund of any rental will be due on account of any removal under these circumstances.

9. Payment of Taxes:

Each party shall pay all taxes and assessments lawfully levied on its own property upon said attached facilities, and the taxes and the assessments which are levied on said property shall be paid by the owner thereof, but any tax, fee or charge levied on Big Rivers' facilities solely because of their use by the CATV operator shall be paid by the CATV operator.

10. Bond or Deposit for Performance:

The CATV operator shall furnish bond or satisfactory evidence of contractual insurance coverage for the purposes thereinafter specified in the amount of Five Thousand Dollars ($5,000), evidence of which shall be presented to Big Rivers fifteen (15) days prior to beginning construction. Such bond or insurance shall contain the provision that it shall not be terminated prior to three (3) months after receipt by Big Rivers of written notice of the desire of the bonding or insurance company to terminate such bond or insurance. Upon receipt of such notice, Big Rivers shall request the CATV operator to immediately remove its cables, wires and all other facilities from all poles of Big Rivers. If the CATV operator should

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fail to complete the removal of all its facilities from the poles of Big Rivers within thirty (30) days after receipt of such request from Big Rivers, then Big Rivers shall have the right to remove them at the cost and expense of the CATV operator and without being liable for any damage to the CATV operator's wires, cables, fixtures or appurtenances. Such bond or insurance shall guarantee the payment of any sums which may become due to Big Rivers for rentals, inspections or work performed for the benefit of the CATV operator under this tariff, including the removal of attachments upon termination of service by any of its provisions.

11. Use of Anchors:

Big Rivers reserves the right to prohibit the use of any anchors by the CATV operator where conditions warrant such action.

12. Discontinuance of Service:

Big Rivers may refuse or discontinue serving an applicant as a customer under the conditions set out in 807 KAR 5:006 Section 11.

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RULES AND REGULATIONS

C. ELECTRIC SERVICE

1. APPLICABLE:

In all territory served by Cooperative's transmission system.

2. AVAILABILITY:

Available only for service to Big Rivers' member rural electric cooperatives subject to the special terms and conditions hereinafter set forth and to such of Big Rivers' general rules and regulations on file with the Public Service Commission of Kentucky.

3. TERM:

This rate schedule shall take effect at 12:01 a.m. on the day after the date of closing of the transaction between Big Rivers, LG&E Energy Corp. ("LEC") and its affiliates (the "Closing Date"). The existing wholesale power supply contracts, as amended, between Big Rivers Electric Corporation and each of its cooperative members shall remain in effect until January 1, 2023, and thereafter until terminated by either party giving to the other not less than six months' written notice of its intention to terminate.

4. RATES:

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a. For all Alcan smelter delivery points, a Monthly Delivery Point Rate for transmission and ancillary services supplied by Big Rivers to Henderson Union consisting of the Big Rivers Henderson Union Smelter Rate available to Alcan as described in Item (5) herein.

b. For all Southwire smelter delivery points, a Monthly Delivery Point Rate for transmission and ancillary services supplied by Big Rivers to Green River consisting of the Big Rivers Green River

Smelter Rate available to Southwire as described in Item (6) herein.

c. For all Large Industrial Customer delivery points, a Monthly Delivery Point Rate consisting of the Big Rivers Large Industrial Customer Rate available to Large Industrial Customers as described in Item (7) herein.

d. For all other delivery points, a Monthly Delivery Point Rate consisting of:

(1) A Demand Charge of:

I All kW of billing demand at $8.963 per kilowatt.

Plus,

(2) An Energy Charge of:

I All kWh per month at $0.024811 per kWh.

(3) No separate transmission or ancillary services charges shall apply to these rates.

(4) The Demand and Energy Charges under this tariff shall not be subject to automatic adjustment for increases or decreases in fuel costs through a fuel adjustment clause, whether under 807 KAR 5:056 or otherwise, or by any automatic adjustment for an environmental surcharge, whether under KRS 278.183 or otherwise.

RULES AND REGULATIONS

(5) Billing Form:

INVOICE

BIG RIVERS ELECTRIC CORP., P.O. BOX 24, HENDERSON, KY 42420

TO: RURAL DELIVERY POINTS
SERVICE FROM / / THRU / /

ACCOUNT
COINCIDENTAL PEAK /

SUBSTATION	COIN KW	KWH	L.F. COIN.	PREVIOUS READING	PRESENT READING	DIFF.	KW/KWH MULT.
TOTAL							

DEMAND KW TIMES $____ EQUALS $________

P/F PENALTY KW TIMES $____ EQUALS $________

ADJUSTMENT KW TIMES $____ EQUALS $________
SUBTOTAL $________

ENERGY KWH TIMES $.____ EQUALS $________

ADJUSTMENT KWH TIMES $.____ EQUALS $________
SUBTOTAL $________

RESTITUTION ADJUSTMENT
CURRENT MONTH KWH TIMES $.____ EQUALS $________
TOTAL AMOUNT DUE $________

LOAD FACTOR AVAILABLE BEFORE COIN. BILLED BASE

POWER FACTOR AVERAGE PEAK

MILLS PER KWH

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DUE IN IMMEDIATELY AVAILABLE BEFORE FUNDS ON OR BEFORE THE FIRST WORKING DAY AFTER THE 24TH OF THE MONTH

5. BIG RIVERS HENDERSON UNION SMELTER RATE

a. AVAILABILITY:

This tariff applies to Henderson Union Electric Cooperative Corp. ("HU") for purchases by HU of transmission and ancillary services for certain power as set forth in Section 5.c.(1) sold to Alcan Aluminum Corporation ("Alcan") for use at the Alcan primary aluminum smelter located in Sebree, Kentucky.

b. TERM OF THE RATE:

This tariff shall take effect at 12:01 a.m. on the day after the Closing Date of the transaction between Big Rivers and LG&E Energy Corp. ("LEC") and its affiliates and shall terminate at midnight on December 31, 2011. This tariff shall remain in effect during the entire term hereof, without modification.

c. RATES:

(1) Transmission Rates

For the period from the effective date of this tariff through December 31, 2011, to the extent HU requires transmission service to make sales of energy to Alcan (including all Tier 3 Energy taken after the effective date of this tariff and any Tier 1 Energy and Tier 2 Energy HU supplies from sources other than LG&E Energy Marketing Inc. ("LEM") as permitted by the HU/LEM Wholesale Agreement), Big Rivers shall assess unbundled charges for transmission for all energy purchased by HU from Third-Party Suppliers on behalf of Alcan. Big Rivers shall

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charge HU for such transmission services according to the rates filed in Big Rivers' Open Access Transmission Tariff ("OATT") filed at and accepted by the Federal Energy Regulatory Commission and/or the Kentucky Public Service Commission as a comparable transmission tariff, as they are then in effect, applied to each kW of transmission demand or network service reserved on Big Rivers' Open Access Same-time Information System ("OASIS") by HU for power resold to Alcan. Big Rivers shall offer short- and long-term firm point-to-point service, non-firm point-to-point service, and network integration service to HU for this service under the terms and conditions of Big Rivers' OATT, with the charge for transmission to be based on the type and amount of transmission service selected and reserved each month on the OASIS by HU. HU will in all cases be responsible for obtaining such service using Big Rivers' OASIS.

(2) Ancillary Services Rates:

During the period from the effective date of this tariff through December 31, 2011, to the extent generation-based ancillary services are not supplied by LEM in association with amounts purchased by HU from LEM, HU shall be required separately to purchase generation-based ancillary services necessary to transmit power on Big Rivers' transmission system to HU for power resold to Alcan. Required ancillary services include: Reactive Supply and Voltage Control from Generation Sources Service; Regulation and Frequency Response Service; Energy Imbalance Service; Operating Reserve - Spinning Reserve Service; and Operating Reserve - Supplemental Reserve Service. HU shall be entitled to purchase these

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generation-based ancillary services from any party capable of supplying them, including Big Rivers or LEM. Big Rivers' OATT contains rates for such services when supplied by Big Rivers to HU (with the exception of certain quantities of reactive power), and the rates used shall be the then-effective tariff rates for the individual ancillary services selected. Transmission-based ancillary service charges for Scheduling, System Control, and Dispatch Service shall be included as part of the transmission rate determined in accordance with Section 5.c.(1). In addition, there shall be no additional charge to HU for reactive power provided from the existing level of transmission capacitor banks on Big Rivers' transmission system or for the level of reactive power specified in Section 5.f.

d. CHARGES

Each calendar month from the effective date of this tariff through December 31, 2011, HU shall pay a Transmission Charge calculated in accordance with the transmission service reserved by HU on Big Rivers' transmission system as set forth in Section 5.c.(1) of this tariff, plus separate Ancillary Services Charges for any ancillary services purchased by HU from Big Rivers, calculated in accordance with the services purchased as set forth in Section 5.c.(2).

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e. TERMINATION OF TARIFF AND OBLIGATIONS TO PURCHASE AND SELL:

As of the effective date of this tariff, Alcan shall have no further obligation to Big Rivers and there shall be no exit fee or stranded cost obligation owing from either Alcan or HU to Big Rivers or any other party relating to Big Rivers' supply of power and transmission to HU for power resold to Alcan prior to the effective date of this tariff. As of the effective date of this tariff, Big Rivers has no further obligation to provide electric power supply service to HU with respect to Alcan's load. This transmission and ancillary services tariff shall terminate as of December 31, 2011.

f. POWER FACTOR

For all power taken under this tariff on or before December 31, 2000 under Tier 1, Tier 2, and Tier 3, HU shall maintain and shall require Alcan to maintain a power factor at the point of delivery as nearly as practicable to unity and in no case shall the power factor be allowed to fall below 0.90 leading or lagging with respect to power delivered hereunder. For all power taken under this tariff after December 31, 2000 under Tier 1, Tier 2 and Tier 3, HU shall maintain and shall require Alcan to maintain its usage of reactive power at the point of delivery at a level such that the reactive power demand does not exceed the reactive power demand that would occur at a power factor of 0.90 lagging at the metered demand up to 233,000 kilowatts. In the event that Alcan's recorded reactive power demand exceeds the limitations set forth above, HU shall purchase sufficient reactive power from a third-party source or shall purchase such reactive power from Big Rivers to the extent available. The above described reactive power limits shall not be applicable to any reactive power consumed over new facilities (such as a 4th potline) installed after the effective date of this tariff by Alcan at the Sebree Smelter, the reactive power requirements of which will need to be separately evaluated and assessed by Big Rivers, HU and Alcan at such time as they are constructed.

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g. BILLING

Big Rivers shall bill HU on the first working day after the 13th of the month for the previous month's transmission and ancillary services taken hereunder. HU shall pay Big Rivers in immediately available funds on or before the first working day after the 24th of the month. If HU shall fail to pay any such bill within such prescribed period, Big Rivers may discontinue delivery of electric power and energy hereunder upon five (5) days' written notice to LEM and HU of its intention to do so.

h. POWER SUPPLY OBLIGATIONS

Big Rivers shall have no power supply obligations under this tariff for Tier 1, Tier 2 or Tier 3 service or otherwise to HU for power to be resold to Alcan at any time after the effective date of this tariff. Any Tier 3 power supply agreements negotiated between Big Rivers and HU for power supply after December 31, 2000 shall be set forth separately.

i. TRANSMISSION OBLIGATIONS

(a) Priority Reservation of Existing Transmission Capacity

Through December 31, 2001, consistent with FERC Order No. 888, Big Rivers shall continue to have a transmission planning obligation with respect to the Alcan load served by HU, and HU will cause Big Rivers to hold in reserve at no additional cost existing transmission capacity in an amount needed for Alcan's reasonably forecasted load growth, provided such projections of forecasted load growth are made available to Big Rivers prior to the effective date of Big Rivers' OATT. Big Rivers will give

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Alcan and Henderson Union a written notice of filing and a copy of all filed materials at the time of any filing involving Big Rivers' OATT. The point-to-point transmission paths to be held in reserve for Alcan's reasonably forecasted load growth shall be those designated by HU to Big Rivers. Transmission capacity held in reserve for Alcan's reasonably forecasted load growth during this period shall be posted on Big Rivers' OASIS and made available to third-parties on a non-firm basis until such time as it is needed and contracted for at OATT rates by HU or HU's designated third-party supplier of power; provided, however, that if such transmission capacity held in reserve by Big Rivers for HU load growth attributable to Alcan is not contracted for by HU by December 31, 2001, Big Rivers shall thereafter be entitled to release such capacity held in reserve and post it for sale on a firm basis on its OASIS.

(b) Rates, Terms, and Conditions Not Unfavorable

For service to HU for power resold to Alcan, HU shall not be charged more than the lesser of (i) the amount that Big Rivers imputes to itself for its own off-system transactions, or (ii) the amount Big Rivers charges to any third-party after the effective date of this tariff for comparable transmission service and ancillary services. The terms and conditions of transmission service and ancillary services offered by Big Rivers to HU for power resold to Alcan shall not be (i) less favorable than those applied by Big Rivers to itself for its own off-system transactions under its OATT or (ii) less favorable than those applied by Big Rivers to any third-party taking service after the effective date of this tariff.

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j. Billing Form:

BIG RIVERS ELECTRIC CORP., P.O. BOX 24, HENDERSON, KY 42420

MONTH ENDING

TO HENDERSON-UNION ACCOUNT 82 HU

SUBSTATION ALCAN SERVICE FROM ________ THROUGH ________

TRANSMISSION DEMAND	KW TIMES $____	EQUALS	$________
ADJUSTMENT	KW TIMES $____	EQUALS	$________
	SUBTOTAL		$________
ANCILLARY SERVICES			$________
	TOTAL AMOUNT DUE		$________
RESTITUTION ADJUSTMENT HISTORIC	KWH TIMES $____	EQUALS	$________

DUE IN IMMEDIATELY AVAILABLE FUNDS ON OR BEFORE THE FIRST WORKING DAY AFTER THE 24TH DAY OF THE MONTH

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6. BIG RIVERS GREEN RIVER SMELTER RATE

a. AVAILABILITY:

This tariff applies to Green River Electric Corporation ("GREC") for purchases by GREC of transmission and ancillary services for certain power as set forth in Section 6.c.(1) sold to Southwire Company ("Southwire") for use at the Southwire primary aluminum smelter, including any fifth pot line if such pot line is constructed at the Southwire smelter, and further including the adjacent rod & cable mill, all located in Hancock County, Kentucky.

b. TERM OF THE RATE:

This tariff shall take effect at 12:01 a.m. on the day after the Closing Date of the transaction between Big Rivers and LG&E Energy Corp. ("LEC") and its affiliates and shall terminate at midnight on December 31, 2010. This tariff shall remain in effect during the entire term hereof, without modification.

c. RATES:

(1) Transmission Rates

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For the period from the effective date of this tariff through December 31, 2010, to the extent GREC requires transmission service to make sales of energy to Southwire (including all Tier 3 Energy taken after the effective date of this tariff and any Tier 1 Energy and Tier 2 Energy GREC supplies from sources other than LG&E Energy Marketing Inc. ("LEM") as permitted by the GREC/LEM Wholesale Agreement), Big Rivers shall assess unbundled charges for transmission for all energy purchased by GREC from Third-Party Suppliers on behalf of Southwire. Big Rivers shall charge GREC for such transmission services according to the rates filed in Big Rivers' OATT filed at and accepted by the Federal Energy Regulatory Commission and/or the Kentucky Public Service Commission as a comparable transmission tariff, as they are then in effect, applied to each kW of transmission demand or network service reserved on Big Rivers' Open Access Same-time Information System ("OASIS") by GREC for power resold to Southwire. Big Rivers shall offer short- and long-term firm point-to-point service, non-firm point-to-point service, and network integration service to GREC for this service under the terms and conditions of Big Rivers' OATT, with the charge for transmission to be based on the type and amount of transmission service selected and reserved each month on the OASIS by GREC. GREC will in all cases be responsible for obtaining such service using Big Rivers' OASIS.

(2) Ancillary Services Rates:

During the period from the effective date of this tariff through December 31, 2010, to the extent generation-based ancillary services are not supplied by LEM in association with amounts purchased by GREC from LEM, GREC shall be required separately to purchase generation-based ancillary services necessary to transmit power on Big Rivers' transmission system to GREC for power resold to Southwire. Required ancillary services include: Reactive Supply and Voltage Control from Generation Sources Service; Regulation and Frequency Response Service;

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Energy Imbalance Service; Operating Reserve - Spinning Reserve Service; and Operating Reserve - Supplemental Reserve Service. GREC shall be entitled to purchase these generation-based ancillary services from any party capable of supplying them, including Big Rivers or LEM. Big Rivers' OATT contains rates for such services when supplied by Big Rivers to GREC (with the exception of certain quantities of reactive power), and the rates used shall be the then-effective tariff rates for the individual ancillary services selected. Transmission-based ancillary service charges for Scheduling, System Control, and Dispatch Service shall be included as part of the transmission rate determined in accordance with Section 6.c.(1). In addition, there shall be no additional charge to GREC for reactive power provided from the existing level of transmission capacitor banks on Big Rivers' transmission system or for the level of reactive power specified in Section 6.f.

d. CHARGES

Each calendar month from the effective date of this tariff through December 31, 2010, GREC shall pay a Transmission Charge calculated in accordance with the transmission service reserved by GREC on Big Rivers' transmission system as set forth in Section 6.c.(1) of this tariff, plus separate Ancillary Services Charges for any ancillary services purchased by GREC from Big Rivers, calculated in accordance with the services purchased as set forth in Section 6.c.(2).

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e. TERMINATION OF TARIFF AND OBLIGATIONS TO PURCHASE AND SELL:

As of the effective date of this tariff, Southwire shall have no further obligation to Big Rivers and there shall be no exit fee or stranded cost obligation owing from either Southwire or GREC to Big Rivers or any other party relating to Big Rivers' supply of power and transmission to GREC for power resold to Southwire prior to the effective date of this tariff. As of the effective date of this tariff, Big Rivers has no further obligation to provide electric power supply service to GREC with respect to Southwire's load. This transmission and ancillary services tariff shall terminate as of December 31, 2010.

f. POWER FACTOR

For all power taken under this tariff on or before December 31, 2000 under Tier 1, Tier 2, and Tier 3, GREC shall maintain and shall require Southwire to maintain a power factor at the point of delivery as nearly as practicable to unity and in no case shall the power factor be allowed to fall below 0.90 leading or lagging with respect to power delivered hereunder. For all power taken under this tariff after December 31, 2000 under Tier 1, Tier 2 and Tier 3, GREC shall maintain and shall require Southwire to maintain its usage of reactive power at the point of delivery at a level such that the reactive power demand does not exceed the reactive power demand that would occur at a power factor of 0.90 lagging at the metered demand up to 339,000 kilowatts. In the event that Southwire's recorded reactive power demand exceeds the limitations set forth above, GREC shall purchase sufficient reactive power from a third-party source or shall purchase such reactive power from Big Rivers, to the extent available. The above described reactive power limits shall not be applicable to any

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reactive power consumed on the proposed fifth pot line. Specifically, for all Energy that Southwire purchases and receives from GREC with respect to any fifth pot line that may be constructed at the Southwire smelter, GREC shall require Southwire to maintain a power factor at the point of delivery that shall be at unity or leading, but in no event shall be lagging. At its sole expense, Southwire shall install the necessary equipment, or request GREC to acquire the necessary reactive power from third-party suppliers of generation-based ancillary services, to satisfy the limitation set forth in this paragraph.

g. BILLING

Big Rivers shall bill GREC on the first working day after the 13th of the month for the previous month's transmission and ancillary services taken hereunder. GREC shall pay Big Rivers in immediately available funds on or before the first working day after the 24th of the month. If GREC shall fail to pay any such bill within such prescribed period, Big Rivers may discontinue delivery of electric power and energy hereunder upon five (5) days' written notice to GREC and LEM of its intention to do so.

h. POWER SUPPLY OBLIGATIONS

Big Rivers shall have no power supply obligations under this tariff for Tier 1, Tier 2 or Tier 3 service or otherwise to GREC for power to be resold to Southwire at any time after the effective date of this tariff. Any Tier 3 power supply agreements negotiated between Big Rivers and GREC for wholesale power supply after December 31, 2000 shall be set forth separately.

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For All Territory Served By
Cooperative's Transmission System

BIG RIVERS
ELECTRIC CORPORATION

PSC No. 22
Original Sheet No. 34
Cancelling __________ Sheet No. ______

RULES AND REGULATIONS

i. TRANSMISSION OBLIGATIONS

(a) Priority Reservation of Existing Transmission Capacity

Through December 31, 2001, consistent with FERC Order No. 888, Big Rivers shall continue to have a transmission planning obligation with respect to the Southwire load served by GREC, and GREC will cause Big Rivers to hold in reserve at no additional cost existing transmission capacity in an amount needed for Southwire's reasonably forecasted load growth, provided such projections of forecasted load growth are made available to Big Rivers prior to the effective date of Big Rivers' OATT. Big Rivers will give Southwire and GREC a written notice of filing and a copy of all filed materials at the time of any filing involving Big Rivers' OATT. The point-to-point transmission paths to be held in reserve for Southwire's reasonably forecasted load growth shall be those designated by GREC to Big Rivers. Transmission capacity held in reserve for Southwire's reasonably forecasted load growth during this period shall be posted on Big Rivers' OASIS and made available to third-parties on a non-firm basis until such time as it is needed and contracted for at OATT rates by GREC or GREC's designated third-party supplier of power; provided, however, that if such transmission capacity held in reserve by Big Rivers for GREC load growth attributable to Southwire is not contracted for by GREC by December 31, 2001, Big Rivers shall thereafter be entitled to release such capacity held in reserve and post it for sale on a firm basis on its OASIS.

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BY: Stephan O Bue
SECRETARY OF THE COMMISSION

Date of Issue August 12, 1998 Date Effective July 18, 1998

Issued By [signature] Big Rivers Electric Corporation, P.O. Box 24, Henderson, KY 42420

Issued By Authority of PSC in Case No. 98-267, Order dated July 14, 1998

BIG RIVERS
ELECTRIC CORPORATION

RULES AND REGULATIONS

(b) Rates, Terms, and Conditions Not Unfavorable

For service to GREC for power resold to Southwire, GREC shall not be charged by Big Rivers more than the lesser of (i) the amount that Big Rivers imputes to itself for its own off-system transactions, or (ii) the amount Big Rivers charges to any third-party after the effective date of this tariff for comparable transmission service and ancillary services. The terms and conditions of transmission service and ancillary services offered by Big River to GREC for power resold to Southwire shall not be (i) less favorable than those applied by Big Rivers to itself for its own off-system transactions under its OATT or (ii) less favorable than those applied by Big Rivers to any third-party taking service after the effective date of this tariff.

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BIG RIVERS ELECTRIC CORPORATION

For All Territory Served By
Cooperative's Transmission System

PSC No. 23
Original Sheet No. 36
Cancelling 22 Sheet No. 40

RULES AND REGULATIONS

j. BILLING FORM

BIG RIVERS ELECTRIC CORP., P.O. BOX 24, HENDERSON, KY 42420

MONTH ENDING

TO GREEN RIVER ACCOUNT 82 GR

SUBSTATION NSA SERVICE FROM ________ THROUGH ___________

TRANSMISSION DEMAND	KW TIMES $____	EQUALS	$__________
ADJUSTMENT	KW TIMES $____	EQUALS	$__________
		SUBTOTAL	$__________
ANCILLARY SERVICES			$__________
		TOTAL AMOUNT DUE	$__________
RESTITUTION ADJUSTMENT HISTORIC	KWH TIMES $____	EQUALS	$__________

DUE IN IMMEDIATELY AVAILABLE FUNDS ON OR BEFORE THE FIRST WORKING DAY AFTER THE 24TH OF THE MONTH

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

MAY 24 1999

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephan O Bell
SECRETARY OF THE COMMISSION

Date of Issue June 21, 1999 Date Effective May 24, 1999

Issued By [signature] Big Rivers Electric Corporation, P.O. Box 24, Henderson, KY 42420

Issued By Authority of PSC in Case No. 98-427, Order dated May 24, 1999

7. BIG RIVERS LARGE INDUSTRIAL CUSTOMER RATE

a. Availability:

This schedule is available to any of Big Rivers' then existing rural electric distribution cooperatives for service to Large Industrial Customers served using dedicated delivery points for such portions of their loads not treated as either Expansion Demand or Expansion Energy where applicable as provided by and in accordance with the provisions and definitions of the Big Rivers Large Industrial Customer Expansion Rate (Rate Schedule 10). For purposes of clarification, this rate schedule shall be closed hereafter and Rate Schedule 10 shall apply, unless otherwise supplanted by special contracts, to (1) the load of any New Customer as defined in Rate Schedule 10 where such New Customer has either initially contracted for five (5) MWs or more of capacity or whose aggregate peak load at any time amounts to five (5) MWs or greater (including any later increases to such load) and (2) the expanded load requirements of an Existing Customer subject to Rate Schedule 10 as defined therein, where such expanded load requirements are defined as Expansion Demand or Expansion Energy in Rate Schedule 10 e.(2).

b. Term of the Rate Schedule:

This rate schedule shall take effect at 12:01 a.m. on the later to occur of September 1, 1999, or the date upon which the Kentucky Public Service Commission approves this rate schedule.

c. Rates

FEB 25 2000

RULES AND REGULATIONS

(1) Rates Separate for Each Large Industrial Customer

Each month each Member Cooperative shall be required to pay separately for each of its qualifying Large Industrial Customers taking service under this tariff, in each case using that individual Large Industrial Customer's contract demand (if any) or metered demand, as applicable.

(2) For all Large Industrial Customer delivery points, a Monthly Delivery Point Rate consisting of:

(a) A Demand Charge of:

I All kW of billing demand at $12.345 per kilowatt.

Plus,

(b) An Energy Charge of:

I All kWh per month at $0.016680 per kWh.

(c) No separate transmission or ancillary services charges shall apply to these rates.

(3) The Demand and Energy Charges under this tariff shall not be subject to automatic adjustment for increases or decreases in fuel costs through a fuel adjustment clause, whether under 807 KAR 5:056 or otherwise, or by any automatic adjustment for an environmental surcharge, whether under KRS 278.183 or otherwise.

d. CHARGES

Each month, each Member Cooperative shall pay on behalf of each of its large industrial customers taking service under this rate schedule a demand charge calculated by multiplying the demand charge rate contained in Section 7.c.2(a) by the higher of the maximum integrated metered thirty-minute coincident peak demand or the established contract demand, if any, plus an energy charge calculated by multiplying the energy charge contained in Section 7.c.2(b) by the metered consumption of kWh in that month.

e. BILLING

Big Rivers shall bill Member on the first working day after the 13th of the month for the previous month's service hereunder for Large Industrial Customers. Member shall pay Big Rivers in immediately available funds on the first working day after the 24th of the month. If Member shall fail to pay any such bill within such prescribed period, Big Rivers may discontinue delivery of electric power and energy hereunder upon five (5) days' written notice to Member of its intention to do so. Such discontinuance for non-payment shall not in any way affect the obligation of Member to pay the take-or-pay obligation of a particular Large Industrial Customer.

FEB 25 2000

For All Territory Served By
Cooperative's Transmission System

BIG RIVERS
ELECTRIC CORPORATION

PSC No. 23
Original Sheet No. 40
Cancelling 22 Sheet No. 40

RULES AND REGULATIONS

f. **BILLING FORM:**

INVOICE
BIG RIVERS ELECTRIC CORP., P.O. BOX 24, HENDERSON, KY 42420

TO: LARGE INDUSTRIAL CUSTOMER ACCOUNT
DELIVERY POINTS SERVICE FROM / / THRU / /
USAGE

DEMAND /	TIME /	DAY	METER	MULT.	KW DEMAND
POWER FACTOR	BASE	PEAK	AVERAGE		BILLED
ENERGY	PREVIOUS	PRESENT	DIFFERENCE	MULT.	KWH USED

DEMAND	KW TIMES $____	EQUALS	$________
P/F PENALTY	KW TIMES $____	EQUALS	$________
ADJUSTMENT	KW TIMES $____	EQUALS	$________
		SUBTOTAL	$________
ENERGY	KWH TIMES $.____	EQUALS	$________
ADJUSTMENT	KWH TIMES $.____	EQUALS	$________
RESTITUTION ADJUSTMENT			
HISTORIC	KWH TIMES $.____	EQUALS	$________
		TOTAL AMOUNT DUE	$________

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OF KENTUCKY
EFFECTIVE
MAY 24 1999
PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephan O Bell
SECRETARY OF THE COMMISSION

LOAD FACTOR
ACTUAL MILLS PER KWH

DUE IN IMMEDIATELY AVAILABLE FUNDS ON OR BEFORE THE FIRST WORKING DAY AFTER THE 24TH OF THE MONTH

Date of Issue June 21, 1999 Date Effective May 24, 1999

Issued By [signature] Big Rivers Electric Corporation, P.O. Box 24, Henderson, KY 42420

Issued By Authority of PSC in Case No. 98-427, Order dated May 24, 1999

B. CABLE TELEVISION ATTACHMENT

1. Applicability:

In all territory served by Big Rivers on poles owned and used by Big Rivers for its electric plant.

2. Availability:

To all qualified CATV operators having the right to receive service.

3. Rental Charge:

The yearly rental charges shall be as follows:

Two-party pole attachment without ground	$3.14
Three-party pole attachment without ground	$2.23
Two-party pole attachment with ground	$3.37
Three-party pole attachment with ground	$2.37
Two-party anchor attachment	$5.56
Three-party anchor attachment	$3.71

4. Billing:

Rental charges shall be billed yearly based on the number of attachments in place as of the end of the preceding calendar year. Payment is due within fifteen (15) days after the bill is mailed. If the CATV operator shall fail to pay any such bill within such fifteen (15) day period, Big Rivers may discontinue service hereunder upon fifteen days' written notice to the CATV operator of its intention to do so.

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BIG RIVERS
ELECTRIC CORPORATION

RULES AND REGULATIONS

5. Specifications:

a. The attachments covered by this tariff shall at all times conform to the requirements of the National Electrical Safety Code, 1981 Edition, and subsequent revisions thereof, except where the lawful requirements of public authorities may be more stringent, in which case the latter will govern.

b. The strength of poles covered by this agreement shall be sufficient to withstand the transverse and vertical load imposed upon them under the storm loading of the National Electrical Safety Code assumed for the area in which they are located.

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PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephan O Bell
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For All Territory Served By
Cooperative's Transmission System

BIG RIVERS
ELECTRIC CORPORATION

PSC No. 22
Original Sheet No. 43
Cancelling ____________ Sheet No. ______

RULES AND REGULATIONS

6. Billing Form:

INVOICE

Cable Television

INVOICE NO. ______
DATE ______

DESCRIPTION AMOUNT

Re: Cable Television Attachment Agreement

Yearly rental charge as set forth in Licensor's tariffs as filed and approved with the Public Service Commission. License granted September 6, 1984, Permit No. 001.

Applicable Tariff	Qty	Rate
Two-party pole attachment without ground		$3.14
Three-party pole attachment without ground		$2.23
Two-party pole attachment with ground		$3.37
Three-party pole attachment with ground		$2.37
Two-party anchor attachment		$5.56
Three-party anchor attachment		$3.71

Terms: Net Fifteen (15) Days

Direct any inquiry to Vice President of Finance & Administrative Services
Phone: (502) 827-2561

Total Amount Due: ________

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OF KENTUCKY
EFFECTIVE

JUL 18 1998

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephen O Bell
SECRETARY OF THE COMMISSION

Date of Issue: August 12, 1998 Date Effective July 18, 1998

Issued By _________ Big Rivers Electric Corporation, P.O. Box 24, Henderson, KY 42420

Issued By Authority of PSC in Case No. 98-267, Order dated July 14, 1998

RULES AND REGULATIONS

8. BIG RIVERS COGENERATION AND SMALL POWER PRODUCTION PURCHASE TARIFF – OVER 100 KW

a. Availability:

Available to any customer of a Member Cooperative who qualifies as a cogenerator or small power producer pursuant to Regulation 807 KAR 5:054 of the Kentucky Public Service Commission.

b. Terms and Conditions:

(1) The cogeneration or small power production facility must have a total design capacity over 100 KW.

(2) All power from a QF purchased under this tariff will be sold to Big Rivers.

(3) The QF must provide good quality electric power within a reasonable range of voltage, frequency, flicker, harmonic currents, and power factor.

(4) QF shall provide reasonable protection for Big Rivers and the Member Cooperative's system.

(5) QF shall design, construct, install, own, operate, and maintain the Qualifying Facility in accordance with all applicable codes, laws, regulations, and generally accepted utility practices.

(6) QF shall reimburse Big Rivers and the Member Cooperative for all costs incurred as a result of interconnecting with the QF, including operation, maintenance, administration, and billing.

PUBLIC SERVICE COMMISSION
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PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephan O Bell
SECRETARY OF THE COMMISSION

For All Territory Served By
Cooperative's Transmission System

BIG RIVERS
ELECTRIC CORPORATION

PSC No. 23
Original Sheet No. 45
Cancelling ____ Sheet No. __

RULES AND REGULATIONS

(7) QF shall enter into a written contract with Big Rivers. Such contract shall set forth any specific arrangements between the parties based on the individual circumstances so involved.

c. Definitions:

(1) Big Rivers – "Big Rivers" shall mean Big Rivers Electric Corporation.

(2) LEM – "LEM" means LG&E Energy Marketing, Inc.

(3) Member Cooperatives – As of the effective date of this tariff, "Member Cooperatives" means collectively, Kenergy Corp., Jackson Purchase Energy Corporation and Meade County Rural Electric Cooperative Corporation.

(4) Power Purchase Agreement – "Power Purchase Agreement" means the Power Purchase Agreement between Big Rivers and LEM dated July 1998.

(5) QF – "QF" means a cogeneration or small power production facility meeting the criteria for Qualifying Facility of Section 4 of 807 KAR 5:054.

(6) Third Party Supplier – "Third Party Supplier" means any supplier of wholesale electric service to Big Rivers other than SEPA or LEM pursuant to the Power Purchase Agreement.

d. Rates for Purchases from QFs:

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PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephan O Bell
SECRETARY OF THE COMMISSION

Date of Issue July 30, 1999 Date Effective July 20, 2000

Issued By [signature] Big Rivers Electric Corporation, P.O. Box 24, Henderson, KY 42420

Issued By Authority of PSC in Case No. 99-354, Order dated July 20, 2000

For All Territory Served By
Cooperative's Transmission System

BIG RIVERS
ELECTRIC CORPORATION

PSC No. 23
Original Sheet No. 46
Cancelling ____ Sheet No. __

RULES AND REGULATIONS

(1) Capacity Purchase Rates:

Big Rivers presently has no avoided capacity costs and the Capacity Purchase Rate is, therefore, zero. At such time when it becomes necessary for Big Rivers to procure additional system capacity or energy beyond that available under the Power Purchase Agreement and from SEPA, then Big Rivers will determine its avoided costs for capacity, energy, or both for power requirements in excess of those amounts available under the Power Purchase Agreement and from SEPA.

(2) Firm Energy Purchase Rates:

The Energy Purchase Rates in each month shall be based upon Big Rivers' actual avoided cost for energy in each hour of the month, plus applicable losses, and shall be the lesser of:

(i) The applicable Base Power rate as specified in Section 6.3(a) of the Power Purchase Agreement; plus Base Power Rate Adjustment, if any, as specified in Section 6.3(b) of the Power Purchase Agreement; minus, applicable penalty to the Base Power rate in any hour in which an Hourly Deficit occurs pursuant to Section 6.4(b) of the Power Purchase Agreement; or,

(ii) The actual price in $ per MWh paid by Big Rivers for energy purchased from a Third Party Supplier in each hour of the month.

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PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY Stephan O Bell
SECRETARY OF THE COMMISSION

Date of Issue July 30, 1999 Date Effective July 20, 2000

Issued By [signature] Big Rivers Electric Corporation, P.O. Box 24, Henderson, KY 42420

Issued By Authority of PSC in Case No. 99-354, Order dated July 20, 2000

e. Failure to Generate:

The QF shall indemnify Big Rivers for any and all additional costs incurred as a result of the QF's failure to generate, including without limitation, costs of ancillary services necessary to maintain reliability on the Big Rivers' system.

f. System Emergencies:

During system emergencies, Big Rivers may discontinue purchases or the QF may be required to provide energy or capacity in accordance with 807 KAR 5:054 – Section 6.

g. Interconnections:

Big Rivers requires a three party interconnection agreement between the QF Member, Big Rivers, and the Member Cooperative prior to service under this tariff. Big Rivers shall make interconnections with the Member Cooperative, the QF Member, or both as required and the QF Member will pay for the interconnection costs in accordance with 807 KAR 5:054 – Section 6 and the interconnection agreement.

h. Loss Compensation:

Power and energy purchased by Big Rivers pursuant to this rate schedule which must be transmitted to Big Rivers' transmission system across or through utilities owned by a Member Cooperative shall be subject to an adjustment to reflect losses between the QF and the point of delivery to the Big Rivers transmission system.

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JUL 20 2000

PURSUANT TO 807 KAR 5:011,
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BY: Stephan O Bell
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9. BIG RIVERS COGENERATOR AND SMALL POWER PRODUCER SALES TARIFF – OVER 100 KW

a. Availability:

Available to any Member Cooperative for service to any member of the Member Cooperative with a cogeneration and/or small power production facility (i) that has a net output of less than 5,000 kW and (ii) which meets the criteria for Qualifying Facility of 807 KAR 5:054 – Section 4 and are certified or self-certified pursuant to FERC regulations. Charges for the services under this tariff to any Member Cooperative for service to any member of the Member Cooperative with a cogeneration and/or small power production facility which equals or exceeds 5,000 kW in net output shall be established by special contract. Big Rivers encourages, as an alternative to this tariff and the charges provided herein, that a Member Cooperative negotiate a special contract with Big Rivers to meet the requirements of any retail member for the services provided for in this tariff.

b. Applicability:

Applicable to purchases made by a Member Cooperative for service to any QF Member of a Member Cooperative with a total capacity requirement of 100 kW or more with on-site generation of 100 kW or more operating in excess of 200 hours per year, electrically engineered so that it can meet part or all of its load with its own generation, for service not covered by one of Big Rivers' other rates. The QF Member shall have the option to provide all or part of its load with its own generation in which case that portion of the QF Member's load requirements not met by the QF, shall be provided to the Member Cooperative under

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this tariff and all requirements for back-up or maintenance service for the QF Member shall be provided under this tariff. Otherwise, the QF Member may sell all of the output of its QF in which case the QF Member's load requirements shall be provided to the Member Cooperative under the terms and conditions of one or more of Big Rivers' standard rates applicable to the load requirements and type of service of the QF Member.

c. Definitions:

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RULES AND REGULATIONS

(1) Big Rivers – "Big Rivers" shall mean Big Rivers Electric Corporation.

(2) LEM – "LEM" means LG&E Energy Marketing, Inc.

(3) Member Cooperative – As of the effective date of this tariff, "Member Cooperatives" means collectively, Kenergy Corp., Jackson Purchase Energy Corporation and Meade County Rural Electric Cooperative Corporation.

(4) Off-System Sales Transaction – "Off-System Transaction" means sales of electric energy by Big Rivers other than to the Member Cooperatives, Oglethorpe Power, HMP&L, and Hoosier Energy pursuant to the Power Purchase Agreement.

(5) Power Purchase Agreement – "Power Purchase Agreement" means the Power Purchase Agreement between Big Rivers and LEM dated July 1998.

(6) QF – "QF" means a cogeneration or small power production facility meeting the criteria for Qualifying Facility of Section 4 of 807 KAR 5:054 and are certified or self-certified pursuant to FERC regulations.

(7) QF Member – "QF Member" means a member of a Member Cooperative with a QF.

(8) Third Party Supplier – "Third Party Supplier" means any supplier of wholesale electric service to Big Rivers other than SEPA or LEM pursuant to the Power Purchase

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Agreement.

d. Conditions of Service:

To receive service hereunder, the Member Cooperative must:

(1) Obtain from the QF Member an executed, written contract for electric service hereunder on terms acceptable to Big Rivers. Such contract shall set forth any specific arrangements between the parties based on individual circumstances and shall:

(i) Specify the maximum capacity to be made available to the QF Member on an unscheduled basis in any hour (Maximum Unscheduled Capacity), and

(ii) If desired by the QF Member, specify the terms and conditions for the delivery of Maintenance Service, and

(iii) If desired by the QF Member, specify the capacity of on-site generation for which interruptible unscheduled back-up and interruptible scheduled maintenance power may be provided, and

(iv) Specify any other term or condition which the Member Cooperative or Big Rivers may require for service used by a QF Member, taking into account the nature of use, the quality used, the quantity used, the time when used, the purpose for which used,

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and any other reasonable consideration, and

(2) Enter into a contract with Big Rivers, or amend an existing contract with Big Rivers, to specify the terms and conditions of service between Big Rivers and the Member Cooperative regarding the power supply for the QF Member.

e. For each QF Member, the Member Cooperative will be billed monthly for:

(1) Supplementary Service (capacity and energy).

(2) Unscheduled Back-up Service, if any (capacity charge only).

(3) Maintenance Service (capacity and energy), if any.

(4) Excess Demand, if any.

(5) Additional charges, if any.

f. Monthly Charges for Sales to a Member Cooperative for Service to a QF Member:

(1) Supplementary Service:

Supplementary demand shall be the QF Member's highest actual demand (adjusted for distribution losses if applicable) measured during the month, excluding Scheduled Maintenance Demand up to but not exceeding the actual measured demands in each demand interval during a Maintenance Schedule, and supplementary

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energy shall be the actual measured energy (adjusted for distribution losses if applicable), excluding Maintenance Energy sold to the QF by the Member Cooperative in each month. The monthly charges for supplementary demand and energy shall be:

I $8.963 per kW of Supplementary Demand

I $0.024811 per kWh of Supplementary Energy

(2) Unscheduled Back-up Service:

Unscheduled Back-up Demand is the QF Member's Maximum Unscheduled Capacity minus the Supplementary Billing Demand for the month. In months in which Maintenance Service has been Scheduled, appropriate credit for Scheduled Maintenance Demand shall be applied to the Unscheduled Back-up Demand such that the Member Cooperative will not be charged for Unscheduled Back-up Demand in addition to Scheduled Maintenance Demand when Scheduled Maintenance Service is being provided. The monthly charges to a Member Cooperative for Unscheduled Back-up Demand shall be:

I $8.963 per kW of Unscheduled Back-up Demand

Maximum Unscheduled Capacity shall initially be the amount as specified by the QF Member per contract with the Member Cooperative, but in no case less than the actual demand delivered in any month, including the current month. Big Rivers will accept a reduction in the Maximum Unscheduled Capacity upon twelve (12) months advance notice from the Member Cooperative. Said notice must specify the reduction in kWs and the basis for the lower requirement. All energy shall be billed as either supplementary energy or maintenance energy.

(3) Maintenance Service:

Maintenance Service shall be available to a Member Cooperative to back-up a QF Member's QF only if the Member Cooperative has scheduled delivery of the maintenance services in advance with Big Rivers. The Member Cooperative may schedule up to four weeks of seven consecutive days each per year of such service for a QF Member, subject to scheduling of such usage by Big Rivers. The Member Cooperative may reschedule at anytime by giving forty-eight (48) hours notice to Big Rivers. Scheduled Maintenance Demand may not exceed the design capacity of the QF Member's QF. Maintenance Service will be available on an on-peak or off-peak basis. The selection of on-peak Maintenance Service entitles the Member Cooperative to schedule the service for the QF Member at any time. The selection of off-peak Maintenance Service entitles the Member Cooperative to schedule the service for the QF Member only during those hours not designated as on-peak. The designated on-peak hours are as follows:

(i) Summer on-peak usage is defined as power requirements occurring between the hours beginning 6:00 am and ending 10:00 pm on any weekday from May 1 through September 30.

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BY Stephan O Bell
SECRETARY OF THE COMMISSION

RULES AND REGULATIONS

(ii) Winter on-peak usage is defined as power requirements occurring between the hours beginning 6:00 am and ending 10:00 pm on any weekday from December 1 through March 31.

(iii) Off-peak usage is defined as all power requirements not included in paragraph (i) or (ii).

The charges for On-peak Maintenance Service shall be the greater of:

I (1) \$2.2408 per kW of Scheduled Maintenance Demand per week, plus

I \$0.024811 per kWh of Maintenance Energy; or

(2) 110% of the price at the time of scheduling of a block of energy obtainable by Big Rivers in the futures market which is sufficient to meet the Member Cooperative's scheduled Maintenance Service requirements.

The charges for Off-peak Maintenance Service shall be:

\$2.2408 per kW of Scheduled Maintenance Demand per week, plus

\$0.024811 per kWh of Maintenance Energy.

Maintenance Energy shall be the amount of energy purchased by the Member Cooperative for the QF Member in each hour during Scheduled Maintenance Service up to but not exceeding the Scheduled Maintenance Demand in each hour.

(4) Excess Demand:

Excess Demand is the amount in any hour by which the actual demand, less any Maintenance Demand, exceeds the previously established Maximum Unscheduled Capacity. Charges for Excess Demand shall be in addition to the charges for Supplementary Service and shall be either:

(i) One hundred-ten percent (110%) of Big Rivers' actual cost, including transmission service, to import energy from a Third Party supplier to supply the Excess Demand of the Member Cooperative for the QF Member; or

I (ii) If it is not necessary for Big Rivers to import energy from a Third Party Supplier, charges for Excess Demand shall be the greater of: a) $8.963 per kW times the highest Excess Demand recorded during the month: or b) 110% of the highest price received by Big Rivers during an Off-System Sales Transactions during the month times the sum of the Excess Demands measured during the month.

Big Rivers shall be the sole determinant of when and under what circumstances it is required to import energy from a Third Party Supplier to provide Excess Demand.

(5) Additional Charges:

Any and all costs incurred by Big Rivers as a result of the QF's failure to generate, including, without limitation, ancillary services necessary to maintain reliability on the Big Rivers' system, shall be charged to the Member Cooperative in addition to all other charges.

(6) Interruptible Service:

Interruptible Supplementary Service or Interruptible Back-up Service will be made available, upon request. Terms and conditions of interruptible service will be as negotiated under special contract according to the terms of 807 KAR 5:054.

g. Interconnections:

Big Rivers requires a three party interconnection agreement between the QF Member, Big Rivers, and the Member Cooperative prior to service under this tariff. Big Rivers shall make interconnections with the Member Cooperative, or the QF Member, or both as required and the QF Member will pay for the interconnection costs in accordance with 807 KAR 5:054 – Section 6 and the interconnection agreement.

h. System Emergencies:

During System Emergencies, Big Rivers may discontinue sales in accordance with 807 KAR 5:054 – Section 6.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
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PURSUANT TO 807 KAR 5:011,
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BY: Stephan O Bell
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BIG RIVERS ELECTRIC CORPORATION

For All Territory Served By
Cooperative's Transmission System

PSC No. 23
Original Sheet No. 57
Cancelling ____ Sheet No. __

i. Loss Compensation:

Power and energy delivered by Big Rivers pursuant to this rate schedule shall be metered at or compensated to Big Rivers' point of delivery to the Member Cooperative. Where metering of the QF Member's load is at a point of delivery on a Member Cooperative's distribution system, metered demand and energy shall be adjusted to compensate for distribution losses prior to billing hereunder.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

JUL 20 2000

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SECTION 9 (1)
BY: Stephan O Bell
SECRETARY OF THE COMMISSION

Date of Issue July 30, 1999 Date Effective July 20, 2000

Issued By [signature] Big Rivers Electric Corporation, P.O. Box 24, Henderson, KY 42420

Issued By Authority of PSC in Case No. 99-354, Order dated July 20, 2000

RULES AND REGULATIONS

f. BILLING FORM:

INVOICE
BIG RIVERS ELECTRIC CORP.. P.O. BOX 24. HENDERSON. KY 42420

TO: COGENERATOR AND SMALL POWER PRODUCER SALES ACCOUNT
DELIVERY POINTS SERVICE FROM / / THRU / /
USAGE:
DEMAND / TIME / DAY METER MULT. kW DEMAND
POWER FACTOR BASE PEAK AVERAGE BILLED
SUPPLEMENTAL DEMAND kW BILLED
UNSCHEDULED BACK-UP DEMAND kW BILLED
MAINTENANCE DEMAND kW BILLED
EXCESS DEMAND kW BILLED
CUMULATIVE EXCESS DEMAND kW BILLED
ENERGY PREVIOUS PRESENT DIFFERENCE MULT. kWh USED
SUPPLEMENTAL ENERGY kWh USED
MAINTENANCE ENERGY kWh USED

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SECRETARY OF THE COMMISSION

SUPPLEMENTARY SERVICE

DEMAND kW TIMES $____ EQUALS $________

P/F PENALTY kW TIMES $____ EQUALS $________

ENERGY kWh TIMES $____ EQUALS $________

SUBTOTAL $________

UNSCHEDULED BACK-UP SERVICE

DEMAND kW TIMES $____ EQUALS $________

MAINTENANCE SERVICE ON-PEAK
DEMAND PER-WEEK (IF APPLICABLE) kW TIMES $_____ EQUALS $________
ENERGY (IF APPLICABLE) kWh TIMES $_____ EQUALS $________
SCHEDULED ENERGY BLOCK (IF APPLICABLE)
TOTAL AMOUNT DUE $________

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OFF-PEAK			
DEMAND PER-WEEK	kW TIMES $_____	EQUALS	$________
ENERGY	kWh TIMES $_____	EQUALS	$________
SUBTOTAL			$________
EXCESS SERVICE			
EXCESS DEMAND (IF APPLICABLE)	kW TIMES $_____	EQUALS	$________
CUMMULATIVE EXCESS DEMAND (IF APPLICABLE)	kW TIMES $_____	EQUALS	$________
IMPORTED EXCESS ENERGY (IF APPLICABLE)	kWh TIMES $_____	EQUALS	$________
TOTAL AMOUNT DUE			$________
ADDITIONAL CHARGES			
TOTAL AMOUNT DUE			$________
RESTITUTION ADJUSTMENT			
HISTORIC	kWh TIMES $._____	EQUALS	$________
TOTAL AMOUNT DUE			$________

LOAD FACTOR
ACTUAL MILLS PER kWh

DUE IN IMMEDIATELY AVAILABLE FUNDS ON OR BEFORE THE FIRST WORKING DAY AFTER THE 24TH OF THE MONTH

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

JUL 20 2000

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephan O Bell
SECRETARY OF THE COMMISSION

Date of Issue July 30, 1999 Date Effective July 20, 2000

Issued By [signature] Big Rivers Electric Corporation, P.O. Box 24, Henderson, KY 42420

Issued By Authority of PSC in Case No. 99-354, Order dated July 20, 2000

10. BIG RIVERS LARGE INDUSTRIAL CUSTOMER EXPANSION RATE

a. Availability:

This schedule is available to any of the Member Cooperatives of Big Rivers for service to certain large industrial or commercial loads as specified in item (b) defining applicability. For all loads meeting the applicability criteria below, no other Big Rivers tariff rate will be available. As an alternative to this rate schedule, the Member Cooperative may negotiate a "Special Contract Rate" with Big Rivers for application on a case by case basis for loads meeting the applicability criteria below.

b. Applicability:

This schedule shall be applicable as follows:

(1) To purchases made by a Member Cooperative for service to any New Customer initiating service after August 31, 1999, including New Customers with a QF as defined in Rate Schedule 9, that either initially contracts for five (5) MWs or more of capacity or whose aggregate peak load at any time amounts to five (5) MWs or greater (including any later increases to such load) in which case the entire load shall be thereafter subject to this rate schedule.

(2) To purchases made by a Member Cooperative for expanded load requirements of Existing Customers, including Existing Customers with a QF as defined in Rate Schedule 9, where: (i) the customer was in existence and served under the then effective Big Rivers Large Industrial Customer Rate Schedule any time during the Base Year and, (ii) the

expanded load requirements are increases in peak load which in the aggregate result in a peak demand which is at least five (5) MWs greater than the customer's Base Year peak demand.

(3) To purchases made by a Member Cooperative for the expanded load requirements of Existing Customers, including Existing Customers with a QF as defined in Rate Schedule 9, where: (i) the customer's load was in existence and served through a Rural Delivery Point as defined in A.1.a.(3) of this Transaction Tariff; (ii) the expanded load requirements are increases in peak load which in the aggregate result in a peak demand which is at least five (5) MWs greater than the customer's Base Year peak demand; and (iii) the customer requires service through a dedicated delivery point as defined in A.1.a.(2) of the Rules and Regulations Section of this Transaction Tariff.

c. Conditions of Service

To receive service hereunder, the Member Cooperative must:

(1) Obtain from the customer an executed written contract or amend an existing contract, for electric service hereunder with terms acceptable to Big Rivers.

(2) Enter into a contract with Big Rivers, or amend an existing contract with Big Rivers, to specify the terms and conditions of service between Big Rivers and the Member Cooperative regarding power supply for the customer.

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d. Definitions:

(1) Base Year – "Base Year" shall mean the twelve (12) calendar months from September 1998 through August 1999.

(2) Big Rivers – "Big Rivers" shall mean Big Rivers Electric Corporation.

(3) Existing Customer – "Existing Customer" shall mean any customer of a Member Cooperative served as of August 31, 1999.

(4) LEM – "LEM" shall mean LG&E Energy Marketing, Inc.

(5) Member Cooperatives – As of the effective date of this tariff, "Member Cooperatives" shall mean collectively, Kenergy Corp., Jackson Purchase Energy Corporation, and Meade County Rural Electric Cooperative Corporation.

(6) New Customer – "New Customer" shall mean any customer of a Member Cooperative commencing service on or after September 1, 1999.

(7) OATT – "OATT" shall mean Big Rivers' effective Open Access Transmission Tariff filed at the Federal Energy Regulatory Commission and/or the Kentucky Public Service Commission.

(8) Power Purchase Agreement – "Power Purchase Agreement shall mean the Power Purchase Agreement between Big Rivers and LEM dated July 1998.

(9) Real Time Pricing – "Real Time Pricing" shall mean market pricing scheduled a day or week ahead, as requested by the Distribution Cooperative on behalf of the retail customer.

(10) SEPA – "SEPA" shall mean the Southeastern Power Administration.

(11) Special Contract Rate – "Special Contract Rate" shall mean a rate negotiated with a Distribution Cooperative to serve the load requirements of a New Customer or an Existing Customer, which will include, upon request by the Distribution Cooperative, rates based on Real Time Pricing.

(12) Third-party Supplier – "Third-party Supplier" shall mean any supplier of wholesale electric service to Big Rivers other than LEM pursuant to the Power Purchase Agreement or SEPA.

e. Expansion Demand and Expansion Energy:

(1) Expansion Demand and Expansion Energy for the load requirements of a New Customer shall be the Member Cooperative's total demand and energy requirements for the New Customer, including amounts sufficient to compensate for losses on the Big Rivers' transmission system as set forth in Big Rivers' OATT.

(2) Expansion Demand for the expanded load requirements of an Existing Customer shall be the amount in kW by which the customer's Billing Demand exceeds the customer's Base Year peak demand, plus an additional amount of demand sufficient to compensate for losses on the Big Rivers' transmission system as set forth in Big Rivers' OATT. In those months in which there is Expansion Demand, Expansion Energy shall be the amount in kWh by which the customer's kWh usage

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By [signature]
Executive Director

for the current month exceeds the customer's actual kWh usage for the corresponding month of the Base Year, plus an additional amount of kWh sufficient to compensate for losses on the Big Rivers' transmission system as set forth in Big Rivers' OATT.

f. Rates and Charges:

Expansion rate and charges shall be the sum of the following, including but not limited to Real-Time pricing:

(1) Expansion Demand and Expansion Energy Rates:

The Expansion Demand rates, Expansion Energy rates, or both shall be established to correspond to the actual costs of power purchased by Big Rivers from Third-Party Suppliers selected by Big Rivers from which Big Rivers procures the supply and delivery of the type and quantity of service required by the Member Cooperative for resale to its customer. Such monthly costs shall include the sum of all Third-Party Supplier charges, including capacity and energy charges, charges to compensate for transmission losses on Third-Party transmission systems, and all transmission and ancillary services charges on Third-Party transmission systems paid by Big Rivers to purchase such Expansion Demand and Expansion Energy and have it delivered to Big Rivers' transmission system.

(2) Expansion Demand Transmission Rate:

Big Rivers shall assess unbundled charges for network transmission service on the Big Rivers' Transmission System according to the rates in Big Rivers' OATT applied to each kW taken as Expansion Demand.

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(3) Ancillary Services Rates for Expansion Demand and Expansion Energy:

Big Rivers shall assess unbundled rates for all ancillary services required to serve load served under this rate schedule. Big Rivers shall supply the following six ancillary services as defined and set forth in Big Rivers' OATT: (1) Scheduling, System Control and Dispatch; (2) Reactive Supply and Voltage Control from Generation Sources Services; (3) Regulation and Frequency Response Service; (4) Energy Imbalance Service; (5) Operating Reserve - Spinning Reserve Service; and (6) Operating Reserve - Supplemental Reserve Service. Generation-based ancillary services required to serve customers may, at Big Rivers' option, be purchased separately from Third-Party Suppliers other than LEM, in which case the actual costs of such ancillary services shall be passed through to the respective Member Cooperative. Alternatively, where Big Rivers supplies such ancillary services from its own resources (including additional purchases from LEM), such services will be provided under Big Rivers' tariff rates for such services as contained in Big Rivers' OATT.

(4) Big Rivers Adder

In addition to the charges contained in Items 10(f)(1), (2) and (3), Big Rivers shall charge \$.38 per kW/month for each kW billed to the Member Cooperative under this tariff for resale by the Member Cooperative to the qualifying customer.

g. Meters

Big Rivers shall provide an appropriate meter to all Large Industrial Customer Delivery Point customers served under this rate schedule.

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BIG RIVERS ELECTRIC CORPORATION

For All Territory Served By
Cooperative's Transmission System

PSC No. 22
Third Revised Sheet No. 66
Cancelling Second Revised Sheet No. 66

RULES AND REGULATIONS

(T) h. BILLING FORM:

INVOICE
BIG RIVERS ELECTRIC CORP., P.O. BOX 24, HENDERSON, KY 42420

TO: LARGE INDUSTRIAL CUSTOMER EXPANSION ACCOUNT
DELIVERY POINTS SERVICE FROM / / THRU / /
USAGE:
DEMAND / TIME / DAY METER MULT. kW DEMAND
POWER FACTOR BASE PEAK AVERAGE BILLED
EXPANSION DEMAND kW BILLED
ENERGY PREVIOUS PRESENT DIFFERENCE MULT. kWh USED
EXPANSION ENERGY kWh USED

EXPANSION DEMAND & EXPANSION ENERGY

EXPANSION DEMAND, INCLUDING LOSSES kW TIMES $____ EQUALS $________

P/F PENALTY kW TIMES $____ EQUALS $________

EXPANSION ENERGY, INCLUDING LOSSES kWh TIMES $____ EQUALS $________
OTHER EXPANSION SERVICE CHARGES EQUALS $________
SUBTOTAL $________

EXPANSION DEMAND TRANSMISSION
LOAD RATIO SHARE OF NETWORK LOAD $________

EXPANSION DEMAND & EXPANSION ENERGY ANCILLARY SERVICES
SCHEDULING, SYSTEM CONTROL & DISPATCH SERVICE $________
REACTIVE SUPPLY & VOLTAGE CONTROL FROM GENERATION SOURCES SERVICE $________
REGULATION & FREQUENCY RESPONSE SERVICE $________
ENERGY IMBALANCE SERVICE $________
OPERATING RESERVE-SPINNING RESERVE SERVICE $________
OPERATING RESERVE-SUPPLEMENTAL RESERVE SERVICE $________

BIG RIVERS ADDER
EXPANSION DEMAND kW TIMES $____ EQUALS $________

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
2/1/2008
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)
By [signature]
Executive Director

Date of Issue: February 20, 2008 Date Effective: February 25, 2000
Issued By [signature] Big Rivers Electric Corporation, P.O. Box 24, Henderson, KY 42420

Issued By Authority of PSC in Case No. 2007-00164, Order Dated February 1, 2008

BIG RIVERS
ELECTRIC CORPORATION

For All Territory Served By
Cooperative's Transmission System

PSC No. 22
First Revised Sheet No. 67
Cancelling Original Sheet No. 67

RULES AND REGULATIONS

RESTITUTION ADJUSTMENT
HISTORIC kWh TIMES $._____ EQUALS $_________

TOTAL AMOUNT DUE $__________

LOAD FACTOR
ACTUAL MILLS PER kWh

DUE IN IMMEDIATELY AVAILABLE FUNDS ON OR BEFORE THE FIRST WORKING DAY AFTER THE 24TH OF THE MONTH

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
FEB 25 2000

BY

Date of Issue October 18, 2002 Date Effective February 25, 2000

Issued By M.A. Cote Big Rivers Electric Corporation, P.O. Box 24, Henderson, KY 42420

Issued By Authority of PSC in Case No. 2002-00272, Order Dated October 1, 2002

11. BIG RIVERS ELECTRIC CORPORATION VOLUNTARY PRICE CURTAILABLE SERVICE RIDER

a. Availability:

This Rider is available to the Member Cooperatives of Big Rivers, to be used in conjunction with any of Big Rivers' standard tariffs or special contracts, for Curtailable Service offered by a Member Cooperative to individual customers (CS Customers) capable of curtailing at least 1,000 kW of load upon request.

b. Conditions of Service:

(1) Any request for curtailment under this Rider shall be made by Big Rivers through its Member Cooperatives. Each request for curtailment made by Big Rivers shall set forth the Terms of Curtailment in accordance with this Rider.

(2) Each curtailment will be voluntary and the Member Cooperative may accept or decline the Terms of Curtailment offered by Big Rivers.

(3) Big Rivers and the Member Cooperative shall mutually agree upon the method which shall be used to notify each CS Customer of a curtailment request under the provisions of this Rider. The method shall specify the means of communicating such curtailment (e.g., telephone, pager) and shall designate the CS Customer's representative(s) to receive said notification. The Member Cooperative is ultimately responsible for delivering and acting upon a curtailment notification from Big Rivers.

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(4) Big Rivers will endeavor to provide as much advance notice as possible of requests for curtailments under this Rider including an estimate of the duration of such curtailments. However, upon acceptance of the Terms of Curtailment, the load of the CS Customer, subject to those terms, shall be curtailed with as little as one (1) hour of advance notification.

(5) No responsibility or liability of any kind shall attach to or be incurred by Big Rivers for, or on account of, any loss, cost, expense or damage caused by or resulting from, either directly or indirectly, any notice of curtailment or curtailment of service under the provisions of this Rider.

(6) Big Rivers reserves the right to require verification of a CS Customer's ability to curtail its load. Inability to provide verification will be considered by Big Rivers when prioritizing requests for curtailment.

(7) The Member Cooperative shall not receive a Curtailment Savings Payment for any curtailment period in which a CS Customer's curtailable load is already down for an extended period due to a planned or unplanned outage as a result of vacation, renovation, repair, refurbishment, force majeure, strike or any event other than the customer's normal operating conditions.

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C. CS Curtailment Profiles:

For each of its CS Customers, the Member Cooperative shall submit a CS Curtailment Profile Form. CS Curtailment Profiles shall include such information as:

(1) The maximum number of hours per day that the CS Customer has the ability to curtail.

(2) The maximum number of days and maximum number of consecutive days by month that the CS Customer has the ability to curtail.

(3) The Minimum Curtailment Price at which each CS Customer is willing to curtail.

(4) The Minimum Curtailable Demand and the Maximum Curtailable Demand curtailable by the CS Customer upon request.

(5) The Member Cooperative may modify the Curtailment Profile for a CS Customer upon thirty (30) days notice in writing.

d. Curtailed Demand and Energy:

Hourly Curtailed Demands of a CS Customer shall be determined for each curtailment period for which the CS Customer has accepted Big Rivers' Terms of Curtailment.

For each curtailment period, Hourly Curtailed Demands of each CS Customer shall be defined as the differences between the CS Customer's Demand Requirements and the actual demands measured in each hour of the curtailment period. The Demand Requirements may generally be the average of the CS Customer's demands measured in the four hours prior to the hour immediately preceding the curtailment period, provided that Big Rivers may use an average of the demands measured in any two or more of the four hours to provide a more representative estimate of the CS Customers' Hourly Curtailed Demands. The Curtailment Energy of each curtailment period shall be the sum of the Hourly Curtailed Demands.

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e. Terms of Curtailment:

For each curtailment request, Big Rivers shall identify the CS Customer(s) (when so directed by the Member Cooperative) to be curtailed. Big Rivers shall inform the Member Cooperative or each CS Customer of a curtailment request in accordance with the agreed upon method of notification, at which time the Terms of Curtailment shall be defined. The Terms of Curtailment shall include the following:

(1) The time at which each curtailment period shall begin is to be established by Big Rivers. At least one (1) hour advance notice of each request for curtailment shall be provided.

(2) The requested curtailment duration in clock hours to be established by Big Rivers.

(3) The Curtailment Price to be paid by Big Rivers for each curtailment. The Curtailment Price shall be determined by Big Rivers on a case by case basis but in each case shall not be less than the Minimum Curtailment Price.

(4) The Member Cooperative shall specify or arrange for the CS Customer to specify:

a. The demand in kW (Curtailable Demand) that will be curtailed during the curtailment period, which shall not be less than the Minimum Curtailable Demand.

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b. The Maximum Curtailment Period Demand (MCPD) to be purchased by the CS Customer during the curtailment period, which shall be the maximum hourly demand to be delivered by Big Rivers to the Member Cooperative for resale to the CS Customer.

f. Curtailment Savings Payment:

The Curtailment Savings Payment for each curtailment period shall be equal to the product of the Curtailment Energy times the Curtailment Price for each respective curtailment period.

g. Monthly Savings Payment:

The Member Cooperative's Monthly Savings Payment shall be equal to the sum of the Curtailment Savings Payments for the calendar month, less any charges computed for Excess Energy. The Monthly Savings Payment will be paid directly to the Member Cooperative by check or billing credit. A statement will be provided with each Monthly Savings Payment showing the amounts attributable to each CS Customer. This amount will be recorded in the Rural Utilities Service's Uniform System of Accounts – Electric under Other Power Supply Expenses. Account 557 – Other Expenses, such that the separate identity of this cost is preserved.

h. Charges For Excess Energy:

For any CS Customer whose Curtailable Demand is equal to or greater han 5,000 kW, should the Hourly Curtailed Demand be less than 75% of the Curtailable Demand in any hour of the curtailment period, then the Excess Demand for that hour shall be the difference between the Hourly Curtailed Demand and 75% of the Curtailable Demand. There will be no Excess Demand for any CS Customer who's Curtailable Demand is less than 5,000 kW. Excess Energy is the sum of any hourly Excess Demands.

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Any Excess Energy recorded during a curtailment period shall be charged at 150% of the Curtailment Price, in addition to the charges contained in the standard applicable rate for electric service. For any CS Customer who's Hourly Curtailed Demand is less than 75% of their Curtailable Demand, Big Rivers may not, at its discretion, allow such CS Customer to benefit from future curtailment opportunities.

i. Term:

Contracts under this Rider may be made for an initial period of one (1) year and shall remain in effect thereafter until either party provides to the other at least 30 days' written notice prior to the start of the next year of its intention to discontinue service under the terms of this Rider.

j. Special Terms and Conditions:

CS Customer information, including, but not limited to, CS Curtailment Profiles, shall remain confidential.

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PURSUANT TO 807 KAR 5:011,
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RULES AND REGULATIONS

13. RENEWABLE RESOURCE ENERGY SERVICE TARIFF RIDER

a. Applicability:

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

b. Availability:

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

c. Conditions of Service:

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

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

d. Monthly Rate:

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

e. Billing:

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

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Big Rivers Electric Corporation
Case No. 2009-00040
Historical Test Period Filing Requirements

EXHIBIT 8

Filing Requirement
807 KAR 5:001 Section 10(1)(a)8
Sponsoring Witness: David A. Spainhoward

Description of Filing Requirement:

The utility's proposed tariff changes, identified in compliance with 807 KAR 5:011, shown either by:

(a) Providing the present and proposed tariffs in comparative form on the same sheet side by side; or,
(b) Providing a copy of the present tariff indicating proposed additions by italicized inserts or underscoring and striking over proposed deletions.

Response:

Please see the attached tariff indicating proposed additions by italicized inserts or underscoring and striking over proposed deletions.

TRANSACTION RATES

BIG RIVERS ELECTRIC CORPORATION

OF

HENDERSON, KENTUCKY

RATES. RULES AND ADMINISTRATIVE REGULATIONS FOR FURNISHING

ELECTRIC SERVICE

AT

BRECKINRIDGE, CALDWELL, CRITTENDEN, DAVIESS, GRAYSON, HANCOCK, HARDIN, HENDERSON, HOPKINS, LYON, MCLEAN, MEADE, MUHLENBERG, OHIO, UNION, MCCRACKEN, LIVINGSTON, BALLARD, CARLISLE, MARSHALL, GRAVES AND WEBSTER COUNTIES

FILED WITH PUBLIC SERVICE COMMISSION
OF KENTUCKY

Issued August 12, 1998 Effective July 18, 1998

By Big Rivers Electric Corporation
(Name of Utility)

By [signature]

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

JUL 18 1998

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephan O Bell
SECRETARY OF THE COMMISSION

RULES AND REGULATIONS

A. SPECIAL RULES - ELECTRICAL SERVICE

1. Billing Demand:

a. For purposes of establishing billing demands, all delivery points shall be classified into one of three categories, as follows:

(1) Smelter Delivery Points (i.e., Southwire and Alcan)

(2) Large Industrial Customer Delivery Points (i.e., a single large industrial customer taking service from a dedicated delivery point as described in Section 7.a.).

(3) Rural Delivery Points (i.e. all delivery points not described in (1) or (2) of this paragraph 1.a.)

. Unless specifically stated otherwise in a rate schedule to this tariff, Billing Demands shall be determined as follows:

(1) Smelter Delivery Points -- As provided in the individual contracts with Southwire and Alcan, using where applicable the maximum integrated thirty-minute demand at each delivery point.

(2) Large Industrial Customer Delivery Points -- The maximum integrated thirty-minute demand at each delivery point during each month, or the contract demand, whichever is greater.

(3) Rural Delivery Points -- The monthly rural Billing Demand for each distribution cooperative shall be the maximum integrated thirty-minute coincident demand of its rural delivery points.

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BIG RIVERS ELECTRIC CORPORATION

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2. Contract Demand:

Upon mutual agreement with Member, a Contract Demand may be established for certain customers.

3. Metering:

The Seller shall meter all power and energy at voltage as mutually agreed to with the Member. Meters and metering equipment shall be furnished, maintained and read or caused to be furnished, maintained and read by the Seller.

4. Electric Characteristics and Delivery Point(s):

Electric power and energy to be furnished hereunder shall be alternating current, three-phase, sixty Hertz. The Seller shall make and pay for all final connections between the systems of the Seller and the Member at the point(s) of delivery. The parties will specify the initial points of delivery, delivery voltages and capacity prior to the commencement of service hereunder. Additional points shall be agreed upon by the Seller and the Member from time to time.

5. Substations:

The Member shall install, own and maintain the necessary substation equipment at the point(s) of connection unless otherwise agreed to by Seller. The Seller shall own and maintain switching and protective equipment which may be reasonably necessary to enable the Member to take and use the electric power and energy hereunder and to protect the system of the Seller.

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BIG RIVERS ELECTRIC CORPORATION

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6. Rate:

The Board of Directors of the Seller at such intervals as it shall deem appropriate, but in any event not less frequently than once in each calendar year, shall review the rate for electric power and energy furnished hereunder and, if necessary, shall revise such rate so that it shall produce revenues which shall be sufficient, but only sufficient, to meet the cost of operation and maintenance (including without limitation, replacements, insurance, taxes, and administrative and general overhead expenses) of the generating plant, transmission system and related facilities of the Seller, the cost of any power and energy purchased for resale hereunder by the Seller, the cost of transmission service, make payments on account of principal of and interest on all indebtedness of the Seller, and to provide for the establishment and maintenance of reasonable reserves. The Seller shall cause a notice in writing to be given to the Member, which shall set out all the proposed revisions of the rate.

7. Discount Adjustment:

At the discretion of the Board of Directors, and with the prior approval of the Public Service Commission, an appropriate discount may be authorized at such time as substantial application of the rate indicates revenues in excess of projected and relative levels of the rate design.

8. Meter Testing and Billing Adjustment:

Unless specifically stated otherwise in a contract or rate schedule to this tariff, the Seller shall test and calibrate meters in accordance with the provisions of 807 KAR 5:041, Sections 15 and 17. The Seller shall also make special meter tests at any time at the Member's request. The costs of all tests shall be borne by the Seller; provided, however, that if any special meter test made at the Member's request shall disclose that the meters are recording accurately, the Member shall reimburse the Seller for the cost of such test. Meters registering not more than two percent (2%) above or below normal shall be deemed to be accurate. The

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readings of any meter which shall have been disclosed by test to be inaccurate shall be corrected for the ninety (90) days previous to such test in accordance with the percentage of inaccuracy found by such test. If any meter shall fail to register for any period, the Member and the Seller shall agree as to the amount of energy furnished during such period and the Seller shall render a bill therefor.

9. Monitoring Uses:

Seller shall review members=' usage by comparing the metered energy and demand for the current month to the previous month='s metered amounts. Consideration is given for monthly deviations due to temperature related increases or decreases, along with a comparison to other sites with similar load patterns. A second comparison is made between the current month='s usage and the previous year='s data, when demand or energy levels appear to be out of line. Additionally, three of the member cooperatives have Scada systems which provide hourly printouts of usage and at times are used for comparison whenever there appears to be a metering deviation.

T A meter test is performed whenever there appears to be a potential metering problem. Seller ~~has in place a Billing Review Committee consisting of representatives from Energy Control, Engineering and Transmission, and Accounting. This committee reviews~~shall review all special metering situations which affect demand and energy quantities applicable to the billing period. A written ~~letter of explanation accompanies~~determination shall accompany the bill explaining any adjustment or calculation that was made.

10. Notice of Meter Reading or Test:

The Seller shall notify the Member in advance of the time of any meter reading or test so that the Member='s representative may be present at such meter reading or test.

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11. Power Factor:

Unless specifically stated otherwise in a rate schedule to this tariff, the Member shall at all times take and use power in such manner that the power factor at the time of maximum demand shall not be less than 90 percent (90%) leading or lagging.

If, at the time of maximum demand, power is taken at a power factor less than 90 percent (90%) leading or lagging, the Seller may adjust the maximum measured demand for billing purposes in accordance with the following formula:

T $$\frac{\text{Maximum Measured KW x 90\%}}{\text{Power Factor (\%)}}$$

The power factor shall be measured at the time of maximum demand.

12. Right of Access:

Duly authorized representatives of either party hereto shall be permitted to enter the premises of the other party hereto at all reasonable times in order to carry out the provisions thereof.

13. Continuity of Service:

The Seller shall use all reasonable diligence to provide a constant and uninterrupted supply of electric power and energy hereunder. If the supply of electric power and energy shall fail or be interrupted, or become defective, by reason of force majeure, the Seller shall not be liable therefor, or for damages caused thereby. The term "force majeure", as used herein, shall mean Acts of
T God, accidents, strikes or other labor troubles, acts of the public enemy, wars, blockages, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of the government, whether federal, state or local, civil or military, civil disturbances, explosions, breakage of or accident to machinery, equipment or transmission lines, inability to obtain

T necessary materials, supplies or permits due to existing or future rules, regulations, orders, laws, or proclamations of governmental authorities, whether federal, state or local, civil or military, and any other forces which are not reasonably within the control of the Seller, whether like or unlike those herein enumerated.

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14. Payment of Bills:

The Seller shall read meters monthly. Unless stated otherwise by a rate schedule to this tariff, electric power and energy furnished hereunder shall be paid for in Seller's designated office in immediately available funds monthly on or before the first working day after the twenty-fourth (24th) day of the month following service. If the Member shall fail to pay any such bill within such prescribed period, the Seller may discontinue delivery of electric power and energy hereunder upon five (5) days' written notice to Member of its intention to do so. Such discontinuance for non-payment shall not in any way affect the obligation of the Member to pay the minimum bill.

15. Transmission Emergency Control Program:

a. Purpose:

To provide a plan for the systematic expeditious restoration of electric service following a transmission system disturbance.

b. Procedures:

(1) Awareness:

The first indication of a transmission system disturbance will most likely be displayed on Big Rivers' system supervisor's SCADA system. From the SCADA alarms, the system supervisor can determine the general nature and extent of the disturbance.

(2) Localized Emergency:

If the disturbance is localized, the system supervisor will proceed to sectionalize the faulted line sections by use of his SCADA system, radio controlled switches and manually operated line
T switches. In sectionalizing faulted line sections, the system supervisor will attempt, to the extent practical, to sectionalize in such a way to minimize the curtailment or interruption of wholesale electric energy furnished to Big Rivers' member distribution cooperatives for retail electric service within those cooperatives' certified territory, except for interruptible service. Big Rivers' Transmission Department personnel, as well as the local member cooperative personnel, will be dispatched to carry out any required manual switching operations. The Transmission Department is notified of the faulted line sections and performs the required line repairs and releases the line to the system supervisor for reenergization.

(3) Widespread Emergency:

When the system supervisor recognizes widespread transmission disturbances or the loss of service to multiple distribution substations, he declares an "extreme transmission emergency".

Upon declaration of an extreme transmission emergency, the service restoration coordinator (SRC) is notified and immediately assumes an operating position in the energy control area.

The system supervisor proceeds to sectionalize the line sections
T and restore service to as many substations as possible. In sectionalizing faulted line sections, the system supervisor will attempt, to the extent practical, to sectionalize in such a way to minimize the curtailment or interruption of wholesale electric

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various subs, time of day, personnel available, etc.). They maintain a list of critical consumers and this list helps determine the sequence of restoration.

(e) The SRC monitors the progress of the restoration effort and conveys this information to the appropriate individuals for public dissemination.

(f) Upon completion of restoration of service, the emergency is declared ended.

(g) Effectiveness and timeliness of the restoration is reviewed by the Big Rivers' Operation Committee for possible procedural improvements.

energy furnished to Big Rivers' member distribution cooperatives for retail electric service within those cooperatives' certified territory, except for interruptible service.

The SRC establishes and maintains contact with the appropriate personnel from the affected member cooperative(s), appropriate Big Rivers' Transmission Department personnel, and the system supervisor. Restoration continues with the following steps:

(a) The SRC coordinates the efforts of the Transmission Department and member cooperatives(s) to determine the full extent of system damage. An estimate is made of the time to restore full service to the distribution substations using only Big Rivers and available cooperative work forces.

(b) If the system damages are so extensive that restoration with local or system labor only would result in prohibitively long outages, the SRC along with the Transmission Department and the Member Cooperative Coordinator(s), determines what additional equipment and labor is needed.

(c) The SRC conveys to the western area Regional Work Plan coordinator the time, place and amount of needed equipment and labor. The coordinator arranges to meet these needs from neighboring utilities.

(d) The SRC establishes a sequence of repair. This sequence is determined by working with the affected member cooperative coordinators who will have prioritized the restoration of their affected substations. The member cooperatives have chosen to determine case specific restoration priorities due to the number of variables that are unpredictable (i.e. weather, restoration times for

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16. Purchase Power Deficiency Emergency Control Program:

a. Purpose:

To provide a plan to recover from purchase power deficiencies from LG&E Energy Marketing, Inc. ("LEM").

(b) Procedures:

(1) Awareness:

When the level of available purchase power becomes insufficient to meet the projected total system sales, the following steps will be followed in the sequence listed until the purchase power and load are equal.

(2) Sequential Steps of Action:

(a) Determine capacity shortage based on Purchase power limitations, pending weather forecast conditions and forecasted load requirements.

(b) Arrange economic power purchases from off-system sources as required to serve firm load commitments (and non-firm commitments if economically feasible).

(c) Reduce or completely curtail non-firm power sales starting with the lowest price transactions as influenced by term of commitment.

(d) Curtail off-system short-term capacity sales.

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(e) Implement a request to other utilities for emergency power purchases to meet firm load requirements.

(f) Issue public appeals to all member cooperative consumers to reduce power usage on a voluntary basis, including direct calls to large industrial consumers.

(g) Initiate a voltage reduction action through Big Rivers' facilities as well as working with the member cooperative representatives to accomplish this action.

(h) Implement curtailment of off-system firm power sales.

(i) Implement curtailment of power to industrial consumers (on a rotating type basis as needed).

(j) Request load curtailment of member cooperatives. Determine amounts of load reduction required of each cooperative and the anticipated length of curtailment. The member cooperatives will reduce load in accordance with their curtailment plan. Their curtailment will be developed considering the essential loads on their systems.

B. SPECIAL RULES - CABLE TELEVISION ATTACHMENT

1. Establishing Pole Use:

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a. Before a CATV operator shall make use under this tariff of any of the facilities of Big Rivers, it shall notify Big Rivers in writing of its intent and shall comply with the procedures established by Big Rivers. The CATV operator shall furnish Big Rivers detailed construction plans and drawings, together with necessary maps, indicating the specific poles of Big Rivers upon which attachments are proposed, the number and character of the attachments to be on such poles, the rearrangements of Big Rivers' fixtures and equipment necessary for the attachments, and relocations or replacements of existing poles, and any additional poles required by the CATV operator.

b. Big Rivers shall, on the basis of such detailed construction plans and drawings, submit to the CATV operator a cost estimate (including overhead and less salvage value of materials) of all changes that may be required. Upon written notice by the CATV operator to Big Rivers that the cost estimate is approved, Big Rivers shall proceed with the necessary changes. Upon completion of all changes, the CATV operator shall have the right hereunder to make attachments in accordance with the terms of this tariff. The CATV operator shall, at its own expense, make attachments in such manner as not to interfere with the service requirements of Big Rivers.

c. Upon completion of all changes, the CATV operator shall pay Big Rivers the actual cost (including overhead and less salvage value of materials) of making such changes. The obligations of the CATV operator hereunder shall not be limited to amounts shown on estimates made by Big Rivers hereunder.

d. Any reclearing of existing rights-of-way and any tree trimming necessary for the establishment of attachments hereunder shall be performed by the CATV operator.

e. All poles and appurtenances to which attachments have been made under this tariff shall remain the property of Big Rivers, and any payments made by the CATV operator under this tariff for changes in Big Rivers' facilities shall not entitle the CATV operator to the ownership of any of said facilities.

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f. Any changes necessary for correction of a substandard installation made by the CATV operator, where notice of intent had not been given, shall be billed at an amount equal to twice the charges that would have been imposed if the attachment had been properly authorized.

2. Easements and Rights-of-Way:

Big Rivers does not warrant nor assure to the CATV operator any rights-of-way privileges or easements, and should the CATV operator at any time be prevented from placing or maintaining its attachments on Big Rivers' poles, no liability on account thereof shall attach to Big Rivers. Each party shall be responsible for obtaining its own easements and rights-of-way.

3. Maintenance of Poles, Attachments and Operation:

a. Whenever right-of-way considerations or public regulations make relocation of a pole or poles necessary, such relocation shall be made by Big Rivers at its own expense, except that each party shall bear the cost of transferring its own attachments.

b. Whenever it is necessary to replace or relocate a pole, Big Rivers shall, before making such replacement or relocation, give forty-eight (48) hours' notice (except in cases of emergency) to the CATV operator, specifying in said notice the time of such proposed replacement or relocation, and the CATV operator shall, at the time so specified, transfer its attachments to the new or relocated pole. Should the CATV operator fail to transfer its attachments to the new or relocated pole at the time specified, Big Rivers may elect to do such work and the CATV operator shall pay Big Rivers the cost thereof. Big Rivers shall not be liable for any consequential damages which may result therefrom.

Any attachment of CATV which does not conform to the specifications set out in this tariff shall be brought into conformity herewith as soon as

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practical. Big Rivers reserves the right to inspect each new installation on its poles and in the vicinity of its lines or appurtenances. Such inspection made or not, shall not operate to relieve the CATV operator of any responsibility, obligation or liability assumed under this tariff.

d. Big Rivers reserves to itself, its successor and assigns, the right to maintain its poles and to operate its facilities thereon in such manner as will, in its own judgment, best enable it to fulfill its own service requirements. Big Rivers shall not be liable to the CATV operator for any interruption of service or for interference with the operation of its cables, wire and appliances when such conditions are caused by situations beyond Big Rivers' control.

4. Inspections:

a. Periodic Inspection: Any unauthorized or unreported attachment by a CATV operator will be billed at two times the amount that would have been due had the installation been made the day after the last inspection preceding discovery of the attachment.

b. Make-Ready Inspection: Actual expenses, plus appropriate overhead charges, incurred by Big Rivers in any "make-ready" or "walk-through" inspection required of Big Rivers will be paid for by the CATV operator.

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Insurance or Bond:

The CATV operator shall defend, indemnify and save harmless Big Rivers from any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature, including, but not limited to, costs and expenses of defending against the same and payment of any settlement or judgment therefor, by reason of (1) injuries or deaths to persons, (2) damages to or destruction of properties, (3) pollutions, contaminations of or other adverse effects on the environment or (4) violations of governmental laws, regulations or orders whether suffered directly by Big Rivers itself, or indirectly by reason of claims, demands or suits against it by third parties, resulting or alleged to have resulted from acts or omissions of the CATV operator, its employees, agents, or other representatives or from their presence on the premises of Big Rivers, either solely or in concurrence with any alleged joint negligence of Big Rivers. Big Rivers shall be liable for its sole active negligence.

b. The CATV operator will provide coverage as follows from a company authorized to do business in the commonwealth of Kentucky:

(1) Protection for its employees to the extent required by Workers' compensation Laws of Kentucky.

(2) Public liability coverage with separate coverage for each town or city in which the CATV operator operates under this contract to a minimum amount of $1,000,000 for each person and $1,000,000 for each accident or personal injury or death, and $25,000 as to the property of any one person, and $100,000 as to any one accident of property damage.

(3) Naming Big Rivers Electric Corporation as an additional insured.

c. Before beginning operations under this tariff, the CATV operator shall cause to be furnished to Big Rivers a certificate evidencing the existence of such coverage. Each policy required hereunder shall contain a contractual endorsement written as follows:

> The insurance or bond provided herein shall also be for the benefit of Big Rivers Electric Corporation, so as to guarantee, within the coverage limits, the performance by the

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insured of any indemnity agreement set forth in this tariff. This insurance or bond may not be canceled for any cause without thirty (30) days' advance notice being first given to Big Rivers Electric Corporation.

6. Change of Use Provision:

When Big Rivers requires a change in its facilities for reasons unrelated to CATV operations, the CATV operator shall be given forty-eight (48) hours' notice (except in cases of emergency) in order to accomplish the CATV-related changes. If the CATV operator is unable or unwilling to meet Big Rivers' time schedule for such changes, Big Rivers may do the work and charge the CATV operator its reasonable costs for performing the change of CATV attachments.

7. Abandonment:

a. Should Big Rivers decide to abandon any pole which the CATV operator is utilizing, it shall give the CATV operator notice in writing to that effect at least thirty (30) days prior to the date on which it intends to abandon such pole. If, at the expiration of said period, Big Rivers has no attachments on such pole, but the CATV operator has not removed all of its attachments therefrom, such pole shall thereupon become the property of the CATV operator, and the CATV operator shall save harmless Big Rivers from all obligation, liability, damages, cost, expenses or charges incurred thereafter, and shall pay Big Rivers for such pole an amount equal to Big Rivers' depreciated cost thereof. Big Rivers shall further evidence transfer to the CATV operator of title to the pole by means of a bill of sale. Big Rivers reserves the right to abandon and salvage any power line free and clear of any obligations to the CATV operator and upon one year's notice to the CATV operator.

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b. The CATV operator may at any time abandon the use of any pole by giving due notice thereof in writing to Big Rivers and by removing therefrom any and all attachment it may have thereon. The CATV operator shall in such case pay Big Rivers the pro rata rental for said pole for the then current billing period.

8. Right of Others:

Upon notice from Big Rivers to the CATV operator that the use of any pole is forbidden by municipal or other public authorities or by property owners, the permit governing the use of such pole shall immediately terminate and the CATV operator shall remove its facilities from the affected pole at once. No refund of any rental will be due on account of any removal under these circumstances.

9. Payment of Taxes:

Each party shall pay all taxes and assessments lawfully levied on its own property upon said attached facilities, and the taxes and the assessments which are levied on said property shall be paid by the owner thereof, but any tax, fee or charge levied on Big Rivers' facilities solely because of their use by the CATV operator shall be paid by the CATV operator.

10. Bond or Deposit for Performance:

The CATV operator shall furnish bond or satisfactory evidence of contractual insurance coverage for the purposes thereinafter specified in the amount of Five Thousand Dollars ($5,000), evidence of which shall be presented to Big Rivers fifteen (15) days prior to beginning construction. Such bond or insurance shall contain the provision that it shall not be terminated prior to three (3) months after receipt by Big Rivers of written notice of the desire of the bonding or insurance company to terminate such bond or insurance. Upon receipt of such notice, Big Rivers shall request the CATV operator to immediately remove its cables, wires and all other facilities from all poles of Big Rivers. If the CATV operator should

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fail to complete the removal of all its facilities from the poles of Big Rivers within thirty (30) days after receipt of such request from Big Rivers, then Big Rivers shall have the right to remove them at the cost and expense of the CATV operator and without being liable for any damage to the CATV operator's wires, cables, fixtures or appurtenances. Such bond or insurance shall guarantee the payment of any sums which may become due to Big Rivers for rentals, inspections or work performed for the benefit of the CATV operator under this tariff, including the removal of attachments upon termination of service by any of its provisions.

11. Use of Anchors:

Big Rivers reserves the right to prohibit the use of any anchors by the CATV operator where conditions warrant such action.

12. Discontinuance of Service:

Big Rivers may refuse or discontinue serving an applicant as a customer under the conditions set out in 807 KAR 5:006 Section 11.

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For All Territory Served By
Cooperative's Transmission System

BIG RIVERS
ELECTRIC CORPORATION

PSC No. 22
Original Sheet No. 19
Cancelling ____________ Sheet No. ______

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C. ELECTRIC SERVICE

1. APPLICABLE:

In all territory served by Cooperative's transmission system.

2. AVAILABILITY:

Available only for service to Big Rivers' member rural electric cooperatives subject to the special terms and conditions hereinafter set forth and to such of Big Rivers' general rules and regulations on file with the Public Service Commission of Kentucky.

3. TERM:

This rate schedule shall take effect at 12:01 a.m. on the day after the date of closing of the transaction between Big Rivers, LG&E Energy Corp. ("LEC") and its affiliates (the "Closing Date"). The existing wholesale power supply contracts, as amended, between Big Rivers Electric Corporation and each of its cooperative members shall remain in effect until January 1, 2023, and thereafter until terminated by either party giving to the other not less than six months' written notice of its intention to terminate.

4. RATES:

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a. For all Alcan smelter delivery points, a Monthly Delivery Point Rate for transmission and ancillary services supplied by Big Rivers to Henderson Union consisting of the Big Rivers Henderson Union Smelter Rate available to Alcan as described in Item (5) herein.

b. For all Southwire smelter delivery points, a Monthly Delivery Point Rate for transmission and ancillary services supplied by Big Rivers to Green River consisting of the Big Rivers Green River

Date of Issue August 12, 1998 Date Effective July 18, 1998

Issued By [signature] Big Rivers Electric Corporation, P.O. Box 24, Henderson, KY 42420

Issued By Authority of PSC in Case No. 98-267, Order dated July 14, 1998

Smelter Rate available to Southwire as described in Item (6) herein.

c. For all Large Industrial Customer delivery points, a Monthly Delivery Point Rate consisting of the Big Rivers Large Industrial Customer Rate available to Large Industrial Customers as described in Item (7) herein.

d. For all other delivery points, a Monthly Delivery Point Rate consisting of:

(1) A Demand Charge of:

I All kW of billing demand at $~~7.37~~8.963 per kilowatt.

Plus,

(2) An Energy Charge of:

I All kWh per month at $0.~~02040~~024811 per kWh.

(3) No separate transmission or ancillary services charges shall apply to these rates.

(4) The Demand and Energy Charges under this tariff shall not be subject to automatic adjustment for increases or decreases in fuel costs through a fuel adjustment clause, whether under 807 KAR 5:056 or otherwise, or by any automatic adjustment for an environmental surcharge, whether under KRS 278.183 or otherwise.

For All Territory Served By
Cooperative's Transmission System

BIG RIVERS
ELECTRIC CORPORATION

PSC No. 23
Original Sheet No. 21
Cancelling 22 Sheet No. 40

RULES AND REGULATIONS

(5) Billing Form:

INVOICE

BIG RIVERS ELECTRIC CORP., P.O. BOX 24, HENDERSON, KY 42420

TO: RURAL DELIVERY POINTS
SERVICE FROM / / THRU / /

ACCOUNT
COINCIDENTAL PEAK /

SUBSTATION	COIN KW	KWH	L.F. COIN.	PREVIOUS READING	PRESENT READING	DIFF.	KW/KWH MULT.
TOTAL							

DEMAND	KW TIMES $____ EQUALS	$________
P/F PENALTY	KW TIMES $____ EQUALS	$________
ADJUSTMENT	KW TIMES $____ EQUALS	$________
	SUBTOTAL	$________
ENERGY	KWH TIMES $._____ EQUALS	$________
ADJUSTMENT	KWH TIMES $._____ EQUALS	$________
	SUBTOTAL	$________
RESTITUTION ADJUSTMENT CURRENT MONTH	KWH TIMES $._____ EQUALS	$________
	TOTAL AMOUNT DUE	$________

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MAY 24 1999

LOAD FACTOR AVAILABLE BEFORE COIN. BILLED	BASE	POWER FACTOR AVERAGE	PEAK	MILLS PER KWH

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DUE IN IMMEDIATELY AVAILABLE BEFORE FUNDS ON OR BEFORE THE FIRST WORKING DAY AFTER THE 24TH OF THE MONTH

Date of Issue June 21, 1999 Date Effective May 24, 1999

Issued By [signature] Big Rivers Electric Corporation, P.O. Box 24, Henderson, KY 42420

Issued By Authority of PSC in Case No. 98-427, Order dated May 24, 1999

5. BIG RIVERS HENDERSON UNION SMELTER RATE

a. AVAILABILITY:

This tariff applies to Henderson Union Electric Cooperative Corp. ("HU") for purchases by HU of transmission and ancillary services for certain power as set forth in Section 5.c.(1) sold to Alcan Aluminum Corporation ("Alcan") for use at the Alcan primary aluminum smelter located in Sebree, Kentucky.

b. TERM OF THE RATE:

This tariff shall take effect at 12:01 a.m. on the day after the Closing Date of the transaction between Big Rivers and LG&E Energy Corp. ("LEC") and its affiliates and shall terminate at midnight on December 31, 2011. This tariff shall remain in effect during the entire term hereof, without modification.

c. RATES:

(1) Transmission Rates

For the period from the effective date of this tariff through December 31, 2011, to the extent HU requires transmission service to make sales of energy to Alcan (including all Tier 3 Energy taken after the effective date of this tariff and any Tier 1 Energy and Tier 2 Energy HU supplies from sources other than LG&E Energy Marketing Inc. ("LEM") as permitted by the HU/LEM Wholesale Agreement), Big Rivers shall assess unbundled charges for transmission for all energy purchased by HU from Third-Party Suppliers on behalf of Alcan. Big Rivers shall

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charge HU for such transmission services according to the rates filed in Big Rivers' Open Access Transmission Tariff ("OATT") filed at and accepted by the Federal Energy Regulatory Commission and/or the Kentucky Public Service Commission as a comparable transmission tariff, as they are then in effect, applied to each kW of transmission demand or network service reserved on Big Rivers' Open Access Same-time Information System ("OASIS") by HU for power resold to Alcan. Big Rivers shall offer short- and long-term firm point-to-point service, non-firm point-to-point service, and network integration service to HU for this service under the terms and conditions of Big Rivers' OATT, with the charge for transmission to be based on the type and amount of transmission service selected and reserved each month on the OASIS by HU. HU will in all cases be responsible for obtaining such service using Big Rivers' OASIS.

(2) Ancillary Services Rates:

During the period from the effective date of this tariff through December 31, 2011, to the extent generation-based ancillary services are not supplied by LEM in association with amounts purchased by HU from LEM, HU shall be required separately to purchase generation-based ancillary services necessary to transmit power on Big Rivers' transmission system to HU for power resold to Alcan. Required ancillary services include: Reactive Supply and Voltage Control from Generation Sources Service; Regulation and Frequency Response Service; Energy Imbalance Service; Operating Reserve - Spinning Reserve Service; and Operating Reserve - Supplemental Reserve Service. HU shall be entitled to purchase these

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generation-based ancillary services from any party capable of supplying them, including Big Rivers or LEM. Big Rivers' OATT contains rates for such services when supplied by Big Rivers to HU (with the exception of certain quantities of reactive power), and the rates used shall be the then-effective tariff rates for the individual ancillary services selected. Transmission-based ancillary service charges for Scheduling, System Control, and Dispatch Service shall be included as part of the transmission rate determined in accordance with Section 5.c.(1). In addition, there shall be no additional charge to HU for reactive power provided from the existing level of transmission capacitor banks on Big Rivers' transmission system or for the level of reactive power specified in Section 5.f.

d. CHARGES

Each calendar month from the effective date of this tariff through December 31, 2011, HU shall pay a Transmission Charge calculated in accordance with the transmission service reserved by HU on Big Rivers' transmission system as set forth in Section 5.c.(1) of this tariff, plus separate Ancillary Services Charges for any ancillary services purchased by HU from Big Rivers, calculated in accordance with the services purchased as set forth in Section 5.c.(2).

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e. TERMINATION OF TARIFF AND OBLIGATIONS TO PURCHASE AND SELL:

As of the effective date of this tariff, Alcan shall have no further obligation to Big Rivers and there shall be no exit fee or stranded cost obligation owing from either Alcan or HU to Big Rivers or any other party relating to Big Rivers' supply of power and transmission to HU for power resold to Alcan prior to the effective date of this tariff. As of the effective date of this tariff, Big Rivers has no further obligation to provide electric power supply service to HU with respect to Alcan's load. This transmission and ancillary services tariff shall terminate as of December 31, 2011.

f. POWER FACTOR

For all power taken under this tariff on or before December 31, 2000 under Tier 1, Tier 2, and Tier 3, HU shall maintain and shall require Alcan to maintain a power factor at the point of delivery as nearly as practicable to unity and in no case shall the power factor be allowed to fall below 0.90 leading or lagging with respect to power delivered hereunder. For all power taken under this tariff after December 31, 2000 under Tier 1, Tier 2 and Tier 3, HU shall maintain and shall require Alcan to maintain its usage of reactive power at the point of delivery at a level such that the reactive power demand does not exceed the reactive power demand that would occur at a power factor of 0.90 lagging at the metered demand up to 233,000 kilowatts. In the event that Alcan's recorded reactive power demand exceeds the limitations set forth above, HU shall purchase sufficient reactive power from a third-party source or shall purchase such reactive power from Big Rivers to the extent available. The above described reactive power limits shall not be applicable to any reactive power consumed over new facilities (such as a 4th potline) installed after the effective date of this tariff by Alcan at the Sebree Smelter, the reactive power requirements of which will need to be separately evaluated and assessed by Big Rivers, HU and Alcan at such time as they are constructed.

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g. BILLING

Big Rivers shall bill HU on the first working day after the 13th of the month for the previous month's transmission and ancillary services taken hereunder. HU shall pay Big Rivers in immediately available funds on or before the first working day after the 24th of the month. If HU shall fail to pay any such bill within such prescribed period, Big Rivers may discontinue delivery of electric power and energy hereunder upon five (5) days' written notice to LEM and HU of its intention to do so.

h. POWER SUPPLY OBLIGATIONS

Big Rivers shall have no power supply obligations under this tariff for Tier 1, Tier 2 or Tier 3 service or otherwise to HU for power to be resold to Alcan at any time after the effective date of this tariff. Any Tier 3 power supply agreements negotiated between Big Rivers and HU for power supply after December 31, 2000 shall be set forth separately.

i. TRANSMISSION OBLIGATIONS

(a) Priority Reservation of Existing Transmission Capacity

Through December 31, 2001, consistent with FERC Order No. 888, Big Rivers shall continue to have a transmission planning obligation with respect to the Alcan load served by HU, and HU will cause Big Rivers to hold in reserve at no additional cost existing transmission capacity in an amount needed for Alcan's reasonably forecasted load growth, provided such projections of forecasted load growth are made available to Big Rivers prior to the effective date of Big Rivers' OATT. Big Rivers will give

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Alcan and Henderson Union a written notice of filing and a copy of all filed materials at the time of any filing involving Big Rivers' OATT. The point-to-point transmission paths to be held in reserve for Alcan's reasonably forecasted load growth shall be those designated by HU to Big Rivers. Transmission capacity held in reserve for Alcan's reasonably forecasted load growth during this period shall be posted on Big Rivers' OASIS and made available to third-parties on a non-firm basis until such time as it is needed and contracted for at OATT rates by HU or HU's designated third-party supplier of power; provided, however, that if such transmission capacity held in reserve by Big Rivers for HU load growth attributable to Alcan is not contracted for by HU by December 31, 2001, Big Rivers shall thereafter be entitled to release such capacity held in reserve and post it for sale on a firm basis on its OASIS.

(b) Rates. Terms, and Conditions Not Unfavorable

For service to HU for power resold to Alcan, HU shall not be charged more than the lesser of (i) the amount that Big Rivers imputes to itself for its own off-system transactions, or (ii) the amount Big Rivers charges to any third-party after the effective date of this tariff for comparable transmission service and ancillary services. The terms and conditions of transmission service and ancillary services offered by Big Rivers to HU for power resold to Alcan shall not be (i) less favorable than those applied by Big Rivers to itself for its own off-system transactions under its OATT or (ii) less favorable than those applied by Big Rivers to any third-party taking service after the effective date of this tariff.

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For All Territory Served By
Cooperative's Transmission System

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ELECTRIC CORPORATION

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Original Sheet No. 28
Cancelling 22 Sheet No. 40

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j. Billing Form:

BIG RIVERS ELECTRIC CORP., P.O. BOX 24, HENDERSON, KY 42420

	MONTH ENDING		
TO HENDERSON-UNION		ACCOUNT 82	HU
SUBSTATION ALCAN	SERVICE FROM ________	THROUGH ________	
TRANSMISSION DEMAND	KW TIMES $____	EQUALS	$________
ADJUSTMENT	KW TIMES $____	EQUALS	$________
	SUBTOTAL		$________
ANCILLARY SERVICES			$________
	TOTAL AMOUNT DUE		$________
RESTITUTION ADJUSTMENT HISTORIC	KWH TIMES $____	EQUALS	$________

DUE IN IMMEDIATELY AVAILABLE FUNDS ON OR BEFORE THE FIRST WORKING DAY AFTER THE 24TH DAY OF THE MONTH

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MAY 24 1999

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephan O Bell
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Date of Issue June 21, 1999 Date Effective May 24, 1999

Issued By M A Hite Big Rivers Electric Corporation, P.O. Box 24, Henderson, KY 42420

Issued By Authority of PSC in Case No. 98-427, Order dated May 24, 1999

For All Territory Served By
Cooperative's Transmission System

BIG RIVERS
ELECTRIC CORPORATION

PSC No. 22
Original Sheet No. 29
Cancelling ____________ Sheet No. ______

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6. BIG RIVERS GREEN RIVER SMELTER RATE

a. AVAILABILITY:

This tariff applies to Green River Electric Corporation ("GREC") for purchases by GREC of transmission and ancillary services for certain power as set forth in Section 6.c.(1) sold to Southwire Company ("Southwire") for use at the Southwire primary aluminum smelter, including any fifth pot line if such pot line is constructed at the Southwire smelter, and further including the adjacent rod & cable mill, all located in Hancock County, Kentucky.

b. TERM OF THE RATE:

This tariff shall take effect at 12:01 a.m. on the day after the Closing Date of the transaction between Big Rivers and LG&E Energy Corp. ("LEC") and its affiliates and shall terminate at midnight on December 31, 2010. This tariff shall remain in effect during the entire term hereof, without modification.

c. RATES:

(1) Transmission Rates

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For the period from the effective date of this tariff through December 31, 2010, to the extent GREC requires transmission service to make sales of energy to Southwire (including all Tier 3 Energy taken after the effective date of this tariff and any Tier 1 Energy and Tier 2 Energy GREC supplies from sources other than LG&E Energy Marketing Inc. ("LEM") as permitted by the GREC/LEM Wholesale Agreement), Big Rivers shall assess unbundled charges for

Date of Issue August 12, 1998 Date Effective July 18, 1998

Issued By [signature] Big Rivers Electric Corporation, P.O. Box 24, Henderson, KY 42420

Issued By Authority of PSC in Case No. 98-267, Order dated July 14, 1998

transmission for all energy purchased by GREC from Third-Party Suppliers on behalf of Southwire. Big Rivers shall charge GREC for such transmission services according to the rates filed in Big Rivers' OATT filed at and accepted by the Federal Energy Regulatory Commission and/or the Kentucky Public Service Commission as a comparable transmission tariff, as they are then in effect, applied to each kW of transmission demand or network service reserved on Big Rivers' Open Access Same-time Information System ("OASIS") by GREC for power resold to Southwire. Big Rivers shall offer short- and long-term firm point-to-point service, non-firm point-to-point service. and network integration service to GREC for this service under the terms and conditions of Big Rivers' OATT, with the charge for transmission to be based on the type and amount of transmission service selected and reserved each month on the OASIS by GREC. GREC will in all cases be responsible for obtaining such service using Big Rivers' OASIS.

(2) Ancillary Services Rates:

During the period from the effective date of this tariff through December 31, 2010, to the extent generation-based ancillary services are not supplied by LEM in association with amounts purchased by GREC from LEM, GREC shall be required separately to purchase generation-based ancillary services necessary to transmit power on Big Rivers' transmission system to GREC for power resold to Southwire. Required ancillary services include: Reactive Supply and Voltage Control from Generation Sources Service; Regulation and Frequency Response Service;

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Energy Imbalance Service; Operating Reserve - Spinning Reserve Service; and Operating Reserve - Supplemental Reserve Service. GREC shall be entitled to purchase these generation-based ancillary services from any party capable of supplying them, including Big Rivers or LEM. Big Rivers' OATT contains rates for such services when supplied by Big Rivers to GREC (with the exception of certain quantities of reactive power), and the rates used shall be the then-effective tariff rates for the individual ancillary services selected. Transmission-based ancillary service charges for Scheduling, System Control, and Dispatch Service shall be included as part of the transmission rate determined in accordance with Section 6.c.(1). In addition, there shall be no additional charge to GREC for reactive power provided from the existing level of transmission capacitor banks on Big Rivers' transmission system or for the level of reactive power specified in Section 6.f.

d. CHARGES

Each calendar month from the effective date of this tariff through December 31, 2010, GREC shall pay a Transmission Charge calculated in accordance with the transmission service reserved by GREC on Big Rivers' transmission system as set forth in Section 6.c.(1) of this tariff, plus separate Ancillary Services Charges for any ancillary services purchased by GREC from Big Rivers, calculated in accordance with the services purchased as set forth in Section 6.c.(2).

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e. TERMINATION OF TARIFF AND OBLIGATIONS TO PURCHASE AND SELL:

As of the effective date of this tariff, Southwire shall have no further obligation to Big Rivers and there shall be no exit fee or stranded cost obligation owing from either Southwire or GREC to Big Rivers or any other party relating to Big Rivers' supply of power and transmission to GREC for power resold to Southwire prior to the effective date of this tariff. As of the effective date of this tariff, Big Rivers has no further obligation to provide electric power supply service to GREC with respect to Southwire's load. This transmission and ancillary services tariff shall terminate as of December 31, 2010.

f. POWER FACTOR

For all power taken under this tariff on or before December 31, 2000 under Tier 1, Tier 2, and Tier 3, GREC shall maintain and shall require Southwire to maintain a power factor at the point of delivery as nearly as practicable to unity and in no case shall the power factor be allowed to fall below 0.90 leading or lagging with respect to power delivered hereunder. For all power taken under this tariff after December 31, 2000 under Tier 1, Tier 2 and Tier 3, GREC shall maintain and shall require Southwire to maintain its usage of reactive power at the point of delivery at a level such that the reactive power demand does not exceed the reactive power demand that would occur at a power factor of 0.90 lagging at the metered demand up to 339,000 kilowatts. In the event that Southwire's recorded reactive power demand exceeds the limitations set forth above, GREC shall purchase sufficient reactive power from a third-party source or shall purchase such reactive power from Big Rivers, to the extent available. The above described reactive power limits shall not be applicable to any

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reactive power consumed on the proposed fifth pot line. Specifically, for all Energy that Southwire purchases and receives from GREC with respect to any fifth pot line that may be constructed at the Southwire smelter, GREC shall require Southwire to maintain a power factor at the point of delivery that shall be at unity or leading, but in no event shall be lagging. At its sole expense, Southwire shall install the necessary equipment, or request GREC to acquire the necessary reactive power from third-party suppliers of generation-based ancillary services, to satisfy the limitation set forth in this paragraph.

g. BILLING

Big Rivers shall bill GREC on the first working day after the 13th of the month for the previous month's transmission and ancillary services taken hereunder. GREC shall pay Big Rivers in immediately available funds on or before the first working day after the 24th of the month. If GREC shall fail to pay any such bill within such prescribed period, Big Rivers may discontinue delivery of electric power and energy hereunder upon five (5) days' written notice to GREC and LEM of its intention to do so.

h. POWER SUPPLY OBLIGATIONS

Big Rivers shall have no power supply obligations under this tariff for Tier 1, Tier 2 or Tier 3 service or otherwise to GREC for power to be resold to Southwire at any time after the effective date of this tariff. Any Tier 3 power supply agreements negotiated between Big Rivers and GREC for wholesale power supply after December 31, 2000 shall be set forth separately.

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i. TRANSMISSION OBLIGATIONS

(a) Priority Reservation of Existing Transmission Capacity

Through December 31, 2001, consistent with FERC Order No. 888, Big Rivers shall continue to have a transmission planning obligation with respect to the Southwire load served by GREC, and GREC will cause Big Rivers to hold in reserve at no additional cost existing transmission capacity in an amount needed for Southwire's reasonably forecasted load growth, provided such projections of forecasted load growth are made available to Big Rivers prior to the effective date of Big Rivers' OATT. Big Rivers will give Southwire and GREC a written notice of filing and a copy of all filed materials at the time of any filing involving Big Rivers' OATT. The point-to-point transmission paths to be held in reserve for Southwire's reasonably forecasted load growth shall be those designated by GREC to Big Rivers. Transmission capacity held in reserve for Southwire's reasonably forecasted load growth during this period shall be posted on Big Rivers' OASIS and made available to third-parties on a non-firm basis until such time as it is needed and contracted for at OATT rates by GREC or GREC's designated third-party supplier of power; provided, however, that if such transmission capacity held in reserve by Big Rivers for GREC load growth attributable to Southwire is not contracted for by GREC by December 31, 2001, Big Rivers shall thereafter be entitled to release such capacity held in reserve and post it for sale on a firm basis on its OASIS.

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(b) Rates, Terms, and Conditions Not Unfavorable

For service to GREC for power resold to Southwire, GREC shall not be charged by Big Rivers more than the lesser of (i) the amount that Big Rivers imputes to itself for its own off-system transactions, or (ii) the amount Big Rivers charges to any third-party after the effective date of this tariff for comparable transmission service and ancillary services. The terms and conditions of transmission service and ancillary services offered by Big River to GREC for power resold to Southwire shall not be (i) less favorable than those applied by Big Rivers to itself for its own off-system transactions under its OATT or (ii) less favorable than those applied by Big Rivers to any third-party taking service after the effective date of this tariff.

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For All Territory Served By
Cooperative's Transmission System

BIG RIVERS
ELECTRIC CORPORATION

PSC No. 23
Original Sheet No. 36
Cancelling 22 Sheet No. 40

RULES AND REGULATIONS

j. BILLING FORM

BIG RIVERS ELECTRIC CORP., P.O. BOX 24, HENDERSON, KY 42420

MONTH ENDING

TO GREEN RIVER ACCOUNT 82 GR

SUBSTATION NSA SERVICE FROM ________ THROUGH ___________

TRANSMISSION DEMAND	KW TIMES $____	EQUALS	$__________
ADJUSTMENT	KW TIMES $____	EQUALS	$__________
		SUBTOTAL	$__________
ANCILLARY SERVICES			$__________
		TOTAL AMOUNT DUE	$__________
RESTITUTION ADJUSTMENT HISTORIC	KWH TIMES $____	EQUALS	$__________

DUE IN IMMEDIATELY AVAILABLE FUNDS ON OR BEFORE THE FIRST WORKDAY AFTER THE 24TH OF THE MONTH

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MAY 24 1999

PURSUANT TO 807 KAR 5:011,
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BY: Stephan O Bell
SECRETARY OF THE COMMISSION

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Issued By [signature] Big Rivers Electric Corporation, P.O. Box 24, Henderson, KY 42420

Issued By Authority of PSC in Case No. 98-427, Order dated May 24, 1999

RULES AND REGULATIONS

7. BIG RIVERS LARGE INDUSTRIAL CUSTOMER RATE

a. Availability:

This schedule is available to any of Big Rivers' then existing rural electric distribution cooperatives for service to Large Industrial Customers served using dedicated delivery points for such portions of their loads not treated as either Expansion Demand or Expansion Energy where applicable as provided by and in accordance with the provisions and definitions of the Big Rivers Large Industrial Customer Expansion Rate (Rate Schedule 10). For purposes of clarification, this rate schedule shall be closed hereafter and Rate Schedule 10 shall apply, unless otherwise supplanted by special contracts, to (1) the load of any New Customer as defined in Rate Schedule 10 where such New Customer has either initially contracted for five (5) MWs or more of capacity or whose aggregate peak load at any time amounts to five (5) MWs or greater (including any later increases to such load) and (2) the expanded load requirements of an Existing Customer subject to Rate Schedule 10 as defined therein, where such expanded load requirements are defined as Expansion Demand or Expansion Energy in Rate Schedule 10 e.(2).

b. Term of the Rate Schedule:

This rate schedule shall take effect at 12:01 a.m. on the later to occur of September 1, 1999, or the date upon which the Kentucky Public Service Commission approves this rate schedule.

c. Rates

FEB 25 2000

RULES AND REGULATIONS

(1) Rates Separate for Each Large Industrial Customer

Each month each Member Cooperative shall be required to pay separately for each of its qualifying Large Industrial Customers taking service under this tariff, in each case using that individual Large Industrial Customer=’s contract

demand (if any) or metered demand, as applicable.

(2) For all Large Industrial Customer delivery points, a Monthly Delivery Point Rate consisting of:

(a) A Demand Charge of:

I All kW of billing demand at $~~10.15~~12.345 per kilowatt.

Plus,

(b) An Energy Charge of:

I All kWh per month at $0.~~013715~~016680 per kWh.

(c) No separate transmission or ancillary services charges shall apply to these rates.

(3) The Demand and Energy Charges under this tariff shall not be subject to automatic adjustment for increases or decreases in fuel costs through a fuel adjustment clause, whether under 807 KAR 5:056 or otherwise, or by any automatic adjustment for an environmental surcharge, whether under KRS 278.183 or otherwise.

d. CHARGES

Each month, each Member Cooperative shall pay on behalf of each of its large industrial customers taking service under this rate schedule a demand charge calculated by multiplying the demand charge rate contained in Section 7.c.2(a) by the higher of the maximum integrated metered thirty-minute coincident peak demand or the established contract demand, if any, plus an energy charge calculated by multiplying the energy charge contained in Section 7.c.2(b) by the metered consumption of kWh in that month.

e. BILLING

Big Rivers shall bill Member on the first working day after the 13th of the month for the previous month's service hereunder for Large Industrial Customers. Member shall pay Big Rivers in immediately available funds on the first working day after the 24th of the month. If Member shall fail to pay any such bill within such prescribed period, Big Rivers may discontinue delivery of electric power and energy hereunder upon five (5) days' written notice to Member of its intention to do so. Such discontinuance for non-payment shall not in any way affect the obligation of Member to pay the take-or-pay obligation of a particular Large Industrial Customer.

For All Territory Served By
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PSC No. 23
Original Sheet No. 40
Cancelling 22 Sheet No. 40

RULES AND REGULATIONS

f. BILLING FORM:

INVOICE
BIG RIVERS ELECTRIC CORP., P.O. BOX 24, HENDERSON, KY 42420

TO: LARGE INDUSTRIAL CUSTOMER ACCOUNT
DELIVERY POINTS SERVICE FROM / / THRU / /
USAGE

DEMAND /	TIME /	DAY	METER	MULT.	KW DEMAND
POWER FACTOR	BASE	PEAK	AVERAGE		BILLED
ENERGY	PREVIOUS	PRESENT	DIFFERENCE	MULT.	KWH USED

DEMAND	KW TIMES $____	EQUALS	$________
P/F PENALTY	KW TIMES $____	EQUALS	$________
ADJUSTMENT	KW TIMES $____	EQUALS	$________
		SUBTOTAL	$________
ENERGY	KWH TIMES $.____	EQUALS	$________
ADJUSTMENT	KWH TIMES $.____	EQUALS	$________
RESTITUTION ADJUSTMENT HISTORIC	KWH TIMES $.____	EQUALS	$________
		TOTAL AMOUNT DUE	$________

LOAD FACTOR
ACTUAL MILLS PER KWH

DUE IN IMMEDIATELY AVAILABLE FUNDS ON OR BEFORE THE FIRST WORKING DAY AFTER THE 24TH OF THE MONTH

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MAY 24 1999
PURSUANT TO 807 KAR 5:011, SECTION 9 (1)
BY: Stephan O Bell
SECRETARY OF THE COMMISSION

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Original Sheet No. 41
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B. CABLE TELEVISION ATTACHMENT

1. Applicability:

In all territory served by Big Rivers on poles owned and used by Big Rivers for its electric plant.

2. Availability:

To all qualified CATV operators having the right to receive service.

3. Rental Charge:

The yearly rental charges shall be as follows:

Two-party pole attachment without ground	\$3.14
Three-party pole attachment without ground	\$2.23
Two-party pole attachment with ground	\$3.37
Three-party pole attachment with ground	\$2.37
Two-party anchor attachment	\$5.56
Three-party anchor attachment	\$3.71

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4. Billing:

Rental charges shall be billed yearly based on the number of attachments in place as of the end of the preceding calendar year. Payment is due within fifteen (15) days after the bill is mailed. If the CATV operator shall fail to pay any such bill within such fifteen (15) day period, Big Rivers may discontinue service hereunder upon fifteen days' written notice to the CATV operator of its intention to do so.

Date of Issue August 12, 1998 Date Effective July 18, 1998

Issued By [signature] Big Rivers Electric Corporation, P.O. Box 24, Henderson, KY 42420

Issued By Authority of PSC in Case No. 98-267, Order dated July 14, 1998

5. Specifications:

   a. The attachments covered by this tariff shall at all times conform to the requirements of the National Electrical Safety Code, 1981 Edition, and subsequent revisions thereof, except where the lawful requirements of public authorities may be more stringent, in which case the latter will govern.

   b. The strength of poles covered by this agreement shall be sufficient to withstand the transverse and vertical load imposed upon them under the storm loading of the National Electrical Safety Code assumed for the area in which they are located.

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PSC No. 22
Original Sheet No. 43
Cancelling ____________ Sheet No. ______

RULES AND REGULATIONS

6. Billing Form:

INVOICE

Cable Television

INVOICE NO. _____
DATE ______

DESCRIPTION | AMOUNT

Re: Cable Television Attachment Agreement

Yearly rental charge as set forth in Licensor's tariffs as filed and approved with the Public Service Commission. License granted September 6, 1984, Permit No. 001.

Applicable Tariff	Qty	Rate
Two-party pole attachment without ground		$3.14
Three-party pole attachment without ground		$2.23
Two-party pole attachment with ground		$3.37
Three-party pole attachment with ground		$2.37
Two-party anchor attachment		$5.56
Three-party anchor attachment		$3.71

Terms: Net Fifteen (15) Days

Direct any inquiry to Vice President of Finance & Administrative Services
Phone: (502) 827-2561

Total Amount Due: ________

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ELECTRIC CORPORATION

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8. BIG RIVERS COGENERATION AND SMALL POWER PRODUCTION PURCHASE TARIFF – OVER 100 KW

a. Availability:

Available to any customer of a Member Cooperative who qualifies as a cogenerator or small power producer pursuant to Regulation 807 KAR 5:054 of the Kentucky Public Service Commission.

b. Terms and Conditions:

(1) The cogeneration or small power production facility must have a total design capacity over 100 KW.

(2) All power from a QF purchased under this tariff will be sold to Big Rivers.

(3) The QF must provide good quality electric power within a reasonable range of voltage, frequency, flicker, harmonic currents, and power factor.

(4) QF shall provide reasonable protection for Big Rivers and the Member Cooperative's system.

(5) QF shall design, construct, install, own, operate, and maintain the Qualifying Facility in accordance with all applicable codes, laws, regulations, and generally accepted utility practices.

(6) QF shall reimburse Big Rivers and the Member Cooperative for all costs incurred as a result of interconnecting with the QF, including operation, maintenance, administration, and billing.

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(7) QF shall enter into a written contract with Big Rivers. Such contract shall set forth any specific arrangements between the parties based on the individual circumstances so involved.

c. Definitions:

(1) Big Rivers – "Big Rivers" shall mean Big Rivers Electric Corporation.

(2) LEM – "LEM" means LG&E Energy Marketing, Inc.

(3) Member Cooperatives – As of the effective date of this tariff, "Member Cooperatives" means collectively, Kenergy Corp., Jackson Purchase Energy Corporation and Meade County Rural Electric Cooperative Corporation.

(4) Power Purchase Agreement – "Power Purchase Agreement" means the Power Purchase Agreement between Big Rivers and LEM dated July 1998.

(5) QF – "QF" means a cogeneration or small power production facility meeting the criteria for Qualifying Facility of Section 4 of 807 KAR 5:054.

(6) Third Party Supplier – "Third Party Supplier" means any supplier of wholesale electric service to Big Rivers other than SEPA or LEM pursuant to the Power Purchase Agreement.

d. Rates for Purchases from QFs:

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(1) Capacity Purchase Rates:

Big Rivers presently has no avoided capacity costs and the Capacity Purchase Rate is, therefore, zero. At such time when it becomes necessary for Big Rivers to procure additional system capacity or energy beyond that available under the Power Purchase Agreement and from SEPA, then Big Rivers will determine its avoided costs for capacity, energy, or both for power requirements in excess of those amounts available under the Power Purchase Agreement and from SEPA.

(2) Firm Energy Purchase Rates:

The Energy Purchase Rates in each month shall be based upon Big Rivers' actual avoided cost for energy in each hour of the month, plus applicable losses, and shall be the lesser of:

(i) The applicable Base Power rate as specified in Section 6.3(a) of the Power Purchase Agreement; plus Base Power Rate Adjustment, if any, as specified in Section 6.3(b) of the Power Purchase Agreement; minus, applicable penalty to the Base Power rate in any hour in which an Hourly Deficit occurs pursuant to Section 6.4(b) of the Power Purchase Agreement; or,

(ii) The actual price in $ per MWh paid by Big Rivers for energy purchased from a Third Party Supplier in each hour of the month.

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e. Failure to Generate:

The QF shall indemnify Big Rivers for any and all additional costs incurred as a result of the QF's failure to generate, including without limitation, costs of ancillary services necessary to maintain reliability on the Big Rivers' system.

f. System Emergencies:

During system emergencies, Big Rivers may discontinue purchases or the QF may be required to provide energy or capacity in accordance with 807 KAR 5:054 – Section 6.

g. Interconnections:

Big Rivers requires a three party interconnection agreement between the QF Member, Big Rivers, and the Member Cooperative prior to service under this tariff. Big Rivers shall make interconnections with the Member Cooperative, the QF Member, or both as required and the QF Member will pay for the interconnection costs in accordance with 807 KAR 5:054 – Section 6 and the interconnection agreement.

h. Loss Compensation:

Power and energy purchased by Big Rivers pursuant to this rate schedule which must be transmitted to Big Rivers' transmission system across or through utilities owned by a Member Cooperative shall be subject to an adjustment to reflect losses between the QF and the point of delivery to the Big Rivers transmission system.

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BY: Stephan O Bell
SECRETARY OF THE COMMISSION

9. BIG RIVERS COGENERATOR AND SMALL POWER PRODUCER SALES TARIFF – OVER 100 KW

a. Availability:

Available to any Member Cooperative for service to any member of the Member Cooperative with a cogeneration and/or small power production facility (i) that has a net output of less than 5,000 kW and (ii) which meets the criteria for Qualifying Facility of 807 KAR 5:054 – Section 4 and are certified or self-certified pursuant to FERC regulations. Charges for the services under this tariff to any Member Cooperative for service to any member of the Member Cooperative with a cogeneration and/or small power production facility which equals or exceeds 5,000 kW in net output shall be established by special contract. Big Rivers encourages, as an alternative to this tariff and the charges provided herein, that a Member Cooperative negotiate a special contract with Big Rivers to meet the requirements of any retail member for the services provided for in this tariff.

b. Applicability:

Applicable to purchases made by a Member Cooperative for service to any QF Member of a Member Cooperative with a total capacity requirement of 100 kW or more with on-site generation of 100 kW or more operating in excess of 200 hours per year, electrically engineered so that it can meet part or all of its load with its own generation, for service not covered by one of Big Rivers' other rates. The QF Member shall have the option to provide all or part of its load with its own generation in which case that portion of the QF Member's load requirements not met by the QF, shall be provided to the Member Cooperative under

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this tariff and all requirements for back-up or maintenance service for the QF Member shall be provided under this tariff. Otherwise, the QF Member may sell all of the output of its QF in which case the QF Member's load requirements shall be provided to the Member Cooperative under the terms and conditions of one or more of Big Rivers' standard rates applicable to the load requirements and type of service of the QF Member.

c. Definitions:

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(1) Big Rivers – "Big Rivers" shall mean Big Rivers Electric Corporation.

(2) LEM – "LEM" means LG&E Energy Marketing, Inc.

(3) Member Cooperative – As of the effective date of this tariff, "Member Cooperatives" means collectively, Kenergy Corp., Jackson Purchase Energy Corporation and Meade County Rural Electric Cooperative Corporation.

(4) Off-System Sales Transaction – "Off-System Transaction" means sales of electric energy by Big Rivers other than to the Member Cooperatives, Oglethorpe Power, HMP&L, and Hoosier Energy pursuant to the Power Purchase Agreement.

(5) Power Purchase Agreement – "Power Purchase Agreement" means the Power Purchase Agreement between Big Rivers and LEM dated July 1998.

(6) QF – "QF" means a cogeneration or small power production facility meeting the criteria for Qualifying Facility of Section 4 of 807 KAR 5:054 and are certified or self-certified pursuant to FERC regulations.

(7) QF Member – "QF Member" means a member of a Member Cooperative with a QF.

(8) Third Party Supplier – "Third Party Supplier" means any supplier of wholesale electric service to Big Rivers other than SEPA or LEM pursuant to the Power Purchase

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Agreement.

d. Conditions of Service:

To receive service hereunder, the Member Cooperative must:

(1) Obtain from the QF Member an executed, written contract for electric service hereunder on terms acceptable to Big Rivers. Such contract shall set forth any specific arrangements between the parties based on individual circumstances and shall:

(i) Specify the maximum capacity to be made available to the QF Member on an unscheduled basis in any hour (Maximum Unscheduled Capacity), and

(ii) If desired by the QF Member, specify the terms and conditions for the delivery of Maintenance Service, and

(iii) If desired by the QF Member, specify the capacity of on-site generation for which interruptible unscheduled back-up and interruptible scheduled maintenance power may be provided, and

(iv) Specify any other term or condition which the Member Cooperative or Big Rivers may require for service used by a QF Member, taking into account the nature of use, the quality used, the quantity used, the time when used, the purpose for which used,

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and any other reasonable consideration, and

(2) Enter into a contract with Big Rivers, or amend an existing contract with Big Rivers, to specify the terms and conditions of service between Big Rivers and the Member Cooperative regarding the power supply for the QF Member.

e. For each QF Member, the Member Cooperative will be billed monthly for:

(1) Supplementary Service (capacity and energy).

(2) Unscheduled Back-up Service, if any (capacity charge only).

(3) Maintenance Service (capacity and energy), if any.

(4) Excess Demand, if any.

(5) Additional charges, if any.

f. Monthly Charges for Sales to a Member Cooperative for Service to a QF Member:

(1) Supplementary Service:

Supplementary demand shall be the QF Member's highest actual demand (adjusted for distribution losses if applicable) measured during the month, excluding Scheduled Maintenance Demand up to but not exceeding the actual measured demands in each demand interval during a Maintenance Schedule, and supplementary

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energy shall be the actual measured energy (adjusted for distribution losses if applicable), excluding Maintenance Energy sold to the QF by the Member Cooperative in each month. The monthly charges for supplementary demand and energy shall be:

I $~~7.37~~8.963 per kW of Supplementary Demand

I $0.~~0204~~024811 per kWh of Supplementary Energy

(2) Unscheduled Back-up Service:

Unscheduled Back-up Demand is the QF Member's Maximum Unscheduled Capacity minus the Supplementary Billing Demand for the month. In months in which Maintenance Service has been Scheduled, appropriate credit for Scheduled Maintenance Demand shall be applied to the Unscheduled Back-up Demand such that the Member Cooperative will not be charged for Unscheduled Back-up Demand in addition to Scheduled Maintenance Demand when Scheduled Maintenance Service is being provided. The monthly charges to a Member Cooperative for Unscheduled Back-up Demand shall be:

I $~~7.37~~8.963 per kW of Unscheduled Back-up Demand

Maximum Unscheduled Capacity shall initially be the amount as specified by the QF Member per contract with the Member Cooperative, but in no case less than the actual demand delivered in any month, including the current month. Big Rivers will accept a reduction in the Maximum Unscheduled Capacity upon twelve (12) months advance

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notice from the Member Cooperative. Said notice must specify the reduction in kWs and the basis for the lower requirement. All energy shall be billed as either supplementary energy or maintenance energy.

(3) Maintenance Service:

Maintenance Service shall be available to a Member Cooperative to back-up a QF Member's QF only if the Member Cooperative has scheduled delivery of the maintenance services in advance with Big Rivers. The Member Cooperative may schedule up to four weeks of seven consecutive days each per year of such service for a QF Member, subject to scheduling of such usage by Big Rivers. The Member Cooperative may reschedule at anytime by giving forty-eight (48) hours notice to Big Rivers. Scheduled Maintenance Demand may not exceed the design capacity of the QF Member's QF. Maintenance Service will be available on an on-peak or off-peak basis. The selection of on-peak Maintenance Service entitles the Member Cooperative to schedule the service for the QF Member at any time. The selection of off-peak Maintenance Service entitles the Member Cooperative to schedule the service for the QF Member only during those hours not designated as on-peak. The designated on-peak hours are as follows:

(i) Summer on-peak usage is defined as power requirements occurring between the hours beginning 6:00 am and ending 10:00 pm on any weekday from May 1 through September 30.

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(ii) Winter on-peak usage is defined as power requirements occurring between the hours beginning 6:00 am and ending 10:00 pm on any weekday from December 1 through March 31.

(iii) Off-peak usage is defined as all power requirements not included in paragraph (i) or (ii).

The charges for On-peak Maintenance Service shall be the greater of:

I (1) $~~1.835~~2.2408 per kW of Scheduled Maintenance Demand per week, plus

I $0.~~0204~~024811 per kWh of Maintenance Energy; or

(2) 110% of the price at the time of scheduling of a block of energy obtainable by Big Rivers in the futures market which is sufficient to meet the Member Cooperative's scheduled Maintenance Service requirements.

The charges for Off-peak Maintenance Service shall be:

I $~~1.835~~2.2408 per kW of Scheduled Maintenance Demand per week, plus

I $0.~~0204~~024811 per kWh of Maintenance Energy.
Maintenance Energy shall be the amount of energy purchased by the Member Cooperative for the QF Member

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in each hour during Scheduled Maintenance Service up to but not exceeding the Scheduled Maintenance Demand in each hour.

(4) Excess Demand:

Excess Demand is the amount in any hour by which the actual demand, less any Maintenance Demand, exceeds the previously established Maximum Unscheduled Capacity. Charges for Excess Demand shall be in addition to the charges for Supplementary Service and shall be either:

(i) One hundred-ten percent (110%) of Big Rivers' actual cost, including transmission service, to import energy from a Third Party supplier to supply the Excess Demand of the Member Cooperative for the QF Member; or

(ii) If it is not necessary for Big Rivers to import energy from a Third Party Supplier, charges for Excess Demand shall be the greater of: a) $~~7.37~~8.963 per kW times the highest Excess Demand recorded during the month: or b) 110% of the highest price received by Big Rivers during an Off-System Sales Transactions during the month times the sum of the Excess Demands measured during the month.

I

Big Rivers shall be the sole determinant of when and under what circumstances it is required to import energy from a Third Party Supplier to provide Excess Demand.

(5) Additional Charges:

Any and all costs incurred by Big Rivers as a result of the QF's failure to generate, including, without limitation, ancillary services necessary to maintain reliability on the Big Rivers' system, shall be charged to the Member Cooperative in addition to all other charges.

(6) Interruptible Service:

Interruptible Supplementary Service or Interruptible Back-up Service will be made available, upon request. Terms and conditions of interruptible service will be as negotiated under special contract according to the terms of 807 KAR 5:054.

g. Interconnections:

Big Rivers requires a three party interconnection agreement between the QF Member, Big Rivers, and the Member Cooperative prior to service under this tariff. Big Rivers shall make interconnections with the Member Cooperative, or the QF Member, or both as required and the QF Member will pay for the interconnection costs in accordance with 807 KAR 5:054 – Section 6 and the interconnection agreement.

h. System Emergencies:

During System Emergencies, Big Rivers may discontinue sales in accordance with 807 KAR 5:054 – Section 6.

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i. Loss Compensation:

Power and energy delivered by Big Rivers pursuant to this rate schedule shall be metered at or compensated to Big Rivers' point of delivery to the Member Cooperative. Where metering of the QF Member's load is at a point of delivery on a Member Cooperative's distribution system, metered demand and energy shall be adjusted to compensate for distribution losses prior to billing hereunder.

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f. BILLING FORM:

INVOICE
BIG RIVERS ELECTRIC CORP., P.O. BOX 24, HENDERSON, KY 42420

TO: COGENERATOR AND SMALL POWER PRODUCER SALES ACCOUNT
DELIVERY POINTS SERVICE FROM / / THRU / /
USAGE:

DEMAND /	TIME /	DAY	METER	MULT.		kW DEMAND
POWER FACTOR	BASE	PEAK		AVERAGE		BILLED
SUPPLEMENTAL DEMAND						kW BILLED
UNSCHEDULED BACK-UP DEMAND						kW BILLED
MAINTENANCE DEMAND						kW BILLED
EXCESS DEMAND						kW BILLED
CUMULATIVE EXCESS DEMAND						kW BILLED
ENERGY	PREVIOUS	PRESENT	DIFFERENCE		MULT.	kWh USED
SUPPLEMENTAL ENERGY						kWh USED
MAINTENANCE ENERGY						kWh USED

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SUPPLEMENTARY SERVICE

DEMAND	kW TIMES $____	EQUALS	$________
P/F PENALTY	kW TIMES $____	EQUALS	$________
ENERGY	kWh TIMES $____	EQUALS	$________
SUBTOTAL			$________

UNSCHEDULED BACK-UP SERVICE

DEMAND	kW TIMES $____	EQUALS	$________

MAINTENANCE SERVICE ON-PEAK

DEMAND PER-WEEK (IF APPLICABLE)	kW TIMES $_____	EQUALS	$________
ENERGY (IF APPLICABLE)	kWh TIMES $_____	EQUALS	$________
SCHEDULED ENERGY BLOCK (IF APPLICABLE)			
TOTAL AMOUNT DUE			$________

Date of Issue July 30, 1999 Date Effective July 20, 2000

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Issued By Authority of PSC in Case No. 99-354, Order dated July 20, 2000

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OFF-PEAK			
DEMAND PER-WEEK	kW TIMES $_____	EQUALS	$________
ENERGY	kWh TIMES $_____	EQUALS	$________
SUBTOTAL			$________
EXCESS SERVICE			
EXCESS DEMAND (IF APPLICABLE)	kW TIMES $_____	EQUALS	$________
CUMMULATIVE EXCESS DEMAND (IF APPLICABLE)	kW TIMES $_____	EQUALS	$________
IMPORTED EXCESS ENERGY (IF APPLICABLE)	kWh TIMES $_____	EQUALS	$________
TOTAL AMOUNT DUE			$________
ADDITIONAL CHARGES			
TOTAL AMOUNT DUE			$________
RESTITUTION ADJUSTMENT			
HISTORIC	kWh TIMES $._____	EQUALS	$________
TOTAL AMOUNT DUE			$________

LOAD FACTOR
ACTUAL MILLS PER kWh

DUE IN IMMEDIATELY AVAILABLE FUNDS ON OR BEFORE THE FIRST WORKING DAY AFTER THE 24TH OF THE MONTH

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BY: Stephan O Bell
SECRETARY OF THE COMMISSION

Date of Issue July 30, 1999 Date Effective July 20, 2000

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10. BIG RIVERS LARGE INDUSTRIAL CUSTOMER EXPANSION RATE

a. Availability:

This schedule is available to any of the Member Cooperatives of Big Rivers for service to certain large industrial or commercial loads as specified in item (b) defining applicability. For all loads meeting the applicability criteria below, no other Big Rivers tariff rate will be available. As an alternative to this rate schedule, the Member Cooperative may negotiate a "Special Contract Rate" with Big Rivers for application on a case by case basis for loads meeting the applicability criteria below.

b. Applicability:

This schedule shall be applicable as follows:

(1) To purchases made by a Member Cooperative for service to any New Customer initiating service after August 31, 1999, including New Customers with a QF as defined in Rate Schedule 9, that either initially contracts for five (5) MWs or more of capacity or whose aggregate peak load at any time amounts to five (5) MWs or greater (including any later increases to such load) in which case the entire load shall be thereafter subject to this rate schedule.

(2) To purchases made by a Member Cooperative for expanded load requirements of Existing Customers, including Existing Customers with a QF as defined in Rate Schedule 9, where: (i) the customer was in existence and served under the then effective Big Rivers Large Industrial Customer Rate Schedule any time during the Base Year and, (ii) the

expanded load requirements are increases in peak load which in the aggregate result in a peak demand which is at least five (5) MWs greater than the customer's Base Year peak demand.

(3) To purchases made by a Member Cooperative for the expanded load requirements of Existing Customers, including Existing Customers with a QF as defined in Rate Schedule 9, where: (i) the customer's load was in existence and served through a Rural Delivery Point as defined in A.1.a.(3) of this Transaction Tariff; (ii) the expanded load requirements are increases in peak load which in the aggregate result in a peak demand which is at least five (5) MWs greater than the customer's Base Year peak demand; and (iii) the customer requires service through a dedicated delivery point as defined in A.1.a.(2) of the Rules and Regulations Section of this Transaction Tariff.

c. Conditions of Service

To receive service hereunder, the Member Cooperative must:

(1) Obtain from the customer an executed written contract or amend an existing contract, for electric service hereunder with terms acceptable to Big Rivers.

(2) Enter into a contract with Big Rivers, or amend an existing contract with Big Rivers, to specify the terms and conditions of service between Big Rivers and the Member Cooperative regarding power supply for the customer.

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d. Definitions:

(1) Base Year – "Base Year" shall mean the twelve (12) calendar months from September 1998 through August 1999.

(2) Big Rivers – "Big Rivers" shall mean Big Rivers Electric Corporation.

(3) Existing Customer – "Existing Customer" shall mean any customer of a Member Cooperative served as of August 31, 1999.

(4) LEM – "LEM" shall mean LG&E Energy Marketing, Inc.

(5) Member Cooperatives – As of the effective date of this tariff, "Member Cooperatives" shall mean collectively, Kenergy Corp., Jackson Purchase Energy Corporation, and Meade County Rural Electric Cooperative Corporation.

(6) New Customer – "New Customer" shall mean any customer of a Member Cooperative commencing service on or after September 1, 1999.

(7) OATT – "OATT" shall mean Big Rivers' effective Open Access Transmission Tariff filed at the Federal Energy Regulatory Commission and/or the Kentucky Public Service Commission.

(8) Power Purchase Agreement – "Power Purchase Agreement shall mean the Power Purchase Agreement between Big Rivers and LEM dated July 1998.

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(9) Real Time Pricing – "Real Time Pricing" shall mean market pricing scheduled a day or week ahead, as requested by the Distribution Cooperative on behalf of the retail customer.

(10) SEPA – "SEPA" shall mean the Southeastern Power Administration.

(11) Special Contract Rate – "Special Contract Rate" shall mean a rate negotiated with a Distribution Cooperative to serve the load requirements of a New Customer or an Existing Customer, which will include, upon request by the Distribution Cooperative, rates based on Real Time Pricing.

(12) Third-party Supplier – "Third-party Supplier" shall mean any supplier of wholesale electric service to Big Rivers other than LEM pursuant to the Power Purchase Agreement or SEPA.

e. Expansion Demand and Expansion Energy:

(1) Expansion Demand and Expansion Energy for the load requirements of a New Customer shall be the Member Cooperative's total demand and energy requirements for the New Customer, including amounts sufficient to compensate for losses on the Big Rivers' transmission system as set forth in Big Rivers' OATT.

(2) Expansion Demand for the expanded load requirements of an Existing Customer shall be the amount in kW by which the customer's Billing Demand exceeds the customer's Base Year peak demand, plus an additional amount of demand sufficient to compensate for losses on the Big Rivers' transmission system as set forth in Big Rivers' OATT. In those months in which there is Expansion Demand, Expansion Energy shall be the amount in kWh by which the customer's kWh usage

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By
Executive Director

for the current month exceeds the customer's actual kWh usage for the corresponding month of the Base Year, plus an additional amount of kWh sufficient to compensate for losses on the Big Rivers' transmission system as set forth in Big Rivers' OATT.

f. Rates and Charges:

Expansion rate and charges shall be the sum of the following, including but not limited to Real-Time pricing:

(1) Expansion Demand and Expansion Energy Rates:

The Expansion Demand rates, Expansion Energy rates, or both shall be established to correspond to the actual costs of power purchased by Big Rivers from Third-Party Suppliers selected by Big Rivers from which Big Rivers procures the supply and delivery of the type and quantity of service required by the Member Cooperative for resale to its customer. Such monthly costs shall include the sum of all Third-Party Supplier charges, including capacity and energy charges, charges to compensate for transmission losses on Third-Party transmission systems, and all transmission and ancillary services charges on Third-Party transmission systems paid by Big Rivers to purchase such Expansion Demand and Expansion Energy and have it delivered to Big Rivers' transmission system.

(2) Expansion Demand Transmission Rate:

Big Rivers shall assess unbundled charges for network transmission service on the Big Rivers' Transmission System according to the rates in Big Rivers' OATT applied to each kW taken as Expansion Demand.

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(3) Ancillary Services Rates for Expansion Demand and Expansion Energy:

Big Rivers shall assess unbundled rates for all ancillary services required to serve load served under this rate schedule. Big Rivers shall supply the following six ancillary services as defined and set forth in Big Rivers' OATT: (1) Scheduling, System Control and Dispatch; (2) Reactive Supply and Voltage Control from Generation Sources Services; (3) Regulation and Frequency Response Service; (4) Energy Imbalance Service; (5) Operating Reserve - Spinning Reserve Service; and (6) Operating Reserve - Supplemental Reserve Service. Generation-based ancillary services required to serve customers may, at Big Rivers' option, be purchased separately from Third-Party Suppliers other than LEM, in which case the actual costs of such ancillary services shall be passed through to the respective Member Cooperative. Alternatively, where Big Rivers supplies such ancillary services from its own resources (including additional purchases from LEM), such services will be provided under Big Rivers' tariff rates for such services as contained in Big Rivers' OATT.

(4) Big Rivers Adder

In addition to the charges contained in Items 10(f)(1), (2) and (3), Big Rivers shall charge $.38 per kW/month for each kW billed to the Member Cooperative under this tariff for resale by the Member Cooperative to the qualifying customer.

g. Meters

Big Rivers shall provide an appropriate meter to all Large Industrial Customer Delivery Point customers served under this rate schedule.

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Third Revised Sheet No. 66
Cancelling Second Revised Sheet No. 66

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(T) h. BILLING FORM:

INVOICE
BIG RIVERS ELECTRIC CORP., P.O. BOX 24, HENDERSON, KY 42420

TO: LARGE INDUSTRIAL CUSTOMER EXPANSION ACCOUNT
DELIVERY POINTS SERVICE FROM / / THRU / /
USAGE:
DEMAND / TIME / DAY METER MULT. kW DEMAND
POWER FACTOR BASE PEAK AVERAGE BILLED
EXPANSION DEMAND kW BILLED
ENERGY PREVIOUS PRESENT DIFFERENCE MULT. kWh USED
EXPANSION ENERGY kWh USED

EXPANSION DEMAND & EXPANSION ENERGY

EXPANSION DEMAND, INCLUDING LOSSES kW TIMES $____ EQUALS $__________

P/F PENALTY kW TIMES $____ EQUALS $__________

EXPANSION ENERGY, INCLUDING LOSSES kWh TIMES $____ EQUALS $__________
OTHER EXPANSION SERVICE CHARGES EQUALS $__________
SUBTOTAL $__________

EXPANSION DEMAND TRANSMISSION
LOAD RATIO SHARE OF NETWORK LOAD $__________

EXPANSION DEMAND & EXPANSION ENERGY ANCILLARY SERVICES
SCHEDULING, SYSTEM CONTROL & DISPATCH SERVICE $__________
REACTIVE SUPPLY & VOLTAGE CONTROL FROM GENERATION SOURCES SERVICE $__________
REGULATION & FREQUENCY RESPONSE SERVICE $__________
ENERGY IMBALANCE SERVICE $__________
OPERATING RESERVE-SPINNING RESERVE SERVICE $__________
OPERATING RESERVE-SUPPLEMENTAL RESERVE SERVICE $__________

BIG RIVERS ADDER
EXPANSION DEMAND kW TIMES $____ EQUALS $__________

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PURSUANT TO 807 KAR 5:011
SECTION 9 (1)
By [signature]
Executive Director

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For All Territory Served By
Cooperative's Transmission System

BIG RIVERS ELECTRIC CORPORATION

PSC No. 22
First Revised Sheet No. 67
Cancelling Original Sheet No. 67

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RESTITUTION ADJUSTMENT
HISTORIC kWh TIMES $.____ EQUALS $________

TOTAL AMOUNT DUE $________

LOAD FACTOR
ACTUAL MILLS PER kWh

DUE IN IMMEDIATELY AVAILABLE FUNDS ON OR BEFORE THE FIRST WORKING DAY AFTER THE 24TH OF THE MONTH

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FEB 25 2000

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11. BIG RIVERS ELECTRIC CORPORATION VOLUNTARY PRICE CURTAILABLE SERVICE RIDER

a. Availability:

This Rider is available to the Member Cooperatives of Big Rivers, to be used in conjunction with any of Big Rivers' standard tariffs or special contracts, for Curtailable Service offered by a Member Cooperative to individual customers (CS Customers) capable of curtailing at least 1,000 kW of load upon request.

b. Conditions of Service:

(1) Any request for curtailment under this Rider shall be made by Big Rivers through its Member Cooperatives. Each request for curtailment made by Big Rivers shall set forth the Terms of Curtailment in accordance with this Rider.

(2) Each curtailment will be voluntary and the Member Cooperative may accept or decline the Terms of Curtailment offered by Big Rivers.

(3) Big Rivers and the Member Cooperative shall mutually agree upon the method which shall be used to notify each CS Customer of a curtailment request under the provisions of this Rider. The method shall specify the means of communicating such curtailment (e.g., telephone, pager) and shall designate the CS Customer's representative(s) to receive said notification. The Member Cooperative is ultimately responsible for delivering and acting upon a curtailment notification from Big Rivers.

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(4) Big Rivers will endeavor to provide as much advance notice as possible of requests for curtailments under this Rider including an estimate of the duration of such curtailments. However, upon acceptance of the Terms of Curtailment, the load of the CS Customer, subject to those terms, shall be curtailed with as little as one (1) hour of advance notification.

(5) No responsibility or liability of any kind shall attach to or be incurred by Big Rivers for, or on account of, any loss, cost, expense or damage caused by or resulting from, either directly or indirectly, any notice of curtailment or curtailment of service under the provisions of this Rider.

(6) Big Rivers reserves the right to require verification of a CS Customer's ability to curtail its load. Inability to provide verification will be considered by Big Rivers when prioritizing requests for curtailment.

(7) The Member Cooperative shall not receive a Curtailment Savings Payment for any curtailment period in which a CS Customer's curtailable load is already down for an extended period due to a planned or unplanned outage as a result of vacation, renovation, repair, refurbishment, force majeure, strike or any event other than the customer's normal operating conditions.

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BY: Stephan Bell
SECRETARY OF THE COMMISSION

C. CS Curtailment Profiles:

For each of its CS Customers, the Member Cooperative shall submit a CS Curtailment Profile Form. CS Curtailment Profiles shall include such information as:

(1) The maximum number of hours per day that the CS Customer has the ability to curtail.

(2) The maximum number of days and maximum number of consecutive days by month that the CS Customer has the ability to curtail.

(3) The Minimum Curtailment Price at which each CS Customer is willing to curtail.

(4) The Minimum Curtailable Demand and the Maximum Curtailable Demand curtailable by the CS Customer upon request.

(5) The Member Cooperative may modify the Curtailment Profile for a CS Customer upon thirty (30) days notice in writing.

d. Curtailed Demand and Energy:

Hourly Curtailed Demands of a CS Customer shall be determined for each curtailment period for which the CS Customer has accepted Big Rivers' Terms of Curtailment.

For each curtailment period, Hourly Curtailed Demands of each CS Customer shall be defined as the differences between the CS Customer's Demand Requirements and the actual demands measured in each hour of the curtailment period. The Demand Requirements may generally be the average of the CS Customer's demands measured in the four hours prior to the hour immediately preceding the curtailment period, provided that Big Rivers may use an average of the demands measured in any two or more of the four hours to provide a more representative estimate of the CS Customers' Hourly Curtailed Demands. The Curtailment Energy of each curtailment period shall be the sum of the Hourly Curtailed Demands.

PUBLIC SERVICE COMMISSION
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PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephan O Bell
SECRETARY OF THE COMMISSION

e. Terms of Curtailment:

For each curtailment request, Big Rivers shall identify the CS Customer(s) (when so directed by the Member Cooperative) to be curtailed. Big Rivers shall inform the Member Cooperative or each CS Customer of a curtailment request in accordance with the agreed upon method of notification, at which time the Terms of Curtailment shall be defined. The Terms of Curtailment shall include the following:

(1) The time at which each curtailment period shall begin is to be established by Big Rivers. At least one (1) hour advance notice of each request for curtailment shall be provided.

(2) The requested curtailment duration in clock hours to be established by Big Rivers.

(3) The Curtailment Price to be paid by Big Rivers for each curtailment. The Curtailment Price shall be determined by Big Rivers on a case by case basis but in each case shall not be less than the Minimum Curtailment Price.

(4) The Member Cooperative shall specify or arrange for the CS Customer to specify:

a. The demand in kW (Curtailable Demand) that will be curtailed during the curtailment period, which shall not be less than the Minimum Curtailable Demand.

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OF KENTUCKY
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PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephan O Bell
SECRETARY OF THE COMMISSION

b. The Maximum Curtailment Period Demand (MCPD) to be purchased by the CS Customer during the curtailment period, which shall be the maximum hourly demand to be delivered by Big Rivers to the Member Cooperative for resale to the CS Customer.

f. Curtailment Savings Payment:

The Curtailment Savings Payment for each curtailment period shall be equal to the product of the Curtailment Energy times the Curtailment Price for each respective curtailment period.

g. Monthly Savings Payment:

The Member Cooperative's Monthly Savings Payment shall be equal to the sum of the Curtailment Savings Payments for the calendar month, less any charges computed for Excess Energy. The Monthly Savings Payment will be paid directly to the Member Cooperative by check or billing credit. A statement will be provided with each Monthly Savings Payment showing the amounts attributable to each CS Customer. This amount will be recorded in the Rural Utilities Service's Uniform System of Accounts -- Electric under Other Power Supply Expenses, Account 557 – Other Expenses, such that the separate identity of this cost is preserved.

h. Charges For Excess Energy:

For any CS Customer whose Curtailable Demand is equal to or greater han 5,000 kW, should the Hourly Curtailed Demand be less than 75% of the Curtailable Demand in any hour of the curtailment period, then the Excess Demand for that hour shall be the difference between the Hourly Curtailed Demand and 75% of the Curtailable Demand. There will be no Excess Demand for any CS Customer who's Curtailable Demand is less than 5,000 kW. Excess Energy is the sum of any hourly Excess Demands.

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SECTION 9 (1)
BY: Stephan O Bell
SECRETARY OF THE COMMISSION

Any Excess Energy recorded during a curtailment period shall be charged at 150% of the Curtailment Price, in addition to the charges contained in the standard applicable rate for electric service. For any CS Customer who's Hourly Curtailed Demand is less than 75% of their Curtailable Demand, Big Rivers may not, at its discretion, allow such CS Customer to benefit from future curtailment opportunities.

i. Term:

Contracts under this Rider may be made for an initial period of one (1) year and shall remain in effect thereafter until either party provides to the other at least 30 days' written notice prior to the start of the next year of its intention to discontinue service under the terms of this Rider.

j. Special Terms and Conditions:

CS Customer information, including, but not limited to, CS Curtailment Profiles, shall remain confidential.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

APR 06 2000

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephan O Bell
SECRETARY OF THE COMMISSION

RULES AND REGULATIONS

~~12. MEMBER DISCOUNT ADJUSTMENT RIDER~~

~~a. Availability:~~

~~Available pursuant to Section A.7. of this tariff for electric service provided by Big Rivers to its Member Rural Electric Cooperatives for all Rural Delivery Points and Large Industrial Customer Delivery Points, served under Rate Schedule C.4.d. and Rate Schedule C.7. respectively.~~

~~b. Applicability:~~

~~Applicable in all territory served by Big Rivers' Member Cooperatives.~~

~~c. Discount Adjustment Rate:~~

D ~~The amount of each Monthly Discount Adjustment will be \$306,666.67. Each month Big Rivers will total the amounts of all bills issued to its Member Cooperatives for service under Rate Schedule C.4.d. and Rate Schedule C.7. in the previous billing month (the "Unadjusted Billing Revenues"). Each bill in the current billing month will state a credit in an amount calculated by muliplying (i) the ratio of unadjusted billing revenue contained in the bill for the previous billing month to total Unadjusted Billing Revenues times (ii) the Monthly Discount Adjustment. The credit on each bill in the current billing month will appear, in dollars and cents, on the line titled "Adjustment" in the demand section of the bill, where the credit will also be stated as an equivalent billing demand kW rate, in dollars and cents rounded to seven decimal places.~~

~~T d. This Tariff Rider shall be effective for service rendered 12:01 a.m. September 1, 2007 through August 31, 2008.~~

12. INTENTIONALLY LEFT BLANK

13. RENEWABLE RESOURCE ENERGY SERVICE TARIFF RIDER

a. Applicability:

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

b. Availability:

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

c. Conditions of Service:

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

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

d. Monthly Rate:

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

e. Billing:

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

RULES AND REGULATIONS

f. INTENTIONALLY LEFT BLANK

D

~~f. Member Discount Adjustment Rider:~~

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

Big Rivers Electric Corporation
Case No. 2009-00040
Historical Test Period Filing Requirements

EXHIBIT 9

Filing Requirement
807 KAR 5:001 Section 10(1)(a)9
Sponsoring Witness: David A. Spainhoward

Description of Filing Requirement:

A statement that customer notice has been given in compliance with subsections (3) and (4) of this section with a copy of the notice.

Response:

Big Rivers has given customer notice of this proposed rate adjustment in compliance with 807 KAR 5:001 Section 10(3) and (4), and a certificate with a copy of the notice attached is appended hereto. A blackline version of Big Rivers' tariff, showing the proposed changes, was attached to the notice sent to Big Rivers' members, but the tariff has not been reproduced here as it is already reproduced in Exhibit 8.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

Notice and Application by Big Rivers Electric)
Corporation for a General Adjustment in Rates) Case No. 2009-00040

CERTIFICATE OF NOTICE

To the Public Service Commission, Frankfort, Ky.

Pursuant to the Rules Governing Tariffs (effective June 2, 1982), I hereby certify that I am President and Chief Executive Officer of Big Rivers Electric Corporation, a utility furnishing wholesale electric service within the Commonwealth of Kentucky, which on the 2nd day of March, 2009, issued its Tariff First Revised Sheet No. 5 cancelling Original Sheet No. 5, First Revised Sheet No. 6 cancelling Original Sheet No. 6, Original Sheet No. 6a, First Revised Sheet No. 20 cancelling Original Sheet No. 20, Third Revised Sheet No. 38 cancelling Second Revised Sheet No. 38, First Revised Sheet No. 52 cancelling Original Sheet No. 52, First Revised Sheet No. 54 cancelling Original Sheet No. 54, First Revised Sheet No. 55 cancelling Original Sheet No. 55, Seventh Revised Sheet No. 74 cancelling Sixth Revised Sheet No. 74, and First Revised Sheet No. 77 cancelling Original Sheet No. 77, each to become effective April 2, 2009, and that notice to the public of the issuing of the same is being given in all respects as required by Section 8 of said administrative regulation, as follows:

On the 27th day of February, 2009, the same was exhibited for public inspection at the office and place of business of Big Rivers Electric Corporation in the territory affected thereby, to wit, at 201 Third Street, Henderson, Kentucky, and that the same will be kept open to public inspection at said office and place of business in conformity with the requirements of Section 8 of said administrative regulation.

On the 27th day of February, 2009, typewritten or printed notice of the proposed rates or administrative regulations was mailed to each of the three members/customers of Big Rivers Electric Corporation whose rates or charges will be increased thereby, a copy of said notice being attached thereto.

Given under my hand this 2nd day of March, 2009.

Mark A. Bailey

Mark A. Bailey
201 Third Street
P.O. Box 24
Henderson, Kentucky 42419-0024

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

Notice and Application by Big Rivers Electric Corporation for a General Adjustment in Rates	))	Case No. 2009-00040

CERTIFICATE OF NOTICE

To the Public Service Commission, Frankfort, Ky.

Pursuant to the Rules Governing Tariffs (effective June 2, 1982), I hereby certify that I am President and Chief Executive Officer of Big Rivers Electric Corporation, a utility furnishing wholesale electric service within the Commonwealth of Kentucky, which on the 2nd day of March, 2009, issued its Tariff First Revised Sheet No. 5 cancelling Original Sheet No. 5, First Revised Sheet No. 6 cancelling Original Sheet No. 6, Original Sheet No. 6a, First Revised Sheet No. 20 cancelling Original Sheet No. 20, Third Revised Sheet No. 38 cancelling Second Revised Sheet No. 38, First Revised Sheet No. 52 cancelling Original Sheet No. 52, First Revised Sheet No. 54 cancelling Original Sheet No. 54, First Revised Sheet No. 55 cancelling Original Sheet No. 55, Seventh Revised Sheet No. 74 cancelling Sixth Revised Sheet No. 74, and First Revised Sheet No. 77 cancelling Original Sheet No. 77, each to become effective April 2, 2009, and that notice to the public of the issuing of the same is being given in all respects as required by Section 8 of said administrative regulation, as follows:

On the 27th day of February, 2009, the same was exhibited for public inspection at the office and place of business of Big Rivers Electric Corporation in the territory affected thereby, to wit, at 201 Third Street, Henderson, Kentucky, and that the same will be kept open to public inspection at said office and place of business in conformity with the requirements of Section 8 of said administrative regulation.

On the 27th day of February, 2009, typewritten or printed notice of the proposed rates or administrative regulations was mailed to each of the three members/customers of Big Rivers Electric Corporation whose rates or charges will be increased thereby, a copy of said notice being attached thereto.

Given under my hand this 2nd day of March, 2009.

Mark A. Bailey

Mark A. Bailey
201 Third Street
P.O. Box 24
Henderson, Kentucky 42419-0024

Big Rivers
ELECTRIC CORPORATION

201 Third Street
P.O. Box 24
Henderson, KY 42419-0024
270-827-2561
www.bigrivers.com

February 27, 2009

Mr. Burns Mercer, President
Meade County RECC
P. O. Box 489
Brandenburg, KY 40108

Mr. Sandy Novick, President
Kenergy Corp.
P. O. Box 18
Henderson, KY 42419-0018

Mr. Kelly Nuckols, President
Jackson Purchase Energy Corp.
P. O. Box 4030
Paducah, KY 42002-4030

Gentlemen:

Big Rivers Electric Corporation ("Big Rivers") gave notice to the Kentucky Public Service Commission on January 30, 2009, as amended on February 2, 2009, pursuant to 807 KAR 5:001 Section 10(2), of its intent to file a rate application no earlier than four (4) weeks from that date. Big Rivers proposes adjustments to its wholesale electric tariff to become effective April 1, 2009.

The proposed adjustments in Big Rivers' wholesale electric rates and tariffs are more fully described in the proposed tariffs attached to this letter. Also attached to this letter are schedules showing (i) the amount of the rate change requested in both dollar amounts and percentage change for each customer classification to which the proposed rate change will apply; (ii) the present rates and the proposed rates for each customer class to which the proposed rates would apply; and (iii) the effect upon the average bill for each customer class to which the proposed rate change will apply.

The rates contained in this notice are the rates proposed by Big Rivers; however, the Public Service Commission may order rates to be charged that differ from the proposed rates. Such action may result in rates for members other than the rates proposed by Big Rivers.

Any corporation, association, or person with a substantial interest in this matter may request to intervene, by written request, within thirty (30) days after the date of mailing of this notice of the proposed rate changes, although the Public Service Commission may grant intervention beyond the thirty (30) day period for good cause shown. The request to intervene shall be submitted to the Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the request including the status and interest of the party.

Any person who has been granted intervention by the Public Service Commission may obtain copies of the rate application and any other filings made by Big Rivers by contacting Big Rivers at the address and telephone number shown above. Any person may examine the rate application, filed testimony and any other filings made by Big Rivers at the main offices of Big Rivers, located at the address shown above, or at the offices of the Public Service Commission, located at 211 Sower Boulevard, Frankfort, Kentucky, telephone number (502) 564-3490.

Sincerely yours,

BIG RIVERS ELECTRIC CORPORATION

Mark A. Bailey

Mark A. Bailey
President and CEO

Pm
Attachments

Big Rivers Electric Corporation

Schedule Showing the Amount of Rate Change Requested in Both Dollar Amounts and Percentage Change for Each Customer Classification for which the Proposed Rate Change will Apply

	Dollar Amount of Rate Change	Percentage Change
Rural Delivery Point Service	$ 18,447,227	21.6%
Large Industrial Customer Delivery Point Service	$ 6,489,995	21.6%

Big Rivers Electric Corporation

Schedule Showing the Present and Proposed Rates for Each Customer Classification for which the Proposed Rate Change will Apply

	Present Rates			Proposed Rates		
Rural Delivery Point Service						
Demand Charge	$	7.370	/kW/Month	$	8.963	/kW/Month
Energy Charge	$	0.020400	/kWh	$	0.024811	/kWh
Large Industrial Customer Delivery Point Service						
Demand Charge	$	10.150	/kW/Month	$	12.345	/kW/Month
Energy Charge	$	0.013715	/kWh	$	0.016680	/kWh
Cogeneration and Small Power Production Sales Tariff - Over 100 kW						
Demand Charge	$	7.370	/kW/Month	$	8.963	/kW/Month
Demand Charge -- Weekly	$	1.835	/kW/Week		2.241	/kW/Week
Energy Charge	$	0.020400	/kWh	$	0.024811	/kWh

Note: There are no customers currently served under the Cogeneration and Small Power Production Sales Tariff - Over 100 kW

Big Rivers Electric Corporation

Schedule Showing the Effect Upon the Average Bill for Customer Classification for which the Proposed Rate Change will Apply

	Average Bill at Present Rates	Average Bill at Proposed Rates	Dollar Change	Percentage Change
Rural Delivery Point Service	$ 2,370,252	$ 2,882,675	$ 512,423	21.6%
Large Industrial Customer Delivery Point Service	$ 138,958	$ 169,004	$ 30,046	21.6%

Note: For the Rural Delivery Point Service the average represents the average bill for the three members served under the rate, and for the Large Industrial Customer Delivery Point Service the average represents the average bill per industrial customer served by the member systems.

Big Rivers Electric Corporation
Case No. 2009-00040
Historical Test Period Filing Requirements

EXHIBIT 10

Filing Requirement
807 KAR 5:001 Section 10(2)
Sponsoring Witness: David A. Spainhoward

Description of Filing Requirement:

Notice of Intent. Utilities with gross annual revenues greater than $1,000,000 shall file with the commission a written notice of intent to file a rate application at least four (4) weeks prior to filing their application. The notice of intent shall state whether the rate application shall be supported by a historical test period or a fully forecasted test period. This notice shall be served upon the Attorney General, Utility Intervention and Rate Division.

Response:

The required notice of intent has been given. A copy of the notice of intent is attached.

SULLIVAN, MOUNTJOY, STAINBACK & MILLER PSC

ATTORNEYS AT LAW

January 30, 2009

RECEIVED

JAN 30 2009

PUBLIC SERVICE COMMISSION

Ronald M. Sullivan
Jesse T. Mountjoy
Frank Stainback
James M. Miller
Michael A. Fiorella
Allen W. Holbrook
R. Michael Sullivan
Bryan R. Reynolds
Tyson A. Kamuf
Mark W. Starnes
C. Ellsworth Mountjoy
Susan Montalvo-Gesser

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

Re: Big Rivers Electric Corporation - Notice of Intent

2009-00040

Dear Mr. Derouen:

Big Rivers Electric Corporation gives this notice pursuant to 807 K.A.R. 5:001§10(2), through counsel, of its intent to file no sooner than four weeks from today a notice of a general adjustment in its rates. A copy of this notice has been served upon the Kentucky Attorney General, Utility Intervention and Rate Division.

Please serve any order or other documents pertaining to this matter upon the following persons in addition to the undersigned:

Mark A. Bailey
President and CEO
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420

David A. Spainhoward
Vice President, External Relations and Interim Chief Production Officer
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420

Douglas L. Beresford
George F. Hobday
Hogan & Hartson, LLP
Columbia Square
555 Thirteenth Street, NW
Washington, D.C. 20004

Sincerely yours,

James M. Miller

James M. Miller
Counsel for Big Rivers Electric Corporation

cc: Mark A. Bailey

Telephone (270) 926-4000
Telecopier (270) 683-6694

100 St. Ann Building
PO Box 727
Owensboro, Kentucky
42302-0727

SULLIVAN, MOUNTJOY, STAINBACK & MILLER PSC

ATTORNEYS AT LAW

RECEIVED

FEB 02 2009

PUBLIC SERVICE COMMISSION

Via Hand Delivery

February 2, 2009

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

Re: Big Rivers Electric Corporation - Notice of Intent

Dear Mr. Derouen:

2009-00040

Big Rivers Electric Corporation amends its January 30, 2009, Notice of Intent to file a notice of a general adjustment in its rates to state that the filing will be supported by an historical test period. A copy of this amendment to the Notice of Intent has been served upon the Kentucky Attorney General, Utility Intervention and Rate Division.

Sincerely yours,

James M. Miller

James M. Miller
Counsel for Big Rivers Electric Corporation

Telephone (270) 926-4000
Telecopier (270) 683-6694

.J0 St. Ann Building
PO Box 727
Owensboro, Kentucky
42302-0727

Big Rivers Electric Corporation
Case No. 2009-00040
Historical Test Period Filing Requirements

EXHIBIT 11

Filing Requirement
807 KAR 5:001 Section 10(3)
Sponsoring Witness: David A. Spainhoward

Description of Filing Requirement:

Form of notice to customers. Every utility filing an application pursuant to this section shall notify all affected customers in the manner prescribed herein. The notice shall include the following information:

(a) The amount of the change requested in both dollar amounts and percentage change for each customer classification to which the proposed rate change will apply;

(b) The present rates and the proposed rates for each customer class to which the proposed rates would apply;

(c) Electric, gas, water and sewer utilities shall include the effect upon the average bill for each customer class to which the proposed rate change will apply;

(d) Local exchange companies shall include the effect upon the average bill for each customer class for the proposed rate change in basic local service;

(e) A statement that the rates contained in this notice are the rates proposed by (name of utility); however, the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice;

(f) A statement that any corporation, association, or person with a substantial interest in the matter may, by written request, within thirty (30) days after publication or mailing of this notice of the proposed rate changes request to intervene; intervention may be granted beyond the thirty (30) day period for good cause shown;

Big Rivers Electric Corporation
Case No. 2009-00040
Historical Test Period Filing Requirements

EXHIBIT 11

Filing Requirement
807 KAR 5:001 Section 10(3)
Sponsoring Witness: David A. Spainhoward

Description of Filing Requirement (continued):

(g) A statement that any person who has been granted intervention by the commission may obtain copies of the rate application and any other filings made by the utility by contacting the utility through a name and address and phone number stated in this notice;

(h) A statement that any person may examine the rate application and any other filings made by the utility at the main office of the utility or at the commission's office indicating the addresses and telephone numbers of both the utility and the commission; and

(i) The commission may grant a utility with annual gross revenues greater than $1,000,000, upon written request, permission to use an abbreviated form of published notice of the proposed rates provided the notice includes a coupon which may be used to obtain all of the information required herein.

Response:

Please refer to Exhibit 9.

Big Rivers Electric Corporation
Case No. 2009-00040
Historical Test Period Filing Requirements

EXHIBIT 12

Filing Requirement
807 KAR 5:001 Section 10(4)(a)
Sponsoring Witness: David A. Spainhoward

Description of Filing Requirement:

Manner of notification. Sewer utilities shall give the required typewritten notice by mail to all of their customers pursuant to KRS 278.185.

Response:

Not applicable.

Big Rivers Electric Corporation
Case No. 2009-00040
Historical Test Period Filing Requirements

EXHIBIT 13

Filing Requirement
807 KAR 5:001 Section 10(4)(b)
Sponsoring Witness: David A. Spainhoward

Description of Filing Requirement:

Manner of notification. Applicants with twenty (20) or fewer customers affected by the proposed general rate adjustment shall mail the required typewritten notice to each customer no later than the date the application is filed with the commission.

Response:

See Exhibit 9.

Big Rivers Electric Corporation
Case No. 2009-00040
Historical Test Period Filing Requirements

EXHIBIT 14

Filing Requirement
807 KAR 5:001 Section 10(4)(c)
Sponsoring Witness: David A. Spainhoward

Description of Filing Requirement:

Manner of notification. Except for sewer utilities, applicants with more than twenty (20) customers affected by the proposed general rate adjustment shall give the required notice by one (1) of the following methods:

1. A typewritten notice mailed to all customers no later than the date the application is filed with the commission;

2. Publishing the notice in a trade publication or newsletter which is mailed to all customers no later than the date on which the application is filed with the commission; or

3. Publishing the notice once a week for three (3) consecutive weeks in a prominent manner in a newspaper of general circulation in the utility's service area, the first publication to be made within seven (7) days of the filing of the application with the commission.

Response:

Not applicable; see Exhibit 9.

EXHIBIT 15

Filing Requirement
807 KAR 5:001 Section 10(4)(d)
Sponsoring Witness: David A. Spainhoward

Description of Filing Requirement:

Manner of notification. If the notice is published, an affidavit from the publisher verifying the notice was published, including the dates of the publication with an attached copy of the published notice, shall be filed with the commission no later than forty-five (45) days of the filed date of the application.

Response:

Not applicable; see Exhibit 9.

Big Rivers Electric Corporation
Case No. 2009-00040
Historical Test Period Filing Requirements

EXHIBIT 16

Filing Requirement
807 KAR 5:001 Section 10(4)(e)
Sponsoring Witness: Mark A. Bailey

Description of Filing Requirement:

Manner of notification. If the notice is mailed, a written statement signed by the utility's chief officer in charge of Kentucky operations verifying the notice was mailed shall be filed with the commission no later than thirty (30) days of the filed date of the application.

Response:

See Exhibit 9.

Big Rivers Electric Corporation
Case No. 2009-00040
Historical Test Period Filing Requirements

EXHIBIT 17

Filing Requirement
807 KAR 5:001 Section 10(4)(f)
Sponsoring Witness: David A. Spainhoward

Description of Filing Requirement:

Manner of notification. All utilities, in addition to the above notification, shall post a sample copy of the required notification at their place of business no later than the date on which the application is filed which shall remain posted until the commission has finally determined the utility's rates.

Response:

Big Rivers has complied with 807 KAR 5:001 Section 10(4)(f) by posting its Notice, attached at Exhibit 9, at its place of business on March 2, 2009, and said Notice will remain posted until the Commission has finally determined Big Rivers' rates.

Big Rivers Electric Corporation
Case No. 2009-00040
Historical Test Period Filing Requirements

EXHIBIT 18

Filing Requirement
807 KAR 5:001 Section 10(6)(a)
Sponsoring Witness: C. William Blackburn

Description of Filing Requirement:

A complete description and quantified explanation for all proposed adjustments, with proper support for any proposed changes in price or activity levels, and any other factors which may affect the adjustment.

Response:

Please refer to the testimonies and exhibits of William Steven Seelye (Exhibit 46), C. William Blackburn (Exhibit 47), and David A. Spainhoward (Exhibit 48).

Big Rivers Electric Corporation
Case No. 2009-00040
Historical Test Period Filing Requirements

EXHIBIT 19

Filing Requirement
807 KAR 5:001 Section 10(6)(b)
Sponsoring Witness: David A. Spainhoward

Description of Filing Requirement:

If the utility has gross annual revenues greater than $1,000,000, the prepared testimony of each witness the utility proposes to use to support its application.

Response:

Please refer to the testimonies and exhibits of the following persons:

- Mark A. Bailey (Exhibit 45)
- William Steven Seelye (Exhibit 46)
- C. William Blackburn (Exhibit 47)
- David A. Spainhoward (Exhibit 48)

Big Rivers Electric Corporation
Case No. 2009-00040
Historical Test Period Filing Requirements

EXHIBIT 20

Filing Requirement
807 KAR 5:001 Section 10(6)(c)
Sponsoring Witness: David A. Spainhoward

Description of Filing Requirement:

If the utility has gross annual revenues less than $1,000,000, the prepared testimony of each witness the utility proposes to use to support its application or a statement that the utility does not plan to submit any prepared testimony.

Response:

Not applicable.

Big Rivers Electric Corporation
Case No. 2009-00040
Historical Test Period Filing Requirements

EXHIBIT 21

Filing Requirement
807 KAR 5:001 Section 10(6)(d)
Sponsoring Witness: William Steven Seelye

Description of Filing Requirement:

A statement estimating the effect that the new rates will have upon the revenues of the utility including, at minimum, the total amount of revenues resulting from the increase or decrease and the percentage of the increase or decrease.

Response:

The proposed rates will increase Big Rivers' annual electric revenues approximately $24,937,222 or 21.6%.

Big Rivers Electric Corporation
Case No. 2009-00040
Historical Test Period Filing Requirements

EXHIBIT 22

Filing Requirement
807 KAR 5:001 Section 10(6)(e)
Sponsoring Witness: William Steven Seelye

Description of Filing Requirement:

If the utility provides electric, gas, water, or sewer service the effect upon the average bill for each customer classification to which the proposed rate change will apply.

Response:

Big Rivers' proposed rate increase applies to its two standard rate classifications -- Rural Delivery Point Service and Large Industrial Delivery Point Service. Its three distribution member systems are served under the Rural Delivery Point Service, and the Large Industrial Delivery Point Service is applicable to 18 large industrial customers served by Big Rivers' member systems.

The average monthly bill for each customer classification to which the proposed rate change applies will increase as follows:

	$	%
Rural Delivery Point Rate	$512,423	21.6%
Large Industrial Delivery Point Rate	$ 30,046	21.6%

Big Rivers Electric Corporation
Case No. 2009-00040
Historical Test Period Filing Requirements

EXHIBIT 23

Filing Requirement
807 KAR 5:001 Section 10(6)(f)
Sponsoring Witness: C. William Blackburn

Description of Filing Requirement:

If the utility is a local exchange company, the effect upon the average bill for each customer class for the proposed rate change in basic local service.

Response:

Big Rivers is not a local exchange company.

Big Rivers Electric Corporation
Case No. 2009-00040
Historical Test Period Filing Requirements

EXHIBIT 24

Filing Requirement
807 KAR 5:001 Section 10(6)(g)
Sponsoring Witness: C. William Blackburn

Description of Filing Requirement:

An analysis of customers' bills in such detail that revenues from the present and proposed rates can be readily determined for each customer class.

Response:

Please refer to the Testimony of William Steven Seelye, Exhibit Seelye-4.

Big Rivers Electric Corporation
Case No. 2009-00040
Historical Test Period Filing Requirements

EXHIBIT 25

Filing Requirement
807 KAR 5:001 Section 10(6)(h)
Sponsoring Witness: C. William Blackburn

Description of Filing Requirement:

A summary of the utility's determination of its revenue requirements based on return on net investment rate base, return on capitalization, interest coverage, debt service coverage, or operating ratio, with supporting schedules.

Response:

Attached is the analysis showing the determination of Big Rivers' revenue requirements. As explained in the direct testimony of William Steven Seelye, Big Rivers' revenue requirements are determined using the cash-needs approach yielding a debt service coverage ratio of 1.0.

Big Rivers Electric Corporation
Revenue Requirement as of November 30, 2008

	Description	Net Adjusted Cash Requirements (1)
1	Other Power Supply	$ 123,504,105
2	O&M	24,825,414
3	Taxes	1,042,460
4	Debt Service	
5	Interest	62,942,690
6	Principal	39,960,906
7	Capital Expenditures	22,396,083
8	Interest Income	(180,435)
9	Other Deductions	1,421
10	Other Interest Expense	8,826
11	Special Funds	(92,937)
12	Leveraged Lease Termination	0
13	Subtotal	274,408,532
14	Less: Patronage Capital	(1,406)
15	Gross Revenue Requirement	$ 274,407,125
16	Revenue	249,505,415
17	**Revenue Deficiency**	$ 24,901,711

Net Cash Provided by Operating Activities (FFO)	$	62,356,989
Debt Service	$	102,903,596
Capital Expenditures	$	22,396,083
DSC after Capital Expenditures		1.00

(1) See Hite Exhibit 1

Big Rivers Electric Corporation
Case No. 2009-00040
Historical Test Period Filing Requirements

EXHIBIT 26

Filing Requirement
807 KAR 5:001 Section 10(6)(i)
Sponsoring Witness: C. William Blackburn

Description of Filing Requirement:

A reconciliation of the rate base and capital used to determine its revenue requirement.

Response:

Attached is the reconciliation of rate base and capital for the historical period. However, as indicated in Exhibit 27, proforma revenue requirements are based on the cash-needs approach and not return on rate base or capitalization.

Big Rivers Electric Corporation
Actual Rate Base as of November 30, 2008

		Actual Rate Base As of 30-Nov-08
	Rate Base	
1	Total Utility Plant at Original Cost	$ 1,788,791,957
2	Less: Accumulated Depreciation	877,406,098
3	Net Plant in Service	911,385,858
4	Other Rate Base Items:	
5	Material and Supplies -- 13 Month Average	738,123
6	Prepayments -- 13 Month Average	6,225,954
7	Cash Working Capital	18,336,038
8	Net Cost Rate Base	$ 936,685,973

Big Rivers Electric Corporation
Actual Capitalization as of November 30, 2008

	Component of Capitalization	Actual Capitalization As of 30-Nov-08
1	Debt	$ 1,037,676,551
2	Members' Equity	(140,808,940)
3	Total	$ 896,867,610

Big Rivers Electric Corporation

Reconciliation of Capitalization and Rate Base as of November 30, 2008

1	Capitalization	$	896,867,610
2	Assets per books not included in rate base:		
3	Total Other Property and Investments	$	(4,582,211)
4	Cash - General Funds		(52,229)
5	Special Deposits		(569,779)
6	Temporary Investments		(34,939,746)
7	Accounts Receivable - Sales of Energy (Net)		(16,525,975)
8	Accounts Receivable - Other (Net)		(2,557,736)
9	Other Current and Accrued Assets		(551,014)
10	Unamortized Debt Discount & Extraor. Prop. Losses		(739,786)
11	Other Deferred Debits		(94,253,482)
12	Accumulated Deferred Income Taxes		(6,332,491)
		$	(161,104,450)
13	Liabilities per books not included in rate base:		
14	Accumulated Operating Provisions and Asset Retirement Obligations	$	3,498,828
15	Accounts Payable		12,699,394
16	Taxes Accrued		805,592
17	Interest Accrued		7,872,071
18	Other Current and Accrued Liabilities		1,765,587
19	Deferred Credits		153,597,971
		$	180,239,443
20	Items Included In Rate Base:		
21	Material and Supplies - 13-month avg vs period end		52,792
22	Prepayments - Difference 13-month avg vs period end		2,294,539
23	Cash Working Capital		18,336,038
		$	20,683,369
24	Rate Base	$	936,685,973

Big Rivers Electric Corporation
Case No. 2009-00040
Historical Test Period Filing Requirements

EXHIBIT 27

Filing Requirement
807 KAR 5:001 Section 10(6)(j)
Sponsoring Witness: C. William Blackburn

Description of Filing Requirement:

A current chart of accounts if more detailed that the Uniform System of Accounts prescribed by the commission.

Response:

A copy of Big Rivers chart of accounts is attached.

CHART OF ACCOUNTS, as required by 807 KAR 5:001 Section 10(6)(j)

Account#	Description
101000	ELECTRIC PLANT IN SERVICE
104000	ELECTRIC PLANT LEASED TO OTHERS
105000	ELECTRIC PLANT HELD FOR FUTURE USE
106000	COMPLETED CONST NOT CLASSIFIED-ELECTRIC
107000	CONSTRUCTION WORK IN PROGRESS
107100	CWIP-NONINCR CAPITAL-BIG RIVERS CONTRIBUTION
107110	CWIP-INCREMENTL CAPITAL-BIG RIVERS CONTRIBUTION
107200	CWIP-NONINCR CAPITAL-WKEC CONTRIBUTION
107210	CWIP-INCREMENTL CAPITAL-WKE CONTRIBUTION
108100	ACCUM PROV FOR DEPRECIATION-STEAM PLANT
108400	ACCUM PROV FOR DEPRECIATION-GAS TURBINE
108500	ACCUM PROV FOR DEPRECIATION-TRANSMISSION
108700	ACCUM PROV FOR DEPRECIATION-GENERAL PLT
108800	RETIREMENT WORK IN PROGRESS
108900	ACCUM PROV FOR DEPRECIATION-RETIREMENTS
111100	ACCUM PROV FOR AMORT-STATION TWO ASSETS
111900	ACCUM PROV FOR AMORT-RETIREMENTS
123100	PATRONAGE CAPITAL FROM ASSOC COOPERATIVE
123230	OTHER INVESTMENTS IN ASSOC ORGANIZATIONS
124000	OTHER INVESTMENTS
124500	LONG TERM INVESTMENTS
128045	OTHER SPECIAL FUNDS-SALE/LEASEBACK-INVESTMENTS
128850	OTHER SPECIAL FUNDS-RUS COUNSEL-UNWIND
128860	OTHER SPECIAL FUNDS-MARITIME COMMUNICATIONS
131100	CASH-GENERAL
131110	CASH-RIGHT OF WAY
134100	SPECIAL DEPOSIT-TVA TRANS. RESERVATION
134200	SPECIAL DEPOSIT-CINERGY MARGIN CALL
135000	WORKING FUNDS
136000	TEMPORARY CASH INVESTMENTS
142100	CUSTOMER ACCOUNTS RECEIVABLE-ELECTRIC
143130	ACCTS REC-EMPLOYEES-OTHER
143131	ACCTS REC-EMPLOYEES-WORKERS COMP
143132	ACCTS REC-EMP COMPUTER ASSISTANCE PROGRM
143200	OTHER ACCOUNTS RECEIVABLE-MISCELLANEOUS
143420	ACCTS REC - WKEC/TRANSMISSION
143700	ACCTS REC-L G & E LEASE
143710	ACCT REC - WKE MEDICAL PREM
143720	ACCTS REC - E.ON-US - UNWIND
143725	ACCTS REC - E.ON-US - UNWIND-ADD'L AMOUNT
143800	ACCTS REC-WKEC PROPERTY TAXES ON LEASED ASSETS
154100	MATERIALS & SUPPLIES-TRANSMISSION
165100	PREPAYMENTS-INSURANCE

CHART OF ACCOUNTS, as required by 807 KAR 5:001 Section 10(6)(j)

Account#	Description
165300	PREPAYMENTS-EMPLOYER CONTRIB-RETIREMENT
165310	PREPAYMENTS-AMBAC INSURANCE PREMIUMS
165330	PREPAYMENTS-PURCHASING CARD (ELAN)
165350	PREPAYMENTS-FEDERAL INCOME TAX
171000	INTEREST & DIVIDENDS RECEIVABLE
171045	INTEREST & DIVIDENDS RECEIVABLE- SALE/LEASEBACK
173100	ACCRUED UTILITY REVENUE - LEM TRANSMISSION
173200	ACCRUED UTILITY REVENUE - OTHER
174200	ACCRUED MISC REVENUE- V. WACLAWEK
174300	ACCRUED MISC ASSET-SECURITY DEPOSIT
181100	UNAMORT DEBT EXP-2001 PCB REFUNDINGG $83.3 MILLION
183000	PRELIM SURVEY & INVESTIGATION CHARGES
184100	TRANSPORTATION EXPENSE-GAS & OIL
184200	TRANSPORTATION EXPENSE-OTHER
184300	TRANSPORTATION EXPENSE-LARGE TRUCKS
184301	TRANSPORTATION EXPENSE-VEHICLE 1
184303	TRANSPORTATION EXPENSE-VEHICLE 103
184316	TRANSPORTATION EXPENSE-VEHICLE 316
184320	TRANSPORTATION EXPENSE-VEHICLE 120
184338	TRANSPORTATION EXPENSE-VEHICLE 238
184339	TRANSPORTATION EXPENSE-VEHICLE 239
184348	TRANSPORTATION EXPENSE-VEHICLE 248
184353	TRANSPORTATION EXPENSE-VEHICLE 253
184375	TRANSPORTATION EXPENSE-VEHICLE 275
184376	TRANSPORTATION EXPENSE-VEHICLE 76
184400	CLEARING ACCOUNT - PURCHASING CARD
184500	CLEARING ACCOUNT - STAT TWO SWITCHYARD
186200	DEFERRED DEBIT-SEPA ENERGY USAGE
186300	DEFERRED DEBIT-POSTRETIREMENT BENEFITS
186500	DEFERRED DEBIT-MARKETING PMT/SETTLEMENT
186600	DEFERRED DEBIT-KE-UNREGULATED ACTIVITIES
186700	DEFERRED DEBIT-HANSON SITE-LEASE
189050	DEFERRED DEBIT-UNAMORTIZED LOSS - SALE/LEASEBACK
190100	ACCUMULATED DEFERRED INCOME TAXES
200100	MEMBERSHIPS ISSUED
201100	PATRONS CAPITAL CREDITS
201200	PATRONAGE CAPITAL ASSIGNABLE
208000	DONATED CAPITAL
211000	CONSUMERS CONTRIBUTION FOR DEBT SERVICE
219100	OPERATING MARGINS
219110	AOCI-POSTRETIREMENT BENEFITS
219200	NONOPERATING MARGINS
219400	OTHER MARGINS & EQUITIES-PRIOR PERIODS

CHART OF ACCOUNTS, as required by 807 KAR 5:001 Section 10(6)(j)

Account#	Description
224140	LONG-TERM DEBT-GREEN RIVER COAL SETTLEME
224141	LEM SETTLEMENT PROMISSORY NOTE
224145	LONG-TERM DEBT-SALE/LEASEBACK OBLIGATIONS
224147	LONG-TERM DEBT-OHIO COUNTY NOTE
224148	PMCC PROMISSORY NOTE
224350	NEW RUS NOTE
224360	RUS ARVP NOTE
228300	ACCUMULATED PROVISION-DEFERRED COMP
228310	ACCUMULATED PROVISION-SICK LEAVE BENEFIT
228320	ACCUM PROV-POST RETIREMENT BENEFITS
228330	ACCUM PROV-MEDICAL INSURANCE
228340	ACCUM PROV-DENTAL INSURANCE
228350	ACCUM PROV-POSTEMPLOYMENT BENEFITS
231100	NOTES PAYABLE - NRUCFC
232100	VOUCHERS PAYABLE-GENERAL FUND
232300	ACCOUNTS PAYABLE-OTHER
232301	ACCOUNTS PAYABLE-PURCHASED POWER
232302	ACCOUNTS PAYABLE-PWR SCHEDULED-ECAR-ARS
232305	ACCOUNTS PAYABLE-CONSOLIDATED SERVICES
232306	ACCOUNTS PAYABLE-PHILIPPINE PROJECT
232307	ACCOUNTS PAYABLE-LOADSTAR TRUSTEE
232600	ACCTS PAY-POSTRETIREMENT BENEFITS
232601	ACCTS PAY-DEFINED CONTRIB-RETIREMENT
232602	ACCTS PAY-EMPLOYER CONTRIB-401(K) PLAN
232700	ACCTS PAY-L G & E LEASE
232710	ACCTS PAY-INCREMENTAL O&M
232750	ACCOUNTS PAYABLE-NONINCREMETAL CAPITAL ASSETS
232751	ACCOUNTS PAYABLE-INCREMENTAL CAPITAL ASSETS
232900	ACCOUNTS PAYABLE-RETAINAGE
235000	CUSTOMER DEPOSITS
236100	TAXES ACCRUED-PROPERTY
236200	TAXES ACCRUED-FEDERAL UNEMPLOYMENT
236300	TAXES ACCRUED-FICA
236400	TAXES ACCRUED-STATE UNEMPLOYMENT
236500	TAXES ACCRUED-SALES & USE
236700	TAXES ACCRUED-FEDERAL INCOME
237100	ACCRUED INTEREST-NRUCFC
237141	ACCRUED INTEREST-SETTLEMENT PROMISSORY NOTE
237145	ACCRUED INTEREST-DEFEASED SALE/LEASEBACK
237148	ACCRUED INTEREST-PMCC PROMISSORY NOTE
237150	ACCRUED INTEREST-NEW RUS NOTE
237160	ACCRUED INTEREST-RUS ARVP NOTE
237600	INTEREST ACCRUED-OHIO COUNTY NOTES

CHART OF ACCOUNTS, as required by 807 KAR 5:001 Section 10(6)(j)

Account#	Description
241100	TAX COLLECTIONS PAYABLE-FEDERAL INCOME
241200	TAX COLLECTIONS PAYABLE-STATE INCOME-KY
241210	TAX COLLECTIONS PAYABLE-STATE INCOME-IND
241300	TAX COLLECTIONS PAYABLE-FICA
241400	TAX COLLECTIONS PAYABLE-HANCOCK CO-OCCP
241410	TAX COLLECTIONS-PAYABLE-OHIO CO-OCCP
241420	TAX COLLECTIONS-PAYABLE-MCCRACKEN CO-OCC
241430	TAX COLLECTIONS PAYABLE-HENDERSON-CITY
241440	TAX COLLECTIONS PAYABLE-MARION-CITY
241450	TAX COLLECTIONS PAYABLE-PADUCAH-CITY
241460	TAX COLLECTIONS PAYABLE-BALLARD-COUNTY
241470	TAX COLLECTIONS PAYABLE-CALDWELL-COUNTY
241480	TAX COLLECTIONS PAYABLE-DAVIESS-COUNTY
241490	TAX COLLECTIONS PAYABLE-GRAVES-COUNTY
241500	TAX COLLECTIONS PAYABLE-GRAYSON-COUNTY
241510	TAX COLLECTIONS PAYABLE-LIVINGSTON-CNTY
241520	TAX COLLECTIONS PAYABLE-MARSHALL-COUNTY
241530	TAX COLLECTIONS PAYABLE-MCLEAN-COUNTY
241540	TAX COLLECTIONS PAYABLE-UNION-COUNTY
241550	TAX COLLECTIONS PAYABLE-FRANKFORT-CITY
242200	ACCRUED PAYROLL
242310	ACCRUED VACATIONS
242320	ACCRUED HOLIDAYS
242400	ACCRUED INSURANCE
242410	ACCRUED SUPPLEMENTAL LIFE INSURANCE
242420	ACCRUED CANCER PLAN
242510	ACCRUED CAFETERIA PLAN
242520	ACCRUED CREDIT UNION
242530	ACCRUED UNITED FUND
242550	ACCRUED SURE & ACRE
242610	ACCRUED EMPLOYEE CONTRI-SAVINGS PLAN
242620	ACCRUED EMPLOYEE CONTRI-401(K) PLAN
242630	ACCRUED EMPLOYEE-401(K) PLAN LOANS
242650	ACCRUED EMPLOYEE CONTRI-DEF COMP
242700	ACCRUED UNION DUES
242800	ACCRUED MISC LIABILITY-EMPLOYEES
242990	ACCRUED LIABILITY-OTHER
253020	DEFERRED CREDIT-SEPA ENERGY USAGE
253045	DEFERRED CREDIT-SALE/LEASEBACK GAIN
253050	DEFERRED CREDIT-UNAMORT GAIN BOA BUY-OUT
253200	DEFERRED CREDIT-LEASE INCOME
253250	DEFERRED CREDIT-CAP ASSET RESIDUAL VALUE
253251	DEFERRED CREDIT-INCRMNTL RESIDUAL VALUE

CHART OF ACCOUNTS, as required by 807 KAR 5:001 Section 10(6)(j)

Account#	Description
253350	DEFERRED CREDIT-CEN EXCESS REACTIVE PWR
253360	DEFERRED CREDIT-ALCAN EXCESS REACTIVE PW
403510	DEPR EXPENSE-TRANSMISSION-STATIONS
403520	DEPR EXPENSE-TRANSMISSION-LINES
403700	DEPR EXPENSE-GENERAL PLANT
408110	TAXES-PROPERTY-REID
408111	TAXES-PROPERTY-CLEAN AIR-REID
408120	TAXES-PROPERTY-COLEMAN
408121	TAXES-PROPERTY-CLEAN AIR-COLEMAN
408130	TAXES-PROPERTY-GAS TURBINE
408140	TAXES-PROPERTY-GREEN
408141	TAXES-PROPERTY-CLEAN AIR-GREEN
408150	TAXES-PROPERTY-TRANSMISSION-STATIONS
408159	TAXES-PROPERTY-STATIONS-CONTRA
408160	TAXES-PROPERTY-TRANSMISSION-LINES
408169	TAXES-PROPERTY-LINES-CONTRA
408170	TAXES-PROPERTY-GENERAL PLANT
408179	TAXES-PROPERTY-GENERAL-CONTRA
408180	TAXES-PROPERTY-WILSON
408181	TAXES-PROPERTY-CLEAN AIR-WILSON
408190	TAXES-PROPERTY-HMPL
408191	TAXES-PROPERTY-CLEAN AIR-HMPL
409100	TAXES-FEDERAL INCOME
409200	TAXES-STATE INCOME/FRANCHISE
411100	PROVISION FOR DEFERRED INCOME TAXES-CR
412000	REVENUES FROM ELEC PLANT LEASED TO WKEC
412100	WKEC CONTRIBUTION TO CAP AMORT TO INCOME
413100	OPERATION EXPENSES-ELECTRIC PLANT LEASED
413200	MAINTENANCE EXPENSES-ELECTRIC PLANT LEASED TO WKEC
413300	DEPR EXP-ELECTRIC PLANT LEASED TO WKEC
413400	AMORT EXP-ELECTRIC PLANT LEASED TO WKEC
413500	EXPENSES OF ELEC PLANT LEASED TO OTHERS
419000	INTEREST & DIVIDEND INCOME
419045	INTEREST & DIVIDEND INCOME-DEFEASED SALE/LEASEBACK
421000	MISCELLANEOUS NONOPERATING INCOME
421100	GAIN ON DISPOSITION OF PROPERTY
421200	LOSS ON DISPOSITION OF PROPERTY
424000	OTHER CAPITAL CREDITS & PATRONAGE ALLOC
425000	AMORTIZATION EXPENSE - JP ACQUISITION ADJUSTMENT
425045	AMORTIZATION-SALE/LEASEBACK GAIN
425050	AMORTIZATION-SALE/LEASEBACK GAIN - BOA BUY-OUT
426100	DONATIONS-LABOR
426110	DONATIONS-EXPENSE

CHART OF ACCOUNTS, as required by 807 KAR 5:001 Section 10(6)(j)

Account#	Description
426300	PENALTIES
426400	CIVIC, POLITICAL, RELATED ACT.-LABOR
426410	CIVIC, POLITICAL, RELATED ACT.-EXPENSE
426500	OTHER DEDUCTIONS
427110	INTEREST ON LONG-TERM DEBT-REID
427111	INTEREST-LONG-TERM DEBT-CLEAN AIR-REID
427120	INTEREST ON LONG-TERM DEBT-COLEMAN
427121	INTEREST-LONG-TERM DEBT-CLEAN AIR-COLE
427130	INTEREST ON LONG-TERM DEBT-GAS TURBINE
427140	INTEREST ON LONG-TERM DEBT-GREEN
427141	INTEREST-LONG-TERM DEBT-CLEAN AIR-GREEN
427150	INTEREST ON LONG-TERM DEBT-STATIONS
427160	INTEREST ON LONG-TERM DEBT-LINES
427170	INTEREST ON LONG-TERM DEBT-GENERAL
427180	INTEREST ON LONG-TERM DEBT-WILSON
427181	INTEREST-LONG-TERM DEBT-CLEAN AIR-WILSON
427310	INTEREST CHARGED TO CONST-CR-REID
427311	INT CHARGED TO CONST-CR-CLEAN AIR-REID
427320	INTEREST CHARGED TO CONST-CR-COLEMAN
427321	INT CHARGED TO CONST-CR-CLEAN AIR-COLE
427330	INTEREST CHARGED TO CONST-CR-GAS TURBINE
427340	INTEREST CHARGED TO CONST-CR-GREEN
427341	INT CHARGED TO CONST-CR-CLEAN AIR-GREEN
427350	INTEREST CHARGED TO CONST-CR-STATIONS
427360	INTEREST CHARGED TO CONST-CR-LINES
427370	INTEREST CHARGED TO CONST-CR-GENERAL
427380	INTEREST CHARGED TO CONST-CR-WILSON
427381	INT CHARGED TO CONST-CR-CLEAN AIR-WILSON
428000	AMORTIZATION-DEBT EXPENSE
428150	AMORTIZE LOSS - DEFEASED SALE/LEASEBACK
431100	INTEREST EXPENSE-NRUCFC
431300	INTEREST EXPENSE-OTHER
434000	EXTRAORDINARY INCOME
435000	EXTRAORDINARY DEDUCTIONS
447101	SALES FOR RESALE - RUS - KE - RURAL
447110	SALES FOR RESALE-RUS-KE-ROLL COATER, INC
447112	SALES FOR RESALE-RUS-KE-KIMBERLY-CLARK
447113	SALES FOR RESALE-RUS-KE-DOMTAR PAPER CO.
447114	SALES FOR RESALE-RUS-KE-ALERIS INTERNAT
447117	SALES FOR RESALE-RUS-KE-ALCOA AUTOMOTIVE
447118	SALES FOR RESALE-RUS-KE-ARMSTRONG COAL
447119	SALES FOR RESALE-RUS-KE-MIDWAY MINE & PR
447124	SALES FOR RESALE-RUS-KE-ACCURIDE

CHART OF ACCOUNTS, as required by 807 KAR 5:001 Section 10(6)(j)

Account#	Description
447125	SALES FOR RESALE-RUS-KE-CARDINAL RIVER
447126	SALES FOR RESALE-RUS-KE-KB ALLOYS
447131	SALES FOR RESALE-RUS-KE-DYSON CREEK MINE
447132	SALES FOR RESALE-RUS-KE-ALLIED RESOURCES
447133	SALES FOR RESALE-RUS-KE-HOPKINS CO COAL
447134	SALES FOR RESALE-RUS-KE-KMMC,L.L.C.
447135	SALES FOR RESALE-RUS-KE-TYSON FOODS
447137	SALES FOR RESALE-RUS-KE-PATRIOT COAL
447138	SALES FOR RESALE-RUS-KE-VALLEY GRAIN
447139	SALES FOR RESALE-RUS-KE-DOTIKI #4
447140	SALES FOR RESALE-RUS-MC-RURAL
447151	SALES FOR RESALE-RUS-JP-RURAL
447153	SALES FOR RESALE-RUS-JP-SHELL OIL
447171	SALES FOR RESALE-RUS-POWERSOUTH ENERGY
447175	SALES FOR RESALE-RUS-OGLETHORPE POWER
447177	SALES FOR RESALE-RUS-SIPC
447183	SALES FOR RESALE-RUS-ASSOC ELEC COOP
447185	SALES FOR RESALE-RUS-EAST KENTUCKY
447190	SALES FOR RESALE-RUS-HEREC
447191	SALES FOR RESALE-RUS-KE-CENTURY/ALCAN
447193	SALES FOR RESALE-RUS-KE-DOMTAR COGEN
447195	SALES FOR RESALE-RUS-WESTERN FARMERS ELE
447215	SALES FOR RESALE-OTHER-TVA
447230	SALES FOR RESALE-OTHER-SIGECO
447235	SALES FOR RESALE-OTHER-LEM
447237	SALES FOR RESALE-OTHER-LG&E/KU
447241	SALES FOR RESALE-OTHER-ENERGY AUTHORITY
447242	SALES FOR RESALE-OTHER-MISO
447243	SALES FOR RESALE-OTHER-PROGRESS ENERGY
447244	SALES FOR RESALE-OTHER-PJM
447245	SALES FOR RESALE-OTHER-ENTERGY-KOCH TRAD
447248	SALES FOR RESALE-OTHER-DTE ENERGY TRADIN
447255	SALES FOR RESALE-OTHER-SOUTHERN CO SVCS
447279	SALES FOR RESALE-OTHER-WABASH VALLEY PWR
447287	SALES FOR RESALE-OTHER-CARGILL POWER MKT
447289	SALES FOR RESALE-OTHER-CINCINNATI GAS/EL
447292	SALES FOR RESALE-OTHER-MORGAN STANLEY
447295	SALES FOR RESALE-OTHER-CONSTELLATION PWR
447296	SALES FOR RESALE-OTHER-EAGLE ENERGY
447297	SALES FOR RESALE-OTHER-MERRILL LYNCH COM
447299	SALES FOR RESALE-OTHER-TENASKA POWER SVC
454000	RENT FROM ELECTRIC PROPERTY
456000	OTHER ELECTRIC REVENUES

CHART OF ACCOUNTS, as required by 807 KAR 5:001 Section 10(6)(j)

Account#	Description
456100	OTHER ELEC REV-POWER SUPPLY
456101	OTHER ELEC REV - KENERGY
456160	OTHER ELEC REV - SIPC
456175	OTHER ELECTRIC REV - OGLETHORPE
456185	OTHER ELEC REV - EAST KY POWER
456190	OTHER ELEC REV - HEREC
456193	OTHER ELEC REV - DOMTAR PAPER COGEN
456195	OTHER ELEC REV - WESTERN FARMERS ELEC
456200	OTHER ELEC REV - NC ELEC MEMBERSHIP CORP
456201	OTHER ELEC REV - CINERGY
456220	OTHER ELEC REV - HMP&L
456230	OTHER ELEC REV - SIGECO
456240	OTHER ELEC REV - LGE
456245	OTHER ELEC REV - KOCH POWER SERVICES
456270	OTHER ELEC REV - LEM
456271	OTHER ELEC REV - LEM TIER 3
456272	OTHER ELEC REV - LEM - OTHER
456291	OTHER ELEC REV - DUKE ENERGY T & M
456299	OTHER ELEC REV - CARGILL - ALLIANT, LLC
555110	PURCHASED POWER-SEPA
555130	PURCHASED POWER-HEREC
555135	PURCHASED POWER-LEM
555136	PURCHASED POWER-LEM-ARBITRAGE
555137	PURCHASED POWER-LG&E/KU
555141	PURCHASED POWER-ENERGY AUTHORITY
555142	PURCHASED POWER-MISO
555144	PURCHASED POWER-PJM INTERCONNECTION
555148	PURCHASED POWER-DTE ENERGY TRADING, INC.
555155	PURCHASED POWER-SOUTHERN COMPANY
555170	PURCHASED POWER-SIGECO/VECTREN
555171	PURCHASED POWER-POWERSOUTH ENERGY COOP
555175	PURCHASED POWER-OGLETHORPE POWER
555177	PURCHASED POWER-SIPC
555179	PURCHASED POWER-WABASH VALLEY
555183	PURCHASED POWER-ASSOC ELEC COOP
555185	PURCHASED POWER-EAST KY POWER COOP
555187	PURCHASED POWER-CARGILL POWER MKT
555188	PURCHASED POWER-RELIANT
555189	PURCHASED POWER-CINCINNATI GAS & ELEC
555192	PURCHASED POWER-MORGAN STANLEY
555193	PURCHASED POWER-DOMTAR PAPER COGEN
555194	PURCHASED POWER-FORTIS
555195	PURCHASED POWER-WESTERN FARMERS ELECTRIC

CHART OF ACCOUNTS, as required by 807 KAR 5:001 Section 10(6)(j)

Account#	Description
555196	PURCHASED POWER-EAGLE ENERGY PARTNERS
555197	PURCHASED POWER-MERRILL LYNCH COMMODITIE
555198	PURCHASED POWER-CONSTELLATION ENERGY
555199	PURCHASED POWER-TENASKA POWER SERVICES
557110	OTHER EXP - POWER SUPPLY - ARBITRAGE
557111	OTHER EXP - POWER SUPPLY
557112	OTHER EXP - POWER SUPPLY MEMBER
560100	OPER SUPERVISION & ENG-LINES-LABOR
560110	OPER SUPERVISION & ENG-LINES-EXPENSE
560200	OPER SUPERVISION & ENG-STATIONS-LABOR
560210	OPER SUPERVISION & ENG-STATIONS-EXPENSE
561100	LOAD DISPATCHING-LABOR
561110	LOAD DISPATCHING-EXPENSE
562100	STATION EXPENSES-LABOR
562110	STATION EXPENSES-EXPENSE
562112	STATION EXPENSES-CUSTOMER SERVICE-EXP
563100	OVERHEAD LINE EXPENSES-LABOR
563110	OVERHEAD LINE EXPENSES-EXPENSE
565100	TRANSMISSION OF ELECTRICITY BY OTHERS
566100	MISC TRANSMISSION EXP-LINES-LABOR
566110	MISC TRANSMISSION EXP-LINES-EXPENSE
566200	MISC TRANSMISSION EXP-STATIONS-LABOR
566210	MISC TRANSMISSION EXP-STATIONS-EXPENSE
567200	RENTS-STATIONS
568100	MAINT SUPERVISION & ENG-LINES-LABOR
568110	MAINT SUPERVISION & ENG-LINES-EXPENSE
568200	MAINT SUPERVISION & ENG-STATIONS-LABOR
568210	MAINT SUPERVISION & ENG-STATIONS-EXPENSE
569100	MAINT STRUCTURES-LABOR
569110	MAINT STRUCTURES-EXPENSE
570100	MAINT STATION EQUIPMENT-LABOR
570110	MAINT STATION EQUIPMENT-EXPENSE
571100	MAINT OVERHEAD LINES-LABOR
571110	MAINT OVERHEAD LINES-EXPENSE
573100	MAINT MISC TRANSMISSION PLT-LINE-LABOR
573110	MAINT MISC TRANSMISSION PLT-LINE-EXPENSE
573200	MAINT MISC TRANSMISSION PLT-STA-LABOR
573210	MAINT MISC TRANSMISSION PLT-STA-EXPENSE
908100	CUSTOMER ASSISTANCE EXPENSES-LABOR
908110	CUSTOMER ASSISTANCE EXPENSES-EXPENSE
909110	INFORMATION & INSTRUCTION ADVERTISING EXP
910110	MISC CUSTOMER SERVICE & INFORMATIONAL EXP
913110	ADVERTISING EXPENSE

CHART OF ACCOUNTS, as required by 807 KAR 5:001 Section 10(6)(j)

Account#	Description
920100	ADMINISTRATIVE AND GENERAL SALARIES
920101	ADMIN & GENERAL SALARIES - POWER SUPPLY
920102	ADMIN & GENERAL SALARIES - CUSTOMER SERVICE
920103	ADMIN & GENERAL SALARIES - GENERATION
921100	OFFICE SUPPLIES AND EXPENSES
921101	OFFICE SUPPLIES & EXPENSES - POWER SUPPL
921102	OFFICE SUPPLIES & EXPENSES - CUSTOMER SERVICE
921103	OFFICE SUPPLIES & EXPENSES - GENERATION
923100	OUTSIDE SERVICES EMPLOYED
923101	OUTSIDE SERVICES - POWER SUPPLY
923102	OUTSIDE SERVICES - CUSTOMER SERVICE
923103	OUTSIDE SERVICES - GENERATION
923104	OUTSIDE SERVICES - TRANSMISSION
924150	PROPERTY INSURANCE-TRANSMISSION-STATIONS
924160	PROPERTY INSURANCE-TRANSMISSION-LINES
924170	PROPERTY INSURANCE-A&G
925100	INJURIES & DAMAGES-LABOR
925150	INJURIES & DAMAGES-TRANSMISSION-STATIONS
925160	INJURIES & DAMAGES-TRANSMISSION-LINES
925170	INJURIES & DAMAGES-A&G
925200	INJURIES & DAMAGES-EXPENSE
926100	EMPLOYEE PENSIONS & BENEFITS-LTD-LABOR
926150	EMPLOYEE PENSIONS & BENEFITS-STATIONS
926160	EMPLOYEE PENSIONS & BENEFITS-LINES
926170	EMPLOYEE PENSIONS & BENEFITS-A&G
926200	EMPLOYEE PENSIONS & BENEFITS-EXPENSE
928100	REGULATORY COMMISSION EXPENSES
930100	GENERAL ADVERTISING EXPENSES-LABOR
930110	GENERAL ADVERTISING EXPENSES-EXPENSE
930112	GENERAL ADVERTISING EXP - EXP - CUSTOMER
930200	MISCELLANEOUS GENERAL EXPENSES-LABOR
930210	MISCELLANEOUS GENERAL EXPENSES-EXPENSE
930211	MISC GENERAL EXPENSE - EXPENSE - POWER SUPPLY
930212	MISC GENERAL EXP - EXP - CUSTOMER SERVIC
930214	MISC GENERAL EXPENSE - EXPENSE - TRANSMISSION
931100	RENTS-ADMINISTRATIVE & GENERAL
935100	MAINTENANCE OF GENERAL PLANT-LABOR
935110	MAINTENANCE OF GENERAL PLANT-EXPENSE
935111	MAINT OF GENERAL PLANT - EXPENSE - POWER
935112	MAINT OF GENERAL PLANT - EXP - CUSTOMER

Big Rivers Electric Corporation
Case No. 2009-00040
Historical Test Period Filing Requirements

EXHIBIT 28

Filing Requirement
807 KAR 5:001 Section 10(6)(k)
Sponsoring Witness: C. William Blackburn

Description of Filing Requirement:

The independent auditor's annual opinion report, with any written communication from the independent auditor to the utility which indicates the existence of a material weakness in the utility's internal controls.

Response:

Big Rivers has not received any written communication from its auditor that there are any material weaknesses in its internal controls.

The independent auditor's (Deloitte & Touche, LLP) opinion report for the calendar year 2007 is included in Exhibit 34. Big Rivers expects Deloitte to issue its 2008 opinion report in April 2009.

Big Rivers Electric Corporation
Case No. 2009-00040
Historical Test Period Filing Requirements

EXHIBIT 29

Filing Requirement
807 KAR 5:001 Section 10(6)(l)
Sponsoring Witness: C. William Blackburn

Description of Filing Requirement:

The most recent Federal Energy Regulatory Commission or Federal Communication Commission audit reports.

Response:

Big Rivers is not regulated by the FCC. Big Rivers is subject to FERC regulation only for the NERC reliability standards. FERC has never conducted an audit of Big Rivers.

Big Rivers Electric Corporation
Case No. 2009-00040
Historical Test Period Filing Requirements

EXHIBIT 30

Filing Requirement
807 KAR 5:001 Section 10(6)(m)
Sponsoring Witness: C. William Blackburn

Description of Filing Requirement:

The most recent Federal Energy Regulatory Commission Form 1 (electric), Federal Energy Regulatory Commission Form 2 (gas), or Automated Reporting Management Information System Report (telephone) and Public Service Commission Form T (telephone);

Response:

Big Rivers, an electric utility, is not FERC jurisdictional for purposes of Federal Energy Regulatory Commission Form 1 (electric), and therefore does not prepare nor submit a Form 1. The Federal Energy Regulatory Commission Form 2 (gas), Automated Reporting Management Information System Report (telephone) and Public Service Commission Form T (telephone) are not applicable to Big Rivers.

Big Rivers Electric Corporation
Case No. 2009-00040
Historical Test Period Filing Requirements

EXHIBIT 31

Filing Requirement
807 KAR 5:001 Section 10(6)(n)
Sponsoring Witness: C. William Blackburn

Description of Filing Requirement:

A summary of the utility's latest depreciation study with schedules by major plant accounts, except that telecommunications utilities that have adopted the commission's average depreciation rates shall provide a schedule that identifies the current and test period depreciation rates used by major plant accounts. If the required information has been filed in another commission case a reference to that case's number and style will be sufficient.

Response:

Big Rivers' existing depreciation study that was performed by Burns and McDonnell in 1998, dated July 14, 1998, was approved for use by the RUS and the Commission shortly thereafter, and was implemented by Big Rivers as of July 1, 1998 ("1998 Depreciation Study"). The attached Table ES-2 per the 1998 Depreciation Study summarizes the results of the depreciation rate analysis by utility plant account as of December 31, 1997. The year-end 1997 plant account balances, reserve balances, and prior depreciation rates are shown, as are the depreciation lives, net salvage parameters and the depreciation rates derived in the 1998 Depreciation Study.

Table ES-2

DEPRECIATION RATE SUMMARY FOR PLANT IN SERVICE AT DECEMBER 31, 1997
Big Rivers Electric Corporation

Account	Description	As of 12-31-97 Plant Balance	Reserve Balance	Reserve Ratio	Existing Depreciation Rate	Remaining Life/Average Service Life	Proposed Depreciation Rate	Annual Depreciation Expense @ Existing Rate	@ Proposed Rate	Change
Organization										
301	Organization	$420	NA	NA	Non-Depr	NA	Non-Depr	NA	NA	NA
302	Organization	66,476	NA	NA	Non-Depr	NA	Non-Depr	NA	NA	NA
303	Training Costs	123,351	70,771	57.4	1.94	36.8	1.79	2,393	2,212	(181)
	Total Intangible Plant	$190,247	$70,771					$2,393	$2,212	($181)
Production										
310	Land	$3,837,577	NA	NA	Non-Depr	NA	Non-Depr	NA	NA	NA
311	Structures	119,706,208	54,485,719	45.5	1.94	37.3	1.71	2,322,300	2,050,211	(272,089)
312	Boiler Plant	598,498,979	247,200,370	41.3	1.94	36.8	1.79	11,610,880	10,733,398	(877,483)
312 A-K	Boiler Plant - Env Compl	327,382,062	129,584,675	39.6	4.25	35.8	1.89	13,913,738	6,192,633	(7,721,104)
314	Turbine	208,015,266	91,379,557	43.9	1.94	36.9	1.66	4,035,496	3,459,635	(575,862)
315	Electric Eqpt	56,310,799	25,391,156	45.1	1.94	37.0	1.60	1,092,429	901,108	(191,321)
316	Misc Eqpt	9,862,448	4,508,874	45.7	1.94	31.0	1.83	191,331	180,650	(10,682)
	Total Steam Plant	$1,323,613,337	$552,550,352					$33,166,175	$23,517,635	($9,648,541)
341	CT - Structures	$127,716	$77,330	60.5	1.45	17.4	2.31	$1,852	$2,954	$1,103
342	CT - Fuel Holders & Access	439,029	265,154	60.4	1.45	17.4	2.32	6,366	10,195	3,829
343	CT - Prime Movers	4,066,164	2,348,859	57.8	1.45	17.4	2.47	58,959	100,565	41,606
344	CT - Generators	1,102,964	683,994	62.0	1.45	17.4	2.23	15,993	24,586	8,593
345	CT - Access. Elec. Eqpt.	197,730	122,627	62.0	1.45	17.4	2.23	2,867	4,407	1,540
346	CT - Misc. Eqpt.	45,634	27,959	61.3	1.45	17.4	2.27	662	1,037	375
	Total Other Plant	$5,979,236	$3,525,923					$86,699	$143,744	$57,045
Transmission										
350	Land	$9,624,854	NA	NA	Non-Depr	NA	Non-Depr	NA	NA	NA
352	Structures	5,947,791	2,413,459	40.6	2.49	59	1.76	148,100	104,681	(43,419)
353	Station Eqpt	101,887,663	37,075,429	36.4	2.49	45	2.22	2,537,003	2,261,906	(275,097)
354	Towers	7,319,284	2,703,778	36.9	2.49	50	2.28	182,250	166,880	(15,370)
355	Poles	27,286,918	10,609,604	38.9	2.49	37	3.24	679,444	884,096	204,652
356	Lines	32,782,911	12,820,494	39.1	2.49	45	2.47	816,294	809,738	(6,557)
	Total Transmission Plant	$184,849,421	$65,622,763					$4,363,092	$4,227,301	($135,791)
General Plant										
389	Land	$579,102	NA	NA	Non-Depr	NA	Non-Depr	NA	NA	NA
390	Structures	4,450,889	1,448,258	32.5	2.00	27.2	2.59	89,018	115,278	26,260
391	Office Furniture & Eqpt [1]	6,568,007	5,781,196	88.0	10.57	89.7	1.11	694,365	73,196	(621,169)
392	Vehicles [2]	2,688,431	2,130,649	79.3	11.29	17.8	5.62	303,656	151,008	(152,647)
393	Stores Eqpt	177,057	123,099	69.5	4.00	28	3.57	7,082	6,321	(761)
394	Tools	465,244	375,644	80.7	4.00	33	2.85	18,610	13,259	(5,350)
395	Lab Eqpt	400,069	199,041	49.8	3.33	35	2.86	13,322	11,442	(1,880)
396	Power Operated Eqpt	319,898	276,355	86.4	8.33	23	0.00	26,648	0	(26,648)
397	Communication Eqpt	2,403,289	1,852,574	77.1	5.00	23	4.35	120,164	104,543	(15,621)
398	Miscellaneous Eqpt	176,727	132,279	74.8	6.67	18	5.44	11,788	9,614	(2,174)
	Total General Plant	$18,228,714	$12,319,094					$1,284,652	$484,661	($799,991)
Total 101 Plant in Service		$1,532,860,955	$634,088,904					$38,903,011	$28,375,553	($10,527,458)

[1] Represents sum of Office Furniture & Equipment (accounts 391.0, 391.6, 391.7), Computer-AS400 (account 391.2), and Computer-Engineering (account 391.3).
[2] Represents sum of Vehicles-General (account 392.2) and Vehicles-Transmission (account 392.3).

Big Rivers Electric Corporation
Case No. 2009-00040
Historical Test Period Filing Requirements

EXHIBIT 32

Filing Requirement
807 KAR 5:001 Section 10(6)(o)
Sponsoring Witness: C. William Blackburn

Description of Filing Requirement:

A list of all commercially available or in-house developed computer software, programs, and models used in the development of the schedules and work papers associated with the filing of the utility's application. This list shall include each software, program, or model; what the software, program, or model was used for; identify the supplier of each software, program, or model; a brief description of the software, program, or model; the specifications for the computer hardware and the operating system required to run the program.

Response:

Microsoft Word 2003, which is word processing software, and Microsoft Excel 2003, which is a spreadsheet program, were used to prepare filing documents and worksheets.

- Personal or multimedia computer with a Pentium 233 MHz processor or greater
- Microsoft Windows XP or higher operating system

Big Rivers Electric Corporation
Case No. 2009-00040
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EXHIBIT 32

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Response:

Microsoft Word 2003, which is word processing software, and Microsoft Excel 2003, which is a spreadsheet program, were used to prepare filing documents and worksheets.

- Personal or multimedia computer with a Pentium 233 MHz processor or greater
- Microsoft Windows XP or higher operating system

Big Rivers Electric Corporation
Case No. 2009-00040
Historical Test Period Filing Requirements

EXHIBIT 33

Filing Requirement
807 KAR 5:001 Section 10(6)(p)
Sponsoring Witness: C. William Blackburn

Description of Filing Requirement:

Prospectuses of the most recent stock or bond offerings.

Response:

See attached.

NEW ISSUE BOOK-ENTRY ONLY

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

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

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

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

Big Rivers Electric Corporation

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

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

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

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

Ambac

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

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

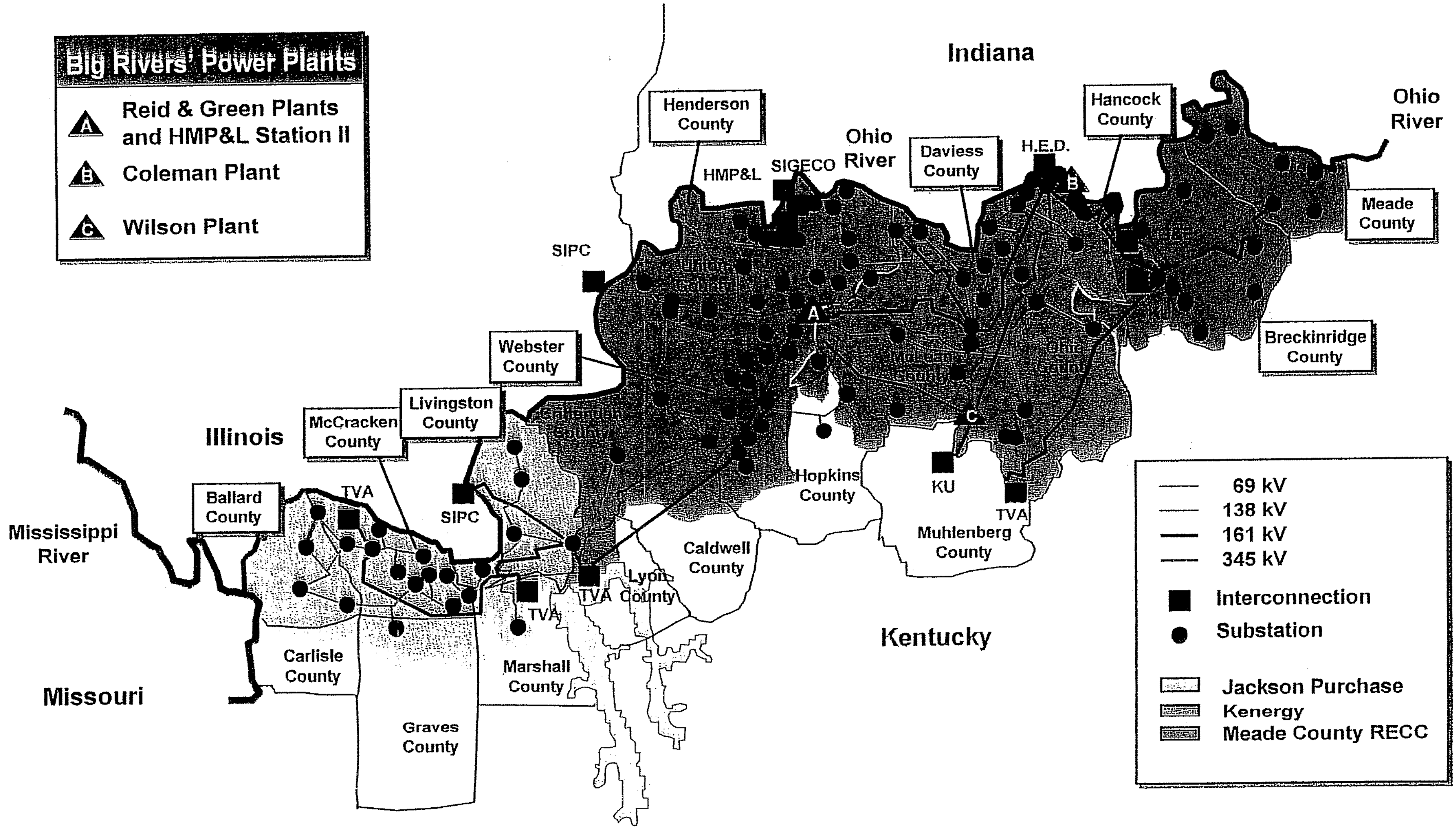
The 2001 Bonds are offered, subject to prior sale, when, as and if issued and accepted by Goldman, Sachs & Co., subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. Certain legal matters will be passed upon for Big Rivers by Sullivan, Mountjoy,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

Goldman, Sachs & Co.

July 18, 2001

SM PARS IS A SERVICEMARK OF GOLDMAN, SACHS & CO

Big Rivers Electric Corporation
System Map



Big Rivers Electric Corporation
201 Third Street
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Telephone: (270) 827-2561
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Officers

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

Directors

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

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

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

Independent Public Accountants
Arthur Andersen LLP
Memphis, Tennessee

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

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

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

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

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

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

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

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

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

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OFFERING STATEMENT

relating to

$83,300,000

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

INTRODUCTION

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

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

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

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

SECURITY AND SOURCES OF PAYMENT FOR THE 2001 BONDS

Bonds are Limited Obligations, Payment From Loan Repayments

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

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

2001 Note Secured by the Mortgage

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

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

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

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

BOND INSURANCE

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

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

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

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

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

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

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

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

2. payment of any redemption premium.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SOURCES AND USES OF FUNDS

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

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

DESCRIPTION OF THE 2001 BONDS

General Description of the 2001 Bonds

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

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

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

PARS 2001 Bonds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Redemption Provisions

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

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

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

* Measured from the Fixed Rate Conversion Date

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

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

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

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

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

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

THE COUNTY

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

BIG RIVERS ELECTRIC CORPORATION

Introduction

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Cooperative Principles

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

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

Management

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

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

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

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

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

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

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

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

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

Labor Relations

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

Relationship with RUS

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

Regulation of Big Rivers

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

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

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

Wholesale Power Contracts

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

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

Income Tax Status

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

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

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

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

LG&E Transaction

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SELECTED BIG RIVERS' FINANCIAL DATA

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

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

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

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

BIG RIVERS
BALANCE SHEET
(dollars in thousands)

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

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

Notes to Statement of Revenues and Expenses

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results of Operations

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

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

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

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

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

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

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

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

Retail Residential Rates

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

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

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

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

Regulation of the Members

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

Members' Relationship with RUS

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

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

Territorial Protection

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

Member Financial and Statistical Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) Including construction work in progress.

MEMBERS COMPETITIVE POSITION

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

BIG RIVERS' LITIGATION

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

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

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

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

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

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

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

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

FACTORS AFFECTING THE UTILITY INDUSTRY

General

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

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

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

Energy Policy Act of 1992

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

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

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

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

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

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

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

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

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

Federal Legislation and Executive Branch Recommendations

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

Other Matters

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

UNDERWRITING

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

CONTINUING DISCLOSURE

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

LITIGATION

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

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

TAX MATTERS

Federal Tax Matters

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

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

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

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

In addition, no assurance can be given that any future legislation will not cause interest on the 2001 Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent the holders thereof from realizing the full current benefit of the tax status of such interest. Further, no

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

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

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

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

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

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

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

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

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

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

Capitalization

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

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

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

Big Rivers' Debt

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

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

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

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

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

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

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

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

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

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

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

GENERATING FACILITIES AND THE STATION TWO FACILITY

General

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

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

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

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

Kenneth C. Coleman Plant

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

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

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

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

Robert D. Green Plant

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

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

Robert A. Reid Plant

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

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

D.B. Wilson Unit No. 1 Plant

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

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

Station Two Facility

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

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

Environmental Matters

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other Power Supply Resources

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

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

Power Marketing

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

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

Forecast of Member Load and Big Rivers' Resources

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

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

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

Power Resources and Member Load

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

Big Rivers' Wholesale Rates to the Members

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

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

TRANSMISSION FACILITIES

Transmission Systems

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

Interconnections

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

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

Open Access Tariff

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

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

THE MEMBERS

General

The Members of Big Rivers are local consumer-owned cooperative corporations serving retail residential, commercial and industrial customers on a non-profit basis. The territories served by the assurance can be given that any action of the Internal Revenue Service, whether by regulation, ruling, or selection of the 2001 Bonds or similar bonds for audit examination, would not affect the market price for the 2001 Bonds or could not affect the exclusion of interest on the 2001 Bonds from gross income for federal income tax purposes. The IRS has initiated a program of expanded audits of tax-exempt bonds.

APPROVAL OF LEGAL PROCEEDINGS

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

RATINGS

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

MISCELLANEOUS

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

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

APPENDIX A

BIG RIVERS ELECTRIC CORPORATION

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

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors of
Big Rivers Electric Corporation:

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

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

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

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

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

Arthur Andersen LLP

Memphis, Tennessee,
March 23, 2001.

BIG RIVERS ELECTRIC CORPORATION

BALANCE SHEETS

AS OF DECEMBER 31
(Dollars in thousands)

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

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

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

BIG RIVERS ELECTRIC CORPORATION

STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31
(Dollars in thousands)

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

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

BIG RIVERS ELECTRIC CORPORATION

STATEMENTS OF EQUITIES (DEFICIT)

FOR THE YEARS ENDED DECEMBER 31
(Dollars in thousands)

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

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

BIG RIVERS ELECTRIC CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31
(Dollars in thousands)

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

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

BIG RIVERS ELECTRIC CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2000
(Dollars in thousands)

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

Chapter 11 Bankruptcy Filing:

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

Emergence from Bankruptcy:

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

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

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

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

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

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

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

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

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

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

VIII. Big Rivers entered into a note payable with LEM for $19,676 to be repaid over the term of the Lease Agreement, which bears interest at 8% per annum, in consideration for LEM's assumption of the risk related to unforeseen costs with respect to power to be supplied to the Aluminum Smelters and the increased responsibility for financing capital improvements. The Company recorded this obligation as a component of deferred charges with the related payable recorded as long-term debt in the accompanying balance sheets. This deferred charge is amortized on a straight-line basis over the lease term.

IX. On the Effective Date, Big Rivers paid a non-refundable marketing payment of $5,933 to LEM, which has been recorded as a component of deferred charges. This amount is amortized on a straight-line basis over the lease term.

X. During the lease term, Big Rivers will be entitled to certain "billing credits" against amounts the Company owes to LEM under the power purchase agreement. Each month during the first 55 months of the lease term, Big Rivers receives a credit of $89. For the year 2011, Big Rivers will receive a credit of $2,611 and for the years 2012 through 2023, the Company will receive a credit of $4,111 annually. Big Rivers will recognize these credits as a reduction of power purchased as service is provided.

Upon attaining the Effective Date, the RUS Promissory Note (see Note 5) was replaced by two separate notes. The first note (the "New RUS Promissory Note") represents a stated principal balance of $1,022,583, net of $78,582 paid on the Effective Date, which bears a stated interest rate of 5.75% per annum, with a varying repayment schedule and an April 1, 2022 maturity date. The second note (the "RUS ARVP Note") represents a $265,000 obligation due to the RUS at the end of the Lease Agreement, and this obligation does not bear interest.

In accordance with Statement of Position ("SOP") 90-7, "Financial Reporting by Entities in Reorganization Under the Bankruptcy Code," at the Effective Date the Company was required to record its liabilities at fair value. In determining the fair value of Big Rivers' liabilities, the Company was required to record its long-term debt by applying a discount rate commensurate with the market rate to the future debt service payments under the New RUS Promissory Note and the RUS ARVP Note, regardless of the stated principal and coupon rates of the obligations. In conjunction with recording the two separate notes on the Effective Date, the Company determined that the market rate associated with the New RUS Promissory Note and the RUS ARVP Note was 5.81%. In discounting the future debt service payments using the market rate, the Company recorded a combined principal balance of $1,077,311 for the two RUS notes, net of $78,582 paid on the Effective Date, and recorded a $54,727 loss as an extraordinary item in the accompanying statements of operations for the year ended December 31, 1998. Additionally, this transaction was treated as a non-cash transaction and was excluded from the accompanying statements of cash flows. Also, in conjunction with the Plan, certain pollution control bonds (discussed herein) were secured and remarketed following the mandatory tender of the bonds by the holders thereof. The irrevocable standby letters of credit, which were supporting the bonds held by Chase Manhattan Bank and the Bank of New York were replaced with the bond insurance policies and standby bond purchase agreements issued by Ambac Assurance Corporation, each dated the Effective Date, between Big Rivers, U.S. Bank Trust National Association, as trustee, and Credit Suisse First Boston, as the liquidity provider. In connection therewith, the Company realized cash proceeds of $14,200 and recognized an extraordinary gain in the accompanying statements of operations in 1998. For Big Rivers' remaining liabilities, there were no other significant differences between the carrying amounts and the respective fair values on the Effective Date.

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

In accordance with the power purchase agreement with LEM, the Company is allowed to purchase power in the open market, incurring penalties when the power purchased from LEM does not meet certain minimum levels, and sell excess power (power not needed to supply its jurisdictional load) in the open market (collectively referred to as "Arbitrage"). Pursuant to the New RUS Promissory Note and the RUS ARVP Note, the total value created by Arbitrage must be divided as follows: one-third, adjusted for member sales volume and capital expenditures, will be used to make principal payments on the New RUS Promissory Note; one-third will be used to make principal payments on the RUS ARVP Note; and the remaining value may be retained by the Company.

In connection with the Chapter 11 filing and subsequent Effective Date, certain items were segregated and presented as reorganization expenses in the accompanying statements of operations as costs related to transactions which were directly associated with the Chapter 11 proceedings. Reorganization expenses for the year ended December 31, 1998 were as follows:

Professional services	$ 4,365
Net loss on sale of property, inventory and other assets	4,004
Bankruptcy Court examiner fee	2,300
Employee termination benefits	4,979
Other, net	1,725
	$17,373

During 1997, Big Rivers terminated two unfavorable coal contracts. Of the amounts settled, $6,000 was paid upon initial settlement, $615 in 1999, and $695 in 2000. At December 31, 2000, the Company has a remaining liability of $2,209 payable over the next eight years.

Contingencies:

On June 5, 1997, an examiner appointed by the Bankruptcy Court filed for a $4,410 fee. On March 26, 1999, the Company received an order from the Bankruptcy Court entitling the examiner to receive a fee of $2,638. Management accrued such amounts under this order as a reorganization expense for the year ended December 31, 1998. Additionally, the Company designated $3,050 and $2,750 in 2000 and 1999, respectively, as restricted cash in the other deposits and investments caption in the accompanying balance sheets as security for the bond posted with the Bankruptcy Court, and is required by the order to deposit an additional $300 annually as continued security. Management is appealing this order and is vigorously defending this claim.

On April 5, 1999, the Bankruptcy Court issued a judgment disallowing a portion of the fees charged to Big Rivers by its professionals during its bankruptcy. On August 24, 2000, the federal district court reversed the Bankruptcy Court's decision and remanded the case to the Bankruptcy Court for additional review, resulting in the reinstatement of the original professional fees of approximately $670, which was accrued at December 31, 1999 and paid in 2000. Based on this decision, certain other professionals not included in the original parties to the judgment may appeal for fees totaling approximately $270 for which no accrual has been recorded in the accompanying balance sheets.

In 1999, the Company received a letter from WKEC notifying Big Rivers of potential claims associated with the condition of the Wilson Station storm water runoff pond arising from the alleged breach by Big Rivers of certain representations and warranties about such pond, as set forth in the agreements among

2. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

In conjunction with the Lease Agreement, Big Rivers expects to realize the following minimum lease revenue for the years ending December 31:

Year	Amount
2001	$ 52,332
2002	52,332
2003	52,332
2004	52,332
2005	52,332
Thereafter	723,864
	$ 985,524

Utility Plant and Depreciation:

Utility plant is recorded at original cost, which includes the cost of contracted services, materials, labor, overhead and an allowance for borrowed funds used during construction. Replacements of depreciable property units, except minor replacements, are charged to utility plant.

Allowance for borrowed funds used during construction is included on projects with an estimated total cost of $250 or more before consideration of such allowance. The interest capitalized is determined by applying the effective rate of Big Rivers' weighted average debt to the accumulated expenditures for qualifying projects included in construction in progress.

Depreciation of utility plant in service is recorded using the straight-line method over the estimated remaining service lives, as approved by the RUS. In 1996, the RUS approved new depreciation rates, which were based on the results of a depreciation study which extended the estimated service lives of Big Rivers' utility plant. These rates were utilized from January 1995 through June 1998. During 1998, the Company commissioned another depreciation study to again evaluate the remaining economic lives of its assets. The study received the approval of the RUS and KPSC. As a result of the July 1998 study, the remaining service lives of the Company's depreciable assets were further extended. The 1998 study was adopted beginning July 1, 1998.

In accordance with the terms of the Lease Agreement, the Company records capital additions for incremental and non-incremental expenditures funded by LG&E Energy as utility plant, to which the Company maintains title. A corresponding obligation to LG&E Energy is recorded for the estimated portion of these additions attributable to the residual value payment (see Note 1). Any differences in such amounts are amortized to lease revenue in the accompanying financial statements. As of December 31, 2000 and 1999, the Company has recorded $25,166 and $11,019, respectively for such additions in utility plant, and $1,429 and $2,118 in 2000 and 1999, respectively, as lease revenue in the accompanying financial statements.

For the three years ended December 31, the annual composite depreciation rates used to compute depreciation expense were as follows:

	Period subsequent to June 30, 1998	Periods prior to July 1, 1998
Production plant	1.60 – 2.47 %	1.45 – 4.25 %
Transmission plant	1.76 – 3.24 %	2.49 %
General plant	1.11 – 5.62 %	2.00 – 14.29 %

2. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

For 2000, 1999 and 1998, the average composite depreciation rates were 1.78%, 1.82% and 2.05%, respectively.

Cash and Cash Equivalents:

For purposes of the statement of cash flows, Big Rivers considers all short-term, highly-liquid investments with original maturities of three months or less to be cash equivalents.

Investments

In 2000, the Company purchased several short-term money market investments totaling approximately $34,000 with maturity dates between three months and one year with a weighted average interest rate of 6.84%.

Other Deposits and Investments:

In 1999, the Company purchased an $8,000 National Rural Utilities Cooperative Finance Corporation medium-term note with a maturity date of March 15, 2001. The note accrues interest at a rate of 6.47% per annum. This investment was considered held-to-maturity and classified as other deposits and investments in 1999, and cash and cash equivalents in 2000 in the accompanying balance sheets.

Patronage Capital:

As provided in the bylaws, the Company accounts for each year's patronage-sourced income, both operating and non-operating, on a patronage basis. Notwithstanding any other provision of the bylaws, the amount to be allocated as patronage capital for a given year shall be not less than the greater of regular taxable patronage-sourced income or alternative minimum taxable patronage-sourced income. In accordance with the Plan (see Note 1), all patronage capital claims were extinguished and discharged on the Effective Date. In 2001, the Company anticipates a patronage allocation to its members based on such calculations for tax year 2000.

Reclassifications:

Certain prior year amounts have been reclassified to conform to the current year presentation.

3. UTILITY PLANT:

The following summarizes utility plant at December 31:

	2000	1999
Classified plant in service:		
Electric plant - leased	$1,344,576	$1,326,889
Transmission plant	196,250	191,064
General plant	11,831	13,329
Other	67	67
	1,552,724	1,531,349
Less accumulated depreciation	689,926	666,973
	862,798	864,376
Construction in progress	1,262	4,074
	$ 864,060	$ 868,450

3. UTILITY PLANT (Continued):

Interest capitalized for the years ended December 31, 2000, 1999 and 1998, was not significant to the Company.

4. SALE-LEASEBACK:

On April 18, 2000, the Company completed a sale-leaseback of two of its utility plants, including the related facilities and equipment. The sale-leaseback provides Big Rivers a $1,089,000 fixed price purchase option, at the end of the respective facility's lease term (25 and 27 years), which was partially defeased at closing with certain of the proceeds and will be fully defeased together with future contractual interest receipts.

This transaction has been recorded as a financing for financial reporting purposes and a sale for Federal income tax purposes. In connection therewith, Big Rivers received approximately $867,000 of proceeds and incurred approximately $803,000 of related obligations. Pursuant to a payment undertaking agreement with a financial institution, Big Rivers effectively extinguished approximately $656,000 of these obligations with an equivalent portion of the proceeds. The Company purchased two investments approximating $147,000, equivalent to the remaining portion of the obligations and the fixed price purchase option, after including interest over the life of the agreement. These amounts are reflected as restricted investments under long-term lease and obligations under long-term lease in the accompanying balance sheets. Interest received and paid will be recorded to these accounts over the life of the lease. Currently, the Company is paying 7.57% interest on its obligations under long-term lease and receiving 6.89% on its related investments. The Company made a principal payment on the New RUS Promissory Note with the remaining proceeds. The approximate $64,000 net cash benefit to Big Rivers together with the deferral of approximately $11,000 of future interest amortization above the contractual rate of return has been deferred and will be amortized over the respective lease terms, of which the Company recognized $1,874 in 2000. A principal payment of $1,793 on the obligations under long-term lease is due in 2001 with remaining principal payments beginning in 2009.

5. LONG-TERM DEBT:

Due to the underlying collateral value of the RUS Promissory Note, Big Rivers ceased accruing interest for all long-term debt effective September 30, 1996. Subsequently, in accordance with the Plan, Big Rivers resumed recording interest on the RUS Promissory Note effective June 9, 1997, to the extent of payments resulting from a month-end operating cash balance in excess of $10,000. Upon achieving the Effective Date, the Company began recording interest on the RUS debt based on the fair value rate of 5.81% per annum.

Prior to the Effective Date, contractual interest totaling $7,021 in 1998 related to both secured and unsecured long-term obligations would have been recognized as interest expense had the Company not previously filed for bankruptcy.

5. LONG-TERM DEBT (Continued):

A detail of long-term debt is as follows at December 31:

	2000	1999
New RUS Promissory Note, stated interest rate of 5.75%, recorded at fair value (Note 1), with an interest rate of 5.81%, maturing April 2022.	$ 903,572	$ 975,389
RUS ARVP Note, no stated interest rate, recorded at fair value (Note 1), with interest imputed at 5.81%, maturing December 2023.	68,870	65,507
LEM Advances, interest rate of 6.98%, payable in monthly installments from August 2000 through July 2003.	45,428	34,107
LEM Settlement Note, interest rate of 8.0%, payable in monthly installments through July 2023.	19,016	19,305
County of Ohio, Kentucky, promissory note, variable interest rate (average interest rate of 4.21% and 3.37% in 2000 and 1999 respectively), maturing in October 2015.	83,300	83,300
County of Ohio, Kentucky, promissory note, variable interest rate (average interest rate of 4.21% and 3.37% in 2000 and 1999 respectively), maturing in June 2013.	58,800	58,800
Total long-term debt	1,178,986	1,236,408
Current maturities	19,772	5,353
Total long-term debt, net of current maturities	$1,159,214	$1,231,055

The following are estimated maturities of long-term debt at December 31:

Year	Amount
2001	$ 19,772
2002	25,890
2003	15,917
2004	5,397
2005	24,451
Thereafter	1,087,559
	$1,178,986

Pollution Control Bonds:

On October 31, 1985, the County of Ohio, Kentucky, issued $83,300 of Pollution Control Refunding Demand Bonds, Series 1985, the proceeds of which are supported by a promissory note from Big Rivers, which bears the same interest rate as the bonds. These bonds bear interest at a variable rate and are dated to mature in October 2015. Annual sinking fund payments of $5,000 are to begin October 2001.

5. LONG-TERM DEBT (Continued):

On June 30, 1983, the County of Ohio, Kentucky, issued $58,800 of Pollution Control Bonds, Series 1983, the proceeds of which are supported by a promissory note from Big Rivers, which bears the same interest rate as the bonds. These bonds bear interest at a variable rate and are dated to mature in June 2013.

Big Rivers' obligations with respect to the bonds, although secured and remarketed, were not affected by the Plan. These bonds are supported by two liquidity facilities issued by Credit Suisse First Boston and municipal bond insurance policies issued by Ambac Assurance Corporation (see Note 1). Big Rivers has agreed to reimburse Ambac Assurance Corporation for any payments under the municipal bond insurance policies or the surety policies. Currently, the Company is exploring the possibility of refinancing the Series 1985 bonds.

LEM Settlement Note:

On the Effective Date, Big Rivers executed the Settlement Note with LEM. The Settlement Note requires Big Rivers to pay to LEM $19,676, plus interest at 8% per annum over the lease term. The principal and interest payment is approximately $1,822 annually. This payment is consideration for LEM's assumption of the risk related to unforeseen costs with respect to power to be supplied to the Aluminum Smelters and the increased responsibility for financing capital improvements. The execution of the Settlement Note was a non-cash transaction and was excluded from the accompanying statements of cash flows in 1998.

LEM Advances:

Beginning in August 1998 (the first month after the Effective Date) and ending in July 2000, LEM made payments totaling $50,000 to the RUS on behalf of the Company. The Company is now making monthly payments, which will ultimately total $60,000 to LEM through July 2003. The payments made by LEM to the RUS were applied to the New RUS Promissory Note. The Company is recognizing interest expense over the five-year life of the LEM Advances at 6.98% per annum.

6. RATE MATTERS:

As approved by the Bankruptcy Court and the KPSC, effective September 1997, the interim rates charged to Big Rivers' members consisted of a billing demand charge per KW and an energy charge per kWh consumed. The interim rates of Big Rivers included specific rate designs for its members' two classes of customers, the large industrial customers and the rural customers under its jurisdiction. For the large industrial customers, the demand charge is generally based on each customer's maximum demand during the current month. The remaining customers billing demand is based upon the maximum coincident demand of each member's delivery points. The demand and energy charges are not subject to adjustments for increases or decreases in fuel or environmental costs. On April 30, 1998, the KPSC modified the interim rates for the large industrial customers. On June 1, 1998, the interim rates, as modified, were approved by the Bankruptcy Court. These rates will remain in effect until changed by the KPSC. The rates resulted in a significant decrease in Big Rivers' rates for wholesale electric service to its members from the rates in effect prior to the Chapter 11 filing.

Effective September 1, 2000, the KPSC approved Big Rivers' request for a two-year ($3,680 annually) revenue discount adjustment for its members, effectively passing the benefit of the sale-leaseback transaction (see Note 4) to its members. Whether or not Big Rivers requests KPSC approval to extend the two-year period depends upon its planned environmental compliance costs and its overall financial condition.

6. RATE MATTERS (Continued):

Pursuant to the Lease Agreement, LEM supplies the energy necessary to comply with the Oglethorpe Power Corporation ("Oglethorpe Power") contract. In turn, Big Rivers remits the net revenues from the contract to LEM. The Oglethorpe Power contract is for the sale of 103 MW of power through July 31, 2002.

In accordance with the Lease Agreement, LG&E Energy operates certain generating facilities owned by the City of Henderson, Kentucky (the "City"), which were operated by Big Rivers prior to the Effective Date, pursuant to an agreement between the City and Big Rivers. The Company will retain the obligation to provide transmission services under this agreement.

7. INCOME TAXES:

Big Rivers was initially formed as a tax-exempt cooperative organization under section 501(c)(12) of the Internal Revenue Code. To retain tax-exempt status under this section of the Internal Revenue Code, at least 85% of Big Rivers' receipts must be generated from transactions with the Company's members. In 1983, sales to non-members resulted in Big Rivers being unable to meet the 85% requirement. In a letter dated March 23, 1984, the Internal Revenue Service notified Big Rivers that effective for 1983 and subsequent years, the Company would be considered a taxable organization until such year that sales to members would satisfy the 85% requirement and Big Rivers formally reapplies for tax-exempt status. Big Rivers is also subject to Kentucky income tax.

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

At December 31, 2000 and 1999, Big Rivers had deferred tax assets of $508,335 and $399,868, respectively, which primarily relate to net operating losses and the effect of the sale-leaseback transaction (see Note 4). At December 31, 2000, these net operating losses amounted to $302,000. The non-member portion of the net operating losses expire in 2001 through 2012. Additionally, at December 31, 2000 and 1999, Big Rivers had deferred tax liabilities of $261,438 and $241,204, respectively, which primarily relate to depreciation differences on utility plant. At December 31, 2000 and 1999, Big Rivers did not anticipate utilization of a portion of the deferred tax assets, thus a valuation allowance was established of $246,897 and $158,664, respectively.

8. POWER PURCHASED:

In accordance with the Lease Agreement, Big Rivers supplies all of the members' requirements for power to serve their customers other than the Aluminum Smelters. Contract limits were established in the Lease Agreement and include minimum and maximum hourly and annual power purchase amounts. Big Rivers has the right to elect to reduce the contract limits to a certain amount. Big Rivers cannot reduce the contract limits by more than 12 MW in any year, or by more than a total of 72 MW over the lease term. In the event Big Rivers fails to take the minimum requirement during any hour or year, Big Rivers is liable to LEM for a certain percentage of the difference between the amount of power actually taken and the applicable minimum requirement.

8. POWER PURCHASED (Continued):

Although Big Rivers will be required by the Lease Agreement to purchase minimum hourly and annual amounts of power from LEM, the lease does not prevent Big Rivers from paying the associated penalty in certain hours to purchase lower cost power, if available, in the open market or reselling a portion of its purchased power to a third party.

9. PENSION PLANS:

Big Rivers has non-contributory defined benefit pension plans covering substantially all employees who meet minimum age and service requirements. The plans provide benefits based on the participants' years of service and the five highest consecutive years' compensation during the last ten years of employment. Big Rivers' policy is to fund such plans in accordance with the requirements of the Employee Retirement Income Security Act of 1974.

In conjunction with the Lease Agreement, approximately 550 of the Company's employees were effectively terminated and transferred to WKEC on the Effective Date. Terminated employees have received distributions in the amount of their respective vested benefits. In 1998, the Company recognized a curtailment loss of $2,086 which was recorded as a reorganization expense in the accompanying statements of operations.

The following is an assessment of the Company's non-contributory defined benefit pension plans at December 31:

	2000	1999
Projected benefit obligation	$ 8,233	$ 8,038
Fair value of plan assets	7,356	7,027
Funded status	$ (877)	$(1,011)
Prepaid (unfunded) accrued pension cost	$ 157	$ 610

Net periodic pension costs, which are calculated based on actuarial assumptions at January 1, were as follows for the years ended December 31:

	2000	1999	1998
Benefit cost	$453	$478	$1,686
Curtailment cost	-	-	2,086
Employer contribution	-	-	5,300
Benefits paid or transferred	431	2,848	29,357

Assumptions used to develop the projected benefit obligation were:

	2000	1999	1998
Discount rates	7.5%	7.5%	7.0%
Rates of increase in compensation levels	4.0	4.0	4.0
Expected long-term rate of return on assets	8.5	8.5	8.5

10. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS:

Big Rivers provides certain postretirement medical benefits for retired employees and their spouses. Big Rivers pays 80% of the cost from age 62 to 65 for all employees. For salaried employees who retired prior to December 31, 1993, from age 65, Big Rivers pays 100% of Medicare supplemental costs. For salaried employees who retire after December 31, 1993, the paid Medicare supplemental was eliminated.

The discount rate used in computing the postretirement obligation was 7.5% for 2000 and 7.0% for 1999. A health care cost trend rate of 9.0% in 2000 declining to 5.5% in 2007 was utilized.

The following is an assessment of the Company's postretirement plan at December 31:

	2000	1999
Total benefit obligation	$(2,019)	$(2,770)
Unfunded accrued postretirement cost	(3,486)	(3,536)

The components of net periodic postretirement benefit costs for the years ended December 31 were as follows:

	2000	1999	1998
Benefit cost	$108	$196	$436
Benefits paid	208	209	389

As noted above, approximately 550 employees were transferred to WKEC in conjunction with the Lease Agreement, and in conjunction therewith, the Company transferred to WKEC the postretirement liability for these employees. During 1998, the Company recognized a curtailment gain of $2,753 which was principally offset by the realization of the previously unrecognized transition obligation related to these employees totaling $2,538.

In addition to the postretirement plan discussed above, in 1992 Big Rivers began a postretirement benefit plan which vests a portion of accrued sick leave benefits to salaried employees upon retirement or death. To the extent an employee's sick leave hour balance exceeds 480 hours, such excess hours are paid at 20% of the employee's base hourly rate at the time of retirement or death. The accumulated obligation recorded for the postretirement sick leave benefit is $139 and $114 at December 31, 2000 and 1999, respectively, and the postretirement expense recorded was $25, $14 and $51 for 2000, 1999 and 1998, respectively.

11. RELATED PARTIES AND MAJOR CUSTOMERS:

	Operating Revenues		
	2000	1999	1998
Members:			
Kenergy Corporation	$ 82,254	$ 81,349	$145,792
Jackson Purchase Electric Cooperative Corporation	22,765	22,540	22,247
Meade County Rural Electric Cooperative Corporation	13,880	13,290	12,618
Non-members	20,588	24,739	45,742
Lease revenue	54,014	54,265	24,247
Other revenue	8,877	8,376	3,908
	$202,378	$204,559	$254,554

In July 1999, Green River Electric Corporation and Henderson Union Electric Cooperative merged forming a single member doing business as Kenergy Corporation. All sales to the two former members are reflected as sales to Kenergy Corporation.

At December 31, 2000 and 1999, Big Rivers had accounts receivable from its members of $12,425 and $10,127, respectively.

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENT AND THE 2001 NOTE

The following is a summary of certain provisions of the Financing Agreement and the 2001 Note and is not to be considered as a full statement of the provisions thereof. This summary is qualified by reference to and is subject to the complete Financing Agreement and the complete 2001 Note, copies of which are available for inspection at the principal offices of Big Rivers and the Trustee. All capitalized terms used in the summary and not defined herein or elsewhere in the Offering Statement shall have the meanings given to them in the Financing Agreement.

The 2001 Note

Concurrently with the sale and delivery by the County of the 2001 Bonds, Big Rivers will execute and deliver to the County, for endorsement to the Trustee, the 2001 Note in an aggregate principal amount equal to the aggregate principal amount of the 2001 Bonds delivered by the County. Payments required to be made on the 2001 Note will be in amounts sufficient to pay the principal of the 2001 Bonds when due at maturity and interest on the 2001 Bonds when due. The 2001 Note does not require Big Rivers to pay the Purchase Price of 2001 Bonds tendered upon conversion to the Fixed Interest Rate or to pay the redemption price of any 2001 Bonds called for redemption.

Prepayment

Big Rivers may from time to time and at its option prepay all or any part of the outstanding balance of the 2001 Note upon the terms and with the results specified in the Financing Agreement. An optional prepayment shall be used as directed by Big Rivers to pay 2001 Bonds or to cause 2001 Bonds to be deemed to be paid in accordance with the Bond Indenture and, in connection with such payment or deemed payment, to optionally redeem 2001 Bonds in accordance with the Bond Indenture.

Other Payment Obligations and Indemnification

Big Rivers agrees to pay all costs of issuance, reasonable fees and actual out-of-pocket expenses (including counsel fees) necessarily incurred by the Trustee and any co-paying agent. Big Rivers agrees further to pay the reasonable and necessary expenses incurred by the County in connection with the Financing Agreement, the 2001 Note and the Bond Indenture. Big Rivers also agrees to indemnify and hold the County and the Trustee free and harmless for any loss relating to the Financing Agreement, the 2001 Note, the Bond Indenture, the issuance of the 2001 Bonds and the Facilities.

Term of Agreement

The Financing Agreement shall remain in full force and effect from the date of delivery thereof until such time as all of the 2001 Bonds shall have been fully paid or provision made for such payment pursuant to the Bond Indenture.

Obligations of Big Rivers Unconditional

The Obligations of Big Rivers to make the payments pursuant to the Financing Agreement and the 2001 Note are absolute and unconditional. Until such time as the principal of and interest on the 2001 Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Bond Indenture, Big Rivers (i) will not suspend or discontinue any payments pursuant to the Financing Agreement or the 2001 Note, (ii) will perform and observe all its other agreements contained in the Financing Agreement and in the 2001 Note, and (iii) except at such time when the 2001 Bonds cease to be outstanding under the Indenture, will not terminate the Financing Agreement for any cause, including any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Facilities, commercial frustration of purpose, any change in the tax or other laws or administrative rulings of the United States of America or the Commonwealth or any political subdivision thereof or any failure of the County to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Financing Agreement, whether express or implied.

Assignment

Under certain conditions Big Rivers may assign its interest in the Financing Agreement without the necessity of obtaining the consent of either the County or the Trustee, but such assignment shall not relieve Big Rivers from primary liability for any of its obligations under the Financing Agreement. Any assignee shall assume the obligations of Big Rivers under the Financing Agreement to the extent assigned.

Tax Covenant

In the Financing Agreement, Big Rivers covenants as follows:

> "**<u>Tax Covenants</u>**. (a) Big Rivers covenants that it will not take any action which would adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103(a) of the 1986 Code, and will take or require to be taken, such acts as may from time to time be required under applicable law or regulation to continue the exclusion of the interest on the Bonds from gross income for federal income tax purposes. In furtherance of those covenants, Big Rivers agrees to comply with the Tax Certificate And Agreement and the provisions of the 1954 Code as amended by the Tax Reform Act of 1986.
>
> (b) Big Rivers covenants that it will not take any action or fail to take any action with respect to the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the 1986 Code, and any regulations promulgated or proposed thereunder.
>
> (c) Big Rivers covenants that it will not use or permit the use of any property financed or refinanced with the proceeds of the Bonds by any person (other than the Commonwealth or local governmental unit) in such manner or to such extent as would result in loss of the exclusion of the interest on the Bonds from gross income for federal income tax purposes (other than during the period the Bonds are held by a "substantial user" of the facilities financed or refinanced with the proceeds of the Bonds or a "related person" within the meaning of Section 147(a) of the 1986 Code).
>
> (d) Notwithstanding any other provisions of this Agreement to the contrary, so long as necessary in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes under Section 103(a) of the 1986 Code, the covenants in this Section shall survive the payment for the Bonds and the interest thereon, including any payment or defeasance thereof pursuant to the Indenture."

Amendments to Bond Indenture

The County will not execute or permit any supplement to the Bond Indenture which affects any rights, powers and authority of Big Rivers under the Financing Agreement, the Mortgage or under the 2001 Note or requires a revision of the Financing Agreement, the Mortgage or the 2001 Note without the prior written consent of Big Rivers and RUS.

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

Big Rivers, WKEC, and other LG&E Energy subsidiaries or affiliates entered into in connection with the Lease Agreement. No accruals for these contingencies have been recorded in the accompanying balance sheets as there is currently not sufficient information available to reasonably estimate any such amounts. While the final resolution of this matter cannot be determined, management believes that the final outcome will not have a material adverse effect on the Company's results of operations or its financial position.

2. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

General Information:

Big Rivers, an electric generation and transmission cooperative, supplies the power needs of its three member distribution cooperatives (excluding the power needs of the Aluminum Smelters) and markets power to non-member utilities and power marketers. The members provide electric power and energy to industrial, residential and commercial customers located in portions of 22 western Kentucky counties. Big Rivers has wholesale power contracts with each of its members which require the members to buy and receive from Big Rivers all power and energy requirements, other than for the Aluminum Smelters as discussed in Note 1. The wholesale power contracts with the members extend to January 1, 2023. Rates to Big Rivers' members are established by the KPSC and are subject to approval by the RUS.

Use of Estimates:

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from those estimates.

System of Accounts:

Big Rivers' accrual basis accounting policies follow the Uniform System of Accounts as prescribed by the RUS Bulletin 1767B-1, as adopted by the KPSC. The regulatory agencies retain authority and periodically issue orders on various accounting and ratemaking matters.

Revenue Recognition:

Revenues generated from the Company's wholesale power contracts are based on month-end meter readings and are recognized as earned. In accordance with SFAS No. 13, Big Rivers' lease revenue is recognized on a straight-line basis over the term of the lease. The major components of Big Rivers' lease revenue include the annual lease payments and the Expected Margins as discussed in Note 1.

Amendments, Changes and Modifications

Except as otherwise provided in the Bond Indenture, the Financing Agreement and the 2001 Note may not be effectively amended, changed, modified, altered or terminated without the written consent of the Trustee, given in accordance with the Bond Indenture. See "SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE – Provisions Relating to Bond Insurance" in Appendix D.

No Pecuniary Liability of the County

No provision, covenant or agreement contained in the Financing Agreement or any obligations imposed upon the County in the Financing Agreement, or the breach thereof, will constitute or give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers. In making the agreements, provisions and covenants set forth in the Financing Agreement, the County has not obligated itself except with respect to the Financing Agreement and the application of the revenues, income and all other property therefrom, as provided in the Financing Agreement.

Defaults

Any of the following events will constitute an "event of default" under the Financing Agreement:

(1) Failure by Big Rivers to pay when due any amount required to be paid under the 2001 Note, which failure causes a failure to pay when due the principal of or interest on any of the 2001 Bonds.

(2) Certain events of bankruptcy, dissolution, liquidation or reorganization by or with respect to Big Rivers.

(3) Acceleration of payment of any Note (as defined in the Mortgage) secured by the Mortgage pursuant to an "event of default" as such term is defined in the Mortgage.

Remedies

Upon the happening and continuance of an event of default, the County or the Trustee as provided in the Bond Indenture:

(1) shall, upon the acceleration of the 2001 Bonds, declare an amount equal to the principal and accrued interest on the 2001 Note to be immediately due and payable; and

(2) may take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under the 2001 Note and the Financing Agreement, or to enforce performance and observance of any obligation, Agreement or covenant of Big Rivers under the Financing Agreement or the 2001 Note.

Any declaration accelerating amounts due under the 2001 Note will be rescinded upon rescission of any declaration of any acceleration of the 2001 Bonds (see "SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE - Remedies"). Any declaration of the acceleration of the Notes secured under the Mortgage or a result of an event of default thereunder, and prior to payment of the 2001 Bonds pursuant to such acceleration may be rescinded. Any amounts collected pursuant to action taken upon the happening of any event of default shall, subject to the Mortgage and the Intercreditor Agreement, be paid into the Bond Fund held under, and applied in accordance with the provisions of, the Bond Indenture.

Trustee Powers Under the Mortgage

The Trustee, as assignee of the County, is authorized in connection with the Mortgage to execute and deliver all such further supplemental mortgages or other instruments as may be required by the provisions thereof and to exercise all the rights of a holder of the 2001 Note as it in its sole discretion deems to be in the best interests of the Bondowners and without the prior consent of the Bondowners or the County. Notwithstanding the foregoing, the Financing Agreement provides that, so long as the Municipal Bond Insurance Policy is in effect and the Bond Insurer is not in default under the Bond Insurance Policy, the Trustee, as assignee of the County, will only act on the written directions of the Bond Insurer. See "SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE – Provisions Relating to Bond Insurance" in Appendix D.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE MORTGAGE AND THE INTERCREDITOR AGREEMENT

The Mortgage

The 2001 Note will be secured by the Third Restated Mortgage and Security Agreement, dated as of August 1, 2001 (the "Mortgage"), by and among Big Rivers, the United States of America (the "Government"), acting through the Administrator of the Rural Utilities Service ("RUS"), Ambac Assurance Corporation ("Ambac Assurance"), Credit Suisse First Boston, acting by and through its New York Branch ("CSFBNYB"), the Trustee, National Rural Utilities Cooperative Finance Corporation (the "Bank"), PBR-1 Statutory Trust, PBR-2 Statutory Trust, PBR-3 Statutory Trust, FBR-1 Statutory Trust, FBR-2 Statutory Trust and Ambac Credit Products, LLC (PBR-1 Statutory Trust, PBR-2 Statutory Trust, PBR-3 Statutory Trust, FBR-1 Statutory Trust, FBR-2 Statutory Trust and Ambac Credit Products, LLC are sometimes collectively referred to hereinafter as the "2000 Mortgagees" and RUS, Ambac Assurance, CSFBNYB, the Trustee, CFC and the 2000 Mortgagees are sometimes collectively referred to hereinafter as the "Mortgagees"). The following is a summary of certain provisions of the Mortgage. All references to the Mortgage are qualified by reference to such document, which is available for inspection at the principal offices of Big Rivers and the Trustee. Capitalized terms used in this section but not otherwise defined in this Offering Statement shall have the meaning set forth in the Mortgage.

Security for Payment of the Mortgage Obligations

In order to secure the payment of the principal of and interest, if any, on the Notes, as defined in the Mortgage, according to their tenor and effect, and further to secure the due performance of the covenants, agreements and provisions contained in the Mortgage and the New RUS Agreement, and to declare the terms and conditions upon which the New RUS Agreement and Notes are to be secured, the Mortgagor, in consideration of the premises, has executed and delivered the Mortgage, and has granted, bargained, sold, conveyed, warranted, assigned, transferred, mortgaged, pledged, a security interest in, unto the Mortgagees, and their respective assigns, all of the Mortgaged Property, which includes, but is not limited to: all right, title and interest of the Mortgager in and to the electric generating plants and facilities and electric transmission and distribution lines and facilities now owned or thereafter acquired by the Mortgagor, wherever located, including without limitation those located in the Counties of Breckinridge, Caldwell, Crittenden, Daviess, Hancock, Henderson, Hopkins, Livingston, Lyon, McCracken, McLean, Meade, Muhlenberg, Ohio, Union and Webster in the Commonwealth of Kentucky, or thereafter constructed or acquired by the Mortgagor, wherever located, and in and to all extensions and improvements thereof and additions thereto, including all substations, service and connecting lines (both overhead and underground), poles, towers, posts, crossarms, wires, cables, conduits, mains, pipes, tubes, transformers, insulators, meters, electrical connections, lamps, fuses, junction boxes, fixtures, appliances, generators, dynamos, water turbines, water wheels, boilers, steam turbines, motors, switch boards, switch racks, pipe lines, machinery, tools, supplies, switching and other equipment, and any and all other property of every nature and description, used or acquired for use by the Mortgagor in connection therewith.

The Mortgage defines Excepted Property as all right, title and interest of the Mortgagor in and to, all and singular, the automobiles, trucks, trailers, tractors, aircraft, ships and other vehicles then owned by the Mortgagor, or which may thereafter be owned or acquired by the Mortgagor.

Additional Notes

No additional Notes or indebtedness to other parties shall be secured by the Mortgage without the prior written approval of RUS, Ambac Assurance, CSFBNYB, each 2000 Mortgagee and the Bank; provided, however the consent of the 2000 (E) Mortgagees will not be required for any such additional Notes or indebtedness to be secured by the Mortgage if: (i) the consent required of all other Mortgagees for such additional Notes or indebtedness shall have been obtained in accordance with the Mortgage and (ii) such indebtedness is not in excess of an aggregate of (a) $25 million for the period from April 18, 2000 through April 18, 2009, (b) $50 million for the period from April 18, 2000 through April 18, 2016 or (c) $100 million during the Facility Lease Term.

The consent of the 2000 (E)Mortgagees will not be required for (x) additional indebtedness for Required Modifications (as defined in the Participation Agreements), (y) refunding of indebtedness outstanding on the Closing Date or (z) reborrowings of prepaid amounts under the New RUS Note to the RUS outstanding as of April 18, 2000 (which reborrowing amounts in clause (z) shall not include the prepayment made to the RUS with a portion of the Head Lease Rent).

Events of Default and Remedies

Any of the following events will constitute an "Event of Default":

(1) a default in the payment of any installment of or on account of interest, if any, on or principal of any Note when and as the same shall be required to be made whether by acceleration or otherwise which shall remain unsatisfied for five (5) Business Days (as defined in the New RUS Agreement) after written notice thereof shall have been given to the Mortgagor by the respective Mortgagees;

(2) any representation or warranty made by the Mortgagor under the Mortgage, in the New RUS Agreement, the 1983 Reimbursement Agreement, the 1983 Standby Bond Purchase Agreement, the Financing and Loan Agreement, the Bank Loan Agreement or in any certificate delivered pursuant to the Mortgage or thereunder that shall prove to have been incorrect or untrue in any material respect when made;

(3) a default made in the due observance or performance of any of the covenants, conditions or agreements on the part of the Mortgagor contained in the Mortgage and such default continues for five (5) Business Days after written notice specifying such default and requiring such default to be remedied shall have been given to the Mortgagor by any Noteholder;

(4) a default made in the due observance or performance of any other of the covenants, conditions or agreements on the part of the Mortgagor, in any of the Notes or in the Mortgage contained, and such default continues for a period of thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the Mortgagor by any Noteholder;

(5) a court having jurisdiction in the premises entering a decree or order for relief in respect of the Mortgagor in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or thereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official, or ordering the winding up or liquidation of its affairs, and such decree or order shall remain unstayed or in effect for a period of ninety (90) consecutive days or the Mortgagor shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or thereafter in effect, or consent to the appointment or taking possession by a receiver, liquidator, assignee, custodian or trustee, of a substantial part of its property or make any general assignment for the benefit of creditors; provided, however, that neither the commencement of the Bankruptcy Case nor any orders entered in connection therewith shall constitute an event of default under the Mortgage;

(6) other than as provided in the immediately preceding clause, the dissolution or liquidation of the Mortgagor, or failure by the Mortgagor promptly to forestall or remove any execution, garnishment or attachment of such consequences as shall impair its ability to continue its business or fulfill its obligations and such execution, garnishment or attachment shall not be vacated within thirty (30) days. The term "dissolution or liquidation of the Mortgagor" shall not be construed to include the cessation of the corporate existence of the Mortgagor resulting either from a merger or consolidation of the Mortgagor into or with another corporation following a transfer of all or substantially all of its assets as an entity, under the conditions expressly set forth in the Mortgage;

(7) the Mortgagor forfeiting or otherwise being deprived of its corporate charter or franchises, permits, easements or licenses required to carry on any material portion of its business;

(8) the termination of any Facility Lease by reason of an "Event of Default" under such Facility Lease and as a result of such termination, the Mortgagor shall have lost the right to use and benefit from the undivided interest in the facility that was subject to such Facility Lease;

(9) a violation of the terms of any subordination agreement delivered pursuant to the Mortgage shall have occurred.

If an Event of Default shall occur, then in each and every such case the Government, to the extent permitted by applicable state law on behalf of all the Noteholders, may, in its discretion:

(1) without protest, presentment or demand, declare all unpaid principal of and accrued interest on and other amounts payable under the Notes to be due and payable immediately; and upon any such declaration all such unpaid principal and accrued interest so declared to be due and payable shall become and be due and payable immediately, anything contained therein or in any Note or Notes to the contrary notwithstanding;

(2) take immediate possession of the Mortgaged Property, collect and receive all credits, outstanding accounts and bills receivable of the Mortgagor and all proceeds, rents, income, revenues and profits pertaining to or arising from the Mortgaged Property, or any part thereof, and issue binding receipts therefor; and manage, control and operate the Mortgaged Property as fully as the mortgagor might do if in possession thereof, including, without limitation, the making of all repairs or replacements deemed necessary or advisable;

(3) proceed to protect and enforce the rights of the Mortgagees and the rights of the Noteholder or Noteholders under the Mortgage by suits or actions in equity or at law in any court or courts of competent jurisdiction, whether for specific performance of any covenant or any agreement contained therein or in aid of the execution of any power granted or for the foreclosure thereof or thereunder or for the sale of the Mortgaged Property, or any part thereof, or to collect the debts secured or for the enforcement of such other or additional appropriate legal or equitable remedies as may be deemed most effectual to protect and enforce the rights and remedies granted or conferred, and in the event of the institution of any such action or suit any Mortgagee shall have the right, irrespective of the adequacy of the security, to have appointed a receiver of the Mortgaged Property and of all proceeds, rents, income, revenues and profits pertaining thereto or arising therefrom derived, received or had from the time of the commencement of such suit or action, and such receiver shall have all the usual powers and duties of receivers in like and similar cases, to the fullest extent permitted by law, and if any Mortgagee shall make application for the appointment of a receiver the Mortgagor expressly consents that the court to which such application shall be made may, irrespective of the adequacy of the security, make said appointment; and

(4) sell or cause to be sold all and singular the Mortgaged Property or any part thereof, and all right, title, interest, claim and demand of the Mortgagor therein or thereto, at public auction or otherwise, as may be prescribed or permitted, and in the manner prescribed or permitted by applicable law.

If, upon the expiration of 60 days after the happening of an Event of Default, the Government shall not have either (i) proceeded to exercise or enforce any of the remedies set forth in the Mortgage or conferred by law or (ii) provided written notice to Ambac Assurance that it has decided not to exercise or enforce any of the remedies set forth in the Mortgage or conferred by law, then, Ambac Assurance shall have the right to forthwith exercise or enforce any of the remedies set forth in the Mortgage on behalf of all Noteholders provided that it shall not have the right to accelerate any Notes held by the Government; provided, however, if Ambac Assurance shall be in default with respect to any of its payment obligations under the 1983 Municipal Bond Insurance Policy or under the 1983 Surety Policy, then CSFBNYB and not Ambac Assurance shall have the right to forthwith exercise or enforce any of the remedies set forth in the Mortgage on behalf of all Noteholders provided that it shall not have the right to accelerate any Notes held by the Government or Ambac Assurance. The Government shall not incur any liability to

Ambac Assurance for its exercise or non-exercise of any of the remedies set forth in the Mortgage or conferred by law. If, upon the expiration of 60 days after Ambac Assurance shall have the right to exercise or enforce any remedies pursuant to the Mortgage, and Ambac Assurance shall not have either (i) proceeded to exercise or enforce any of the remedies set forth in the Mortgage or conferred by law or (ii) provided written notice to CSFBNYB that it has decided not to exercise or enforce any of the remedies set forth in the Mortgage or conferred by law, then, CSFBNYB shall have the right to forthwith exercise or enforce any of the remedies set forth in the Mortgage on behalf of all Noteholders provided that it shall not have the right to accelerate any Notes held by the Government or Ambac Assurance. The Government and Ambac Assurance shall not incur any liability to CSFBNYB for the exercise or non-exercise of any of the remedies set forth in the Mortgage or conferred by law.

Notwithstanding the provisions of the Mortgage, the Mortgage provides that if, in the opinion of counsel satisfactory to the Government, the Government may not lawfully act on behalf and for the benefit of all Noteholders other than the Government, and if the Government Debt Notes have been accelerated, each Mortgagee shall have the right, immediately upon the happening of an Event of Default and notwithstanding any action taken by any other Mortgagee, to exercise on its own behalf any right or remedy herein or by law conferred.

Subject to the provisions under the caption "Certain Rights of Ambac, CSFBNYB, The Series 2001A Trustee, The Bank and the 2000 Mortgagees" herein, nothing contained in the Mortgage will affect or impair the right, which is absolute and unconditional, of any holder of any Note which may be secured hereby, to enforce the payment of the principal of, premium, if any, or interest on such Note on the date or dates any such interest, premium or principal shall become due and payable, whether by acceleration or otherwise, in accordance with the terms of such Note.

At such time as any Facility Lessor (D) Secured Note, Facility Lessor (E) Secured Note or Ambac Credit Products Secured Note shall evidence any amount payable thereunder following an "Event of Default" under any Facility Lease, if an Event of Default shall occur under clause (1) under the caption "Events of Defaults and Remedies" herein with respect to any such Facility Lessor (D) Secured Note, Facility Lessor (E) Secured Note or Ambac Credit Products Secured Note, the Mortgagee which is the Noteholder of such Facility Lessor (D) Secured Note, Facility Lessor (E) Secured Note or Ambac Credit Products Secured Note, to the extent permitted by applicable state law on behalf of all the Noteholders, may, in its discretion, exercise any remedy specified in the Mortgage; *provided, however,* that any such Mortgagee which is a Noteholder of an Ambac Credit Products Secured Note or any assignee of a Noteholder of a Facility Lessor (D) Secured Note shall not be permitted to exercise any of the remedies provided by the Mortgage if such Event of Default under clause (1) is in consequence of an acceleration of or the unavailability of the right to make installment payments of the "Installment Payment Amount" (as defined in such Facility Lessor (E) Secured Notes and Ambac Credit Products Secured Notes) solely because of the acceleration of the obligations of Ambac Credit Products under any of its Master Agreements, dated April 18, 2000 with PBR-1 OP Statutory Trust, PBR-2 OP Statutory Trust, PBR-3 OP Statutory Trust, FBR-1 OP Statutory Trust or FBR-2 OP Statutory Trust (the "Lessor Swaps") or the absence of a right of Ambac Credit Products to make installment payments thereunder so long as the Mortgagor is not in default under its obligation to make installment payments of such Installment Payment Amount and interest thereon in accordance with the terms of such Facility Lessor (E) Secured Note or Ambac Credit Products Secured Note (as determined without regard to such acceleration).

Notwithstanding any other provision of the Mortgage, Ambac Credit Products, any other holder of an Ambac Credit Products Secured Note or any assignee of a holder of a Facility Lessor (D) Secured Note shall not be permitted to exercise any remedy under the Mortgage at any time that (i) Ambac shall be in default under any of its payment obligations under any of the five separate financial guaranty insurance policies insuring the obligation of AME Asset Funding, LLC under five separate Payment Agreements, each dated as of April 1, 2000, between said AME Asset Funding and Big Rivers Leasing Corporation, (ii) Ambac shall be in default under any of its payment obligations under any of the five separate Surety Bonds, each dated April 18, 2000 securing the obligations of Ambac Credit Products, LLC under five separate Master Agreements, each dated April 18, 2000, between Ambac Credit Products, LLC and PBR-1 OP Statutory Trust, PBR-2 OP Statutory Trust, PBR-3 OP Statutory Trust, FBR-1 OP Statutory Trust or FBR-2 OP Statutory Trust, (iii) Ambac shall be in default under any of its payment obligations under any of the five separate financial guaranty insurance policies insuring the obligation of AIG Matched Funding Corp. under five separate Funding Agreements, each dated as of April 1, 2000, between said AIG

Matched Funding Corp. and Big Rivers Leasing Corporation, or (iv) Ambac shall be in default under any of its payment obligations under any of the five separate financial guaranty insurance policies insuring the payment obligations to the Series B Lender, each dated April 18, 2000, between said AME Asset Funding and Big Rivers Leasing Corporation.

For the avoidance of doubt, the Mortgage provides that, notwithstanding the immediately preceding two paragraphs, Ambac Credit Products shall be entitled to take actions such as asserting its claims in proceedings initiated by other Mortgagees or making filings necessary to preserve the perfection of its lien under the Original Mortgage, as supplemented by the Supplemental Mortgage, as may be necessary from time to time.

Certain Rights of AMBAC, CSFBNYB, The Series 2001A Trustee, The Bank and the 2000 Mortgagees

All indebtedness of the Mortgagor to the Government evidenced by the New RUS Agreement and the New RUS Note (the "Total Government Debt") (including, without limitation, principal, interest, premium, fees, penalties, indemnities and "post-petition interest" in bankruptcy) that may be deemed by any court to exist in favor of the Government shall be subordinated to the "AMBAC Debt," "CSFBNYB Debt," the "Series 2001A Debt," the "Bank Debt" and the "2000 Debt" to the extent and in the manner provided in the Mortgage. "AMBAC Debt" means, at any date, all indebtedness of the Mortgagor to Ambac Assurance secured by the Mortgage and evidenced by the AMBAC Notes and the 1983 Reimbursement Agreement (including, without limitation, principal, interest, premium, fees, penalties, indemnities and "post-petition interest" in bankruptcy). "CSFBNYB Debt" means, at any date, the amount for which CSFBNYB may demand payment with respect to all indebtedness of the Mortgagor evidenced by the CSFBNYB Notes and the Mortgage (including, without limitation, principal, interest, premium, fees, penalties, indemnities and "post-petition interest" in bankruptcy). "Series 2001A Debt" means, at any date, the amount for which the Series 2001A Trustee may demand payment with respect to all indebtedness of the Mortgagor evidenced by the Series 2001A Note and the Mortgage (including, without limitation, principal, interest, premium, fees, penalties, indemnities and "post-petition interest" in bankruptcy.) "Bank Debt" means, at any date, all indebtedness of the Mortgagor to the Bank secured by the Mortgage and evidenced by the Bank Note and the Bank Loan Agreement (including, without limitation, principal, interest, premium, fees, penalties, indemnities and "post-petition interest" in bankruptcy). "2000 Debt" means, at any date following the occurrence of an "Event of Default" under a Facility Lease, all outstanding obligations of the Mortgagor evidenced by the Facility Lessor (D) Secured Notes, the Facility Lessor (E) Secured Notes and the Ambac Credit Products Secured Notes (including, without limitation, principal, interest, fees, penalties, indemnities provided by the Mortgage and "post-petition interest" in bankruptcy).

The Mortgagor, the Government, Ambac Assurance, CSFBNYB, the Series 2001A Trustee, the Bank and each 2000 Mortgagee agree that (a) the Total Government Debt is subordinate and junior in right to payment, to the extent and in the manner provided in the Mortgage, to the prior payment in full of all AMBAC Debt, all CSFBNYB Debt, Series 2001A Debt, all Bank Debt and all 2000 Debt and (b) the 2000 Debt is subordinate and junior in right of payment, to the extent and in the manner provided in the Mortgage, to the prior payment in full of all AMBAC Debt, all CSFBNYB Debt and Series 2001A Debt.

Upon any acceleration of the Notes or any distribution of Mortgaged Property to creditors upon a liquidation or dissolution of the Mortgagor or in a subsequent bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Mortgagor, (i) the holders of AMBAC Debt, CSFBNYB Debt, Series 2001A Debt and Bank Debt shall be entitled to receive payment in full of all AMBAC Debt, CSFBNYB Debt, Series 2001A Debt and Bank Debt before the Government shall be entitled to receive any payment in respect of the Total Government Debt or any 2000 Mortgagee shall be entitled to receive any payment in respect of the 2000 Debt, (ii) the holders of all 2000 Debt shall be entitled to receive payment in full of all 2000 Debt before the Government shall be entitled to receive any payment in respect of Total Government Debt, (iii) until payment in full of all AMBAC Debt, CSFBNYB Debt, Series 2001A Debt and Bank Debt, any distribution of assets of any kind or character to which the Government or any 2000 Mortgagee would be entitled but for certain provision of the Mortgage shall be paid (if received) by the Government, or the 2000 Mortgagee, as the case may be, or any receiver, trustee in bankruptcy, liquidating trustee or other person making such payment or distribution to, or, if received by the Government or any 2000 Mortgagee, shall be held for the benefit of and shall be forthwith paid or delivered to, the holders of the AMBAC Debt, CSFBNYB Debt, Series 2001A Debt and Bank Debt, for application to the payment of all AMBAC Debt, CSFBNYB Debt, Series 2001A Debt and Bank Debt until all AMBAC Debt, CSFBNYB Debt, Series 2001A Debt and Bank Debt shall have been paid in full after giving effect to any concurrent payment or distribution to the holders of AMBAC Debt, CSFBNYB Debt, Series 2001A Debt and Bank Debt in respect of such AMBAC Debt, CSFBNYB Debt, Series 2001A Debt and Bank Debt, and (iv) following payment in full of all AMBAC Debt, CSFBNYB Debt, Series 2001A Debt and Bank Debt, until payment in full of all 2000 Debt, any distribution of assets of any kind or character to which the Government would be entitled but for certain provisions of the Mortgage shall be paid (if received) by the Government, or any receiver, trustee in bankruptcy, liquidating trustee or other person making such payment or distribution to, or if received by the Government shall be held for the benefit of and shall be forthwith paid or delivered to the holders of the 2000 Debt for application to the payment of all 2000 Debt until all 2000 Debt shall have been paid in full after giving effect to any concurrent payment or distribution to the holders of Facility Lessor (D) Secured Notes, Facility Lessor (E) Secured Notes and Ambac Credit Products Secured Notes in respect of 2000 Debt. Any payments to Ambac Assurance, CSFBNYB, the Series 2001A Trustee and the Bank pursuant to the Mortgage shall be made on a pro rata basis according to the aggregate unpaid principal amount of the Ambac Notes, CSFBNYB Notes, Series 2001A Note and the Bank Note; provided that if and to the extent that any amounts are due and payable but unpaid by Ambac Assurance under the 1983 Municipal Bond Insurance Policy or the 1983 Surety Policy, the portion of such payment which otherwise would have been payable to Ambac Assurance shall be payable to CSFBNYB until all amounts outstanding under the CSFBNYB Notes are paid in full. Any payments to any holder of Facility Lessor (D) Secured Notes, the Facility Lessor (E) Secured Notes or Ambac Credit Products Secured Notes pursuant to the Mortgage shall be made on a pro rata basis according to the aggregate unpaid principal amount of the Facility Lessor (D) Secured Notes, the Facility Lessor (E) Secured Notes and the Ambac Credit Products Secured Notes.

The Mortgage provides that the Mortgagor shall not pay, and the Government and the 2000 Mortgagees shall have no right to collect and agree not to accept payments of, interest or principal or other amounts then due and payable with respect to the Total Government Debt or the 2000 Debt, respectively, unless at the time of such payment there exists net cash flow (after all operating and other expenses) from the Mortgaged Property, for any applicable payment period, sufficient to make payments of debt service and all other amounts then due and payable to Ambac pursuant to or in connection with the Ambac Debt, to CSFBNYB pursuant to or in connection with the CSFBNYB Debt, to the Series 2001A Trustee pursuant to or in connection with the Series 2001A Debt and to the Bank pursuant to or in connection with the Bank Debt for such period. The Mortgagor shall not pay, and the Government shall have no right to collect and agrees not to accept payments of, interest or principal or other amounts then due and payable with respect to the Total Government Debt unless at the time of such payment there exists net cash flow (after all operating and other expenses) from the Mortgaged Property, for any applicable payment period, sufficient to make payments of the Debt Secured Amount (as defined in each of the Facility Lessor (D) Secured Notes), the Equity Secured Amount (as defined in each of the Facility Lessor (E) Secured Notes) and the ACP Secured Amount (as defined in each of the Ambac Credit Products Secured Notes), and all other amounts then due and payable to each holder of a Facility Lessor (D) Secured Note, a Facility Lessor (E) Secured Note or Ambac Credit Products Secured Note for which any amount is outstanding for such period.

The Mortgage provides that in the event: (i) the AMBAC Debt becomes due or is declared due and payable prior to its stated maturity or the Mortgagor is in default or pending default (as reasonably determined by Ambac) under the 1983 Reimbursement Agreement and, solely as a result thereof, under the Mortgage; (ii) the CSFBNYB Debt becomes due or is declared due and payable prior to its stated maturity or the Mortgagor is in default or pending default (as reasonably determined by CSFBNYB) under any of the CSFBNYB Notes and, solely as a result thereof, the Mortgage; (iii) the Series 2001A Debt becomes due or is declared due and payable prior to its stated maturity or the Mortgagor is in default or pending default (as reasonably determined by the Series 2001A Trustee) under the Series 2001A Note and, solely as a result thereof, the Mortgage; (iv) the Bank Debt becomes due or is declared due and payable prior to its stated maturity or the Mortgagor is in default or pending default (as reasonably determined by the Bank) under the Bank Loan Agreement and, solely as a result thereof, the Mortgage; (v) any payment prohibited by the preceding paragraph has been made; or (vi) any distribution, voluntary or involuntary, by operation of law or otherwise, is made of all or any part of the property of the Mortgagor to any creditor or creditors of the Mortgagor by reason of any liquidation of the Mortgagor, or of any receivership for the Mortgagor of all or substantially all of its property, or of any insolvency or bankruptcy proceedings or assignment for the benefit of Mortgagor's creditors, then, and in any such event, any payment or distribution of any kind which shall be payable with respect to the Total Government Debt or 2000 Debt or which has been received by the Government or any

2000 Mortgagee subsequent to the effective date of any of the events described in (i), (ii), (iii), (iv), (v) or (vi) above, shall be held in trust by the Government or such 2000 Mortgagee for the benefit of Ambac, CSFBNYB, the Series 2001A Trustee and the Bank and shall be paid or delivered directly to Ambac, CSFBNYB, the Series 2001A Trustee and the Bank for application to the payment of the AMBAC Debt, CSFBNYB Debt, the Series 2001 A Debt and the Bank Debt but only to the extent necessary to make payment in full of all sums due under the AMBAC Debt, the CSFBNYB Debt, the Series 2001A Debt and the Bank Debt. In any such event, Ambac Debt, CSFBNYB Debt, the Series 2001A Debt and the Bank Debt shall have been fully paid and satisfied and all of the obligations of the Mortgagor to Ambac, CSFBNYB, the Series 2001A Trustee and/or the Bank may, but shall not be obligated to, collect any such payment or distribution that would, but for these subordination provisions, be payable or deliverable with respect to the Total Government Debt or the 2000 Debt. In the event of any of the foregoing occurrences, and until the AMBAC Debt, the CSFBNYB Debt, the Series 2001A Debt and the Bank Debt shall have been fully paid and satisfied and all of the obligations of the Mortgagor to Ambac, CSFBNYB, the Series 2001A Trustee and the Bank in connection therewith have been performed in full, no payment shall be made to or accepted by the Government or any 2000 Mortgagee in respect of the Total Government Debt or 2000 Debt. To the extent that the Government has received a payment or distribution of any kind with respect to Total Government Debt and the Government shall have paid or delivered such payment or distribution to Ambac, CSFBNYB, the Series 2001A Trustee and the Bank for application to the payment of the AMBAC Debt, the CSFBNYB Debt, the Series 2001A Debt and the Bank Debt, the Total Government Debt or part thereof originally intended to be satisfied by such payment or distribution shall be deemed to be reinstated and outstanding as if such payment or distribution had not occurred. To the extent that any 2000 Mortgagee has received a payment or distribution of any kind with respect to 2000 Debt and such 2000 Mortgagee shall have paid or delivered such payment or distribution to Ambac, CSFBNYB, the Series 2001A Trustee and the Bank for application to the payment of the AMBAC Debt, the CSFBNYB Debt, the Series 2001A Debt and the Bank Debt, the 2000 Debt or part thereof originally intended to be satisfied by such payment or distribution shall be deemed to be reinstated and outstanding as if such payment or distribution had not occurred.

Following payment in full of all amounts payable to Ambac, CSFBNYB, the Series 2001A Trustee or the Bank pursuant to the prior paragraph in the event: (i) the Mortgagor is in default or pending default as reasonably determined by any 2000 Mortgagee under any Facility Lessor (D) Secured Note, Facility Lessor (E) Secured Note or Ambac Credit Products Secured Note or this Mortgage or (ii) any payment prohibited by Section 4 of the Mortgage has been made; or (iii) any distribution, voluntary or involuntary, by operation of law or otherwise, is made of all or any part of the property of the Mortgagor to any creditor or creditors of the Mortgagor by reason of any liquidation of the Mortgagor, or of any receivership for the Mortgagor of all or substantially all of its property, or of any insolvency or bankruptcy proceedings or assignment for the benefit of Mortgagor's creditors, then, and in any such event, any payment or distribution of any kind which shall be payable with respect to the Total Government Debt or which has been received by the Government subsequent to the effective date of any of the events described in (i), (ii) or (iii) above, shall be held in trust by the Government for the benefit of the 2000 Mortgagees and shall be paid or delivered directly to the appropriate 2000 Mortgagee for application to the payment of any Facility Lessor (D) Secured Note, Facility Lessor (E) Secured Note or Ambac Credit Products Secured Note for which amounts are outstanding but only to the extent necessary to make payment in full of all sums due under such Facility Lessor (D) Secured Note, Facility Lessor (E) Secured Note or Ambac Credit Products Secured Note. In any such event, any 2000 Mortgagee may, but shall not be obligated to, collect any such payment or distribution that would, but for these subordination provisions, be payable or deliverable with respect to the Total Government Debt. In the event of any of the foregoing occurrences, and until the 2000 Debt shall have been fully paid and satisfied and all of the obligations of the Mortgagor to the 2000 Mortgagees secured by the Mortgage have been performed in full, no payment shall be made to or accepted by the Government in respect of the Total Government Debt. To the extent that the Government has received a payment or distribution of any kind with respect to Total Government Debt and the Government shall have paid or delivered such payment or distribution to any 2000 Mortgagee for application to the payment of any Facility Lessor (D) Secured Note, Facility Lessor (E) Secured Note or Ambac Credit Products Secured Note, the Total Government Debt or part thereof originally intended to be satisfied by such payment or distribution shall be deemed to be reinstated and outstanding as if such payment or distribution had not occurred.

To the extent any payment obligation secured by the Mortgage is made under the Government Debt Notes, the New RUS Agreement, the 1983 Reimbursement Agreement, the AMBAC Notes, the CSFBNYB Notes, the 1983 Standby Bond Purchase Agreement, the Series 2001A Note, the Financing and Loan Agreement, the Bank Loan

Agreement, the Bank Note, the Facility Lessor (D) Secured Notes, the Facility Lessor (E) Secured Notes, the Ambac Credit Products Secured Notes or the Mortgage (whether by or on behalf of the Mortgagor, as proceeds of security or enforcement of any right of setoff or otherwise) and is declared to be fraudulent or preferential, set aside or required to be paid to a trustee, receiver or other similar party under any bankruptcy, insolvency, receivership or similar law, then if such payment is recovered by, or paid over to, such trustee, receiver or other similar party, the Total Government Debt, the AMBAC Debt, the CSFBNYB Debt, the Series 2001A Debt, the Bank Debt or 2000 Debt or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred.

Amendments and Supplemental Mortgages

The Mortgagor will from time to time upon written demand of any Mortgagee make, execute, acknowledge and deliver or cause to be made, executed, acknowledged and delivered all such further and supplemental indentures of mortgage, deeds of trust, mortgages, financing statements, continuation statements, security agreements, instruments and conveyances as may reasonably be requested by any Mortgagee and take or cause to be taken all such further action as may reasonably be requested by any Mortgagee to effectuate the intention of these presents and to provide for the securing and payment of the principal of and interest, if any, on the Notes equally and ratably according the terms thereof and for the purpose of fully conveying, transferring and confirming unto the Mortgagees the property thereby conveyed, mortgaged and pledged, or intended so to be, whether now owned by the Mortgagor or thereafter acquired by it and to reflect the assignment of the rights or interests of any of the Mortgagees or of any Noteholder thereunder or under any Note. The Mortgagor will cause the Mortgage and any and all supplemental indentures of mortgage, mortgages and deeds of trust and every security agreement, financing statement, continuation statement and every additional instrument which shall be executed pursuant to the foregoing provisions forthwith upon execution to be recorded and filed and recorded and refiled as conveyances and mortgages and deeds of trust of and security interests in real and personal property in such manner and in such places as may be reasonably requested by any Mortgagee in order fully to preserve the security for the Notes and to perfect and maintain the superior lien of the Mortgage and all supplemental indentures of mortgage, mortgages and deeds of trust and the rights and remedies of the Mortgagees and the Noteholders.

Defeasance

The Mortgage provides that if the Mortgagor shall indefeasibly pay or cause to be paid indefeasibly the whole amount of the principal of and interest, if any, on the Notes at the times and in the manner therein provided, according to the true intent and meaning thereof, then and in that case, all property, rights and interests conveyed or assigned or pledged shall revert to the Mortgagor and the estate, right, title and interest of the Mortgagees and the Noteholders shall thereupon cease, determine and become void and the Mortgagees and the Noteholders, in such case, on written demand of the Mortgagor but at the Mortgagor's cost and expense, shall enter satisfaction of the Mortgage upon the record. In any event, each Noteholder, upon indefeasible payment in full to him by the Mortgagor of all amounts, of principal of and interest, if any, on any Note held by him and the payment and discharge by the Mortgagor of all charges due to such Noteholder intended to be secured thereunder, shall execute and deliver to the Mortgagor such instrument or satisfaction, discharge or release as shall be reasonably requested by the Mortgagor or required by law in the circumstances.

Covenants

Rate Covenant. The Mortgagor, subject to applicable laws, and rules and orders of regulatory bodies, and taking into consideration all other sources of revenue available to the Mortgagor, will design its rates for electric energy and other services furnished by it with a view to paying and discharging all taxes, maintenance expenses, cost of electric energy and other operating expenses of its electric transmission and distribution system and electric generating facilities, if any, and also to making all payments on Notes when and as the same shall become due and to providing and maintaining reasonable working capital for the Mortgagor.

Distributions. The Mortgagor will not, in any one year, without the approval in writing of the Mortgagees, declare or pay any dividends, or pay or determine to pay any patronage refunds, or retire any patronage capital or make any other Cash Distributions (such dividends, refunds, retirements and other distributions being hereinafter collectively called "Distributions"), to its members, stockholders or consumers if after giving effect to any such Distribution the total Equity of the Mortgagor will not equal or exceed 40% of its total assets and other debits; provided, however, that the Mortgagor may nevertheless make Distributions in any year up to 25% of the patronage capital and margins received by the Mortgagor in the next preceding year where after giving effect to any such Distribution the total Equity of the Mortgagor will equal or exceed 20% of its total assets and other debits, and provided, further, however, that in no event will the Mortgagor make any Distributions if there is unpaid when due any installment of principal of or interest on the Notes, if the Mortgagor is otherwise in default hereunder or if, after giving effect to any such Distribution, the Mortgagor's total current and accrued assets would be less than its total current and accrued liabilities.

For the purpose of this section, a "Cash Distribution" shall be deemed to include any general cancellation or abatement of charges for electric energy or services furnished by the Mortgagor, but not the repayment of a membership fee of not in excess of $100 upon termination of a membership. As used or applied in this Mortgage (1) "Equity" shall mean the aggregate of Equities and Margins (as such terms are defined in the Uniform System of Accounts) and Subordinated Indebtedness; and (2) "Subordinated Indebtedness" shall mean unsecured indebtedness of the Mortgagor, payment of which shall be subordinated to the prior payment of the Notes in form and substance satisfactory to the Mortgagees.

The Intercreditor Agreement

Big Rivers; WKEC, LEM, the Station Two Subsidiary, WKE Corp. (WKEC, LEM, the Station Two Subsidiary and WKE Corp. are collectively referred to herein as the "LG&E Entities"); RUS, Ambac Assurance, CFC, CSFBNYB and the Trustee (RUS, Ambac Assurance and CFC being sometimes referred to as the "Original Creditors"; and the Original Creditors, CSFBNYB and the Trustee being sometimes referred to collectively as the "Creditors"); PBR-1 Statutory Trust, PBR-2 Statutory Trust, PBR-3 Statutory Trust, FBR-1 Statutory Trust, FBR-2 Statutory Trust (collectively, the "Owner Trusts"); 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 (collectively, the "OP Trusts"); Bluegrass Leasing, Fleet Real Estate, Inc., AME Investments, LLC, CoBank, ACB and Ambac Credit Products (the PBR-1 Trust, the PBR-2 Trust, the PBR-3 Trust, the FBR-1 Trust, the FBR-2, AME Investments, CoBank, Ambac Credit Products and Ambac, as mortgagee under the 2000 Parties Subordinated Mortgage but not as a Creditor, being sometimes referred to collectively as the "2000 Parties" and the 2000 Parties, together with the PBR-1 OP Trust, the PBR OP Trust, the PBR-3 OP Trust, the FBR-1 OP Trust, the FBR-2 OP Trust, the PMCC Owner Participant and the Fleet Owner Participant being hereinafter referred to collectively as the "2000 Transaction Parties") will enter into the Third Amended and Restated Subordination, Nondisturbance, Attornment and Intercreditor Agreement, dated as of August 1, 2001 (the "Intercreditor Agreement") in connection with the Mortgage. In general, the Intercreditor Agreement will grant the LG&E Entities assurances that the agreements related to the LG&E Transaction will not be disturbed by reason of a default by Big Rivers under the Mortgage or other obligation of Big Rivers to all Creditors and all mortgagees under the 2000 Parties Subordinate Mortgage. Capitalized terms used in this section but not otherwise defined herein or in this Offering Statement shall have the meaning set forth in the Intercreditor Agreement.

Definitions.

"Collateral" means the mortgage lien on and security interest in Big Rivers' electric generation plants, transmission facilities and associated real and personal property and intangible assets, granted pursuant to that certain Restated Mortgage and Security Agreement, dated July 15, 1998, between Big Rivers and the Original Creditors, as supplemented by the Supplemental Mortgage and Security Agreement No. 1, dated as of April 1, 2000 (the "Supplemental Mortgage") and as amended and restated by the Second Restated Mortgage and Security Agreement, dated as of December 15, 2000, among Big Rivers, the Original Creditors, CSFBNYB and the 2000 Parties.

"Credit Agreements" mean the Original Credit Agreements, the Facility Lessor Secured Notes and the Ambac Credit Products Secured Notes.

"Facilities" mean all facilities owned by Big Rivers on July 15, 1998 relating to the generation of electric power and includes the three unit Coleman Plant, the two unit Green Plant, the one unit D.B. Wilson Plant, the one unit Reid Unit I and the Reid Combustion Turbine, all existing and future additions to those plants and all interests of Big Rivers in common or joint facilities and equipment used to serve those generating facilities and/or Station Two, excluding, however, all Excluded Assets.

"Original Credit Agreements" mean the New RUS Agreement, the New RUS Notes, the 1983 Reimbursement Agreement, the Ambac Notes (as defined in the Restated Mortgage), the 1983 Standby Bond Purchase Agreement, the CSFBNYB Notes, the Series 2001A Note, the Financing and Loan Agreement, the CFC Loan Agreement, the CFC Note and the Restated Mortgage.

"Restated Mortgage" means the Third Restated Mortgage and Security Agreement, dated as of August 1, 2001, among Big Rivers, the Creditors and the 2000 Parties.

"Restated Mortgage Mortgagees" means the Creditors, each Owner Trust and Ambac Credit Products in their capacities, as mortgagees under the Restated Mortgage, and AME Investments and CoBank in their capacities as assignees under the Leasehold Mortgage of the interests of the Owner Trusts as mortgagees under the Restated Mortgage with respect to the Facility Lessor (D) Secured Notes and their respective successors and assigns.

"Security Agreements" mean:

(a) each of five separate Payment Agreement Pledge Agreements, each dated as of April 1, 2000 among Big Rivers, a Facility Lessor, Ambac Credit Products, the Big Rivers Subsidiary, and the Restated Mortgage Mortgagees;

(b) each of five separate Funding Agreement Pledge Agreements, each dated as of April 1, 2000, among the Big Rivers Subsidiary, Ambac Credit Products, the Restated Mortgage Mortgagees and State Street Bank and Trust Company, National Association, as Securities Collateral Agent; and

(c) each of the five separate Government Securities Pledge Agreements, each dated as of April 1, 2000, among the Big Rivers Subsidiary , Ambac Credit Products, a Facility Lessor, the Restated Mortgage Mortgagees and State Street Bank and Trust Company, National Association, as Government Securities Collateral Agent and Government Securities Intermediary.

"Series 2001A Note" means the note payable to the Series 2001A Trustee, dated August 1, 2001, stated to mature on October 1, 2022, issued by the Mortgagor in the aggregate principal amount of $83,300,000 to evidence the obligation of the Mortgagor under the Financing and Loan Agreement to pay the principal of and interest on the Series 2001A Bonds.

"Series 2001A Trustee" means U.S. Bank Trust National Association, a national banking association, duly organized and existing under the laws of the United States, not in its individual capacity but solely as trustee under the Trust Indenture dated as of August 1, 2001.

"2000 Collateral" means:

(a) each of the Payment Agreements;

(b) each of the five separate financial guaranty insurance policies, dated April 18, 2000, issued by Ambac Assurance with respect to the Payment Agreements;

(c) each of five separate Funding Agreements, dated as of April 1, 2000, between the Big Rivers Subsidiary and AIG Matched Funding Corp.;

(d) each of five separate guarantees, dated as of April 18, 2000, of American International Group, Inc. of with respect to such Funding Agreements;

(e) each of five separate financial guaranty insurance policies, dated April 18, 2000, issued by Ambac Assurance with respect to such guarantees;

(f) the Government Securities and the "Other Government Securities" referred to in each of the five separate Government Securities Pledge Agreements;

and any other property which may, from time to time, be added to, or substituted for, the above property, and become subject to the Security Agreements.

"2000 Parties Subordinate Mortgage" means the mortgage and security agreement on the Facilities, dated as of April 1, 2000, regarding certain contingent claims of the 2000 Transaction Parties and which mortgage is subordinated to the Original Restated Mortgage, the WKEC Lease, the LEM Mortgage, the LG&E Subordinated Mortgage, the Head Leases, the Facility Leases, the Ground Leases, the Ground Subleases, the Facility Lessee Assignment Agreements and the Facility Lessee Reassignment Agreements and is subject to (i) the rights of the LG&E Entities under the New Participation Agreement and the other Operative Documents and (ii) the rights of the City under the City Operating Agreement, the City Joint Facilities Agreement and the Cross-Easement.

Acknowledgements. The LG&E Entities acknowledge and agree that their rights and the right of any one of them to possession and use of such portion of the Collateral to which they are entitled to possession or use under the Operative Documents (as defined in the New Participation Agreement as the "Phase II Agreements") or otherwise are and shall be subject and subordinate to the liens on and security interests in the Collateral created by the Credit Agreements (as in effect on the date of the Intercreditor Agreement or as amended as permitted by the Intercreditor Agreement), including but not limited to liens on and security interests in the Collateral securing (i) the balance of indebtedness under the Original Credit Agreements as of the date of the Intercreditor Agreement and future advances under the Ambac Notes, the CSFBNYB Notes, the Series 2001A Note and the CFC Note, (ii) future accruing interest on such indebtedness, (iii) protective advances permitted under the terms of the Original Credit Agreements, (iv) additional advances under the Original Credit Agreements to the extent that any such advances are made in order for Big Rivers, its successors and assigns to pay sums due to the LG&E Entities under the Operative Documents and the Key Station Two Contracts and those advances are actually received by the LG&E Entities (in the case of (i) , (ii), (iii) and (iv), above, until such time as each of the Original Credit Agreements, and all related liens and security interests, are released, satisfied or otherwise discharged), and (v) contingent obligations to the Owner Trusts and Ambac Credit Products evidenced by the Facility Lessor Secured Notes and the Ambac Credit Products Secured Notes, respectively (until such time as all related liens and security interests evidenced by such Secured Notes are released, satisfied or otherwise discharged).

Priority of Payments. Notwithstanding any other provisions of the Intercreditor Agreement to the contrary, the LG&E Entities, the Creditors and the 2000 Parties agree that, notwithstanding the respective order or priority of recordation of the Restated Mortgage, the LEM Mortgage, the LG&E Subordinated Mortgage and the 2000 Parties Subordinated Mortgage, and, notwithstanding that the LG&E Entities have no security interest in certain of the assets and properties that have been pledged as collateral security to the Creditors and the 2000 Parties pursuant to the Restated Mortgage or the Security Agreements, including without limitation, the "2000 Collateral" subject to the Security Agreements, upon any foreclosure of the collateral securing the Restated Mortgage and the Security Agreements, if the LEM Mortgage, the LG&E Subordinated Mortgage and/or the 2000 Parties Subordinated Mortgage are foreclosed upon at such time, the proceeds of such foreclosure of the Collateral subject to the Restated Mortgage and the 2000 Collateral subject to the Security Agreements (to the extent, in the case of the Security Agreements, the Restated Mortgage Mortgagees are entitled to such proceeds) shall be distributed in the following order following the payment of the costs and expenses of foreclosure:

(a) First, pro rata (i) to CFC in payment of sums owed under the CFC Note provided that the maximum aggregate principal amount of the CFC Note given priority hereunder shall not exceed Fifteen Million Dollars ($15,000,000), (ii) to Ambac Assurance in payment of the Ambac Notes (as defined in the Restated Mortgage) secured by the lien of the Restated Mortgage, (iii) to CSFBNYB in payment of the CSFBNYB Notes secured by the lien of the Restated Mortgage; provided that if and to the extent that any amounts are due and payable but unpaid by Ambac Assurance under the 1983 Municipal Bond Insurance Policy (as defined in the Restated Mortgage) or the 1983 Surety Policy (as defined in the Restated

Mortgage), the portion of such payment which otherwise would have been payable to Ambac Assurance shall be payable to CSFBNYB until all amounts outstanding under the CSFBNYB Notes are paid in full and (iv) to the Series 2001A Trustee in payment of the Series 2001A Note secured by the lien of the Restated Mortgage;

(b) Second, to the LG&E Entities in payment of the sums described and provided in the Intercreditor Agreement under the heading "Capital Expenditures, Enhancements and SO2 Allowances";

(c) Third, (i) to LEM in payment of all amounts owed it under the Settlement Note and to WKEC in payment of all sums owed to WKEC or the Station Two Subsidiary pursuant to the New Participation Agreement, but excluding any sums owed in respect of Enhancements or Major Capital Improvements if any amounts are paid to the LG&E Entities under subsection (b) above, and (ii) to the holders of each Facility Lessor Secured Note and each Ambac Credit Products Secured Note for amounts owing under such Facility Lessor Secured Notes and Ambac Credit Products Secured Notes collectively. These payments shall be made pari passu and equal priority between the two classes described in subparts (i) and (ii) of this subsection, and then between the holders described in subpart (ii); provided, that all amounts owed to LEM and WKEC described in subpart (i) above shall be paid in full notwithstanding that the parties described in subpart (ii) above shall not be paid in full by receipt of an equivalent amount, with any deficit in payment to such parties described in subpart (ii) being met by payments made pursuant to subsection (d) below;

(d) Fourth, pari passu, and in equal priority, to the holders of each Facility Lessor Secured Note and each Ambac Credit Products Secured Note for amounts owing thereunder not previously paid pursuant to clause (ii) of subsection (c) above (after application of any credits provided thereunder).

(e) Fifth, to RUS in payment of the sums secured to RUS by the lien of the Restated Mortgage;

(f) Sixth, to the LG&E Entities, for amounts secured by the LG&E Subordinated Mortgage if such LG&E Subordinated Mortgage is being foreclosed in the same proceeding;

(g) Seventh, pari passu, and in equal priority to the 2000 Transaction Parties for amounts secured by the 2000 Parties Subordinated Mortgage in accordance with the provisions of the 2000 Parties Subordinated Mortgage if the 2000 Parties Subordinated Mortgage is being foreclosed in the same proceeding; and

(h) Eighth, to Big Rivers and the LG&E Entities with the LG&E Entities being entitled to share in the proceeds of the foreclosure (net of the payments described above) in the proportion that the net present value of the use and enjoyment of the Assets (other than Enhancements and Major Capital Improvements) by the LG&E Entities for the period of time remaining prior to December 31, 2023 bears to the fair market value of the Assets and the Key Station Two Contracts on the date of the foreclosure sale, determined on the basis that such sale had not occurred.

It is specifically agreed that none of Ambac, CSFBNYB, the Series 2001A Trustee, CFC, RUS, the LG&E Entities or the 2000 Transaction Parties shall have any obligation to insure or direct the payment of sums described in subsection (f) and (g) above other than amounts held by the Restated Mortgage Collateral Agent in accordance with the use of proceeds of the Alternative Settlement Option under a Big Rivers Swap, as described in the Intercreditor Agreement, and other than amounts applied from the proceeds of the Settlement Escrow Account by the Restated Mortgage Collateral Agent in accordance with the application of proceeds of the Alternative Settlement Option under a Big Rivers Swap, as described in the Intercreditor Agreement

Nondisturbance by Restated Mortgage Mortgagees or Mortgagees under 2000 Parties Subordinated Mortgage So long as no LG&E Entity is in default of any obligation under the Operative Documents (beyond any period given to them under any of such agreements to cure such default) as would entitle Big Rivers to terminate any of them or would cause, without any further action of Big Rivers, the termination of any of them or would entitle Big Rivers to dispossess an LG&E Entity under the Operative Documents, all Creditors and all mortgagees under the 2000 Parties Subordinate Mortgage agree:

(a) that in the event the Restated Mortgage Mortgagees, any Restated Mortgage Mortgagee or a mortgagee or mortgagees under the 2000 Parties Subordinated Mortgage comes into possession of or acquires title to any of the Facilities (or any portion thereof) or rights of Big Rivers in connection with Station two or the Key Station Two Contracts or other Collateral, whether by reason of foreclosure, the enforcement of the Credit Agreements or otherwise as a result of any other means, then:

(i) the Operative Documents and the Key Station Two Contracts shall continue in full force and effect and shall not be terminated except in accordance with the terms of such agreements;

(ii) the LG&E Entities' occupancy, use and operation of the Facilities, Station Two, and any other Collateral (including any contractual rights or obligations of Big Rivers relating to the Key Station Two Contracts) and their rights and privileges, as applicable, under the Operative Documents shall not be disturbed, diminished or interfered with by the Restated Mortgage Mortgagees except in accordance with the terms of the Operative Documents during the term of the Operative Documents; and

(iii) the Restated Mortgage Mortgagees and the mortgagees under the 2000 Parties Subordinated Mortgage will not, based upon any default of Big Rivers under the Original Credit Agreements or any 2000 Operative Document, join any of the LG&E Entities or the City as a party defendant in any action or proceeding or take any other action for the purpose of terminating or otherwise interfering with any interest, right or estate of any of the LG&E Entities or the City under the Operative Documents or the Key Station Two Contracts.

(b) that in the event the Restated Mortgage Mortgagees, any Restated Mortgage Mortgagee or mortgagees under the 2000 Parties Subordinated Mortgage receive any proceeds of insurance (except in connection with any proceeds of insurance obtained pursuant to any Head Lease or any Facility Lease) resulting from any casualty, damage or destruction to any of the Collateral as to which the LG&E Entities have possession or use under the Operative Documents or which is reasonably necessary to the performance of the Operative Documents (collectively, the "Essential Collateral") or the proceeds of any condemnation (or the settlement of any claim in lieu of condemnation) of the Essential Collateral, notwithstanding any right of the Restated Mortgage Mortgagees or mortgagees under the 2000 Parties Subordinated Mortgage, pursuant to the Original Credit Agreements or the 2000 Operative Documents or otherwise, to apply such proceeds to the indebtedness or obligations of Big Rivers under the Original Credit Agreements or the 2000 Operative Documents, the receiving Restated Mortgage Mortgagees or mortgagees under the 2000 Parties Subordinated Mortgage, as the case may be, shall (i) make such proceeds of insurance available for application in accordance with the WKEC Lease or any comparable provisions of the Station Two Agreement and (ii) make such proceeds of condemnation available for application in accordance with the WKEC Lease.

Attornment to Restated Mortgage Mortgagees. If the Restated Mortgage Mortgagees or any Restated Mortgage Mortgagee acquire title to or the right to possession of the Essential Collateral, and for so long thereafter as that Restated Mortgage Mortgagee or those Restated Mortgage Mortgagees hold title to or possession of Essential Collateral, the LG&E Entities shall be bound to the acquiring Restated Mortgage Mortgagee(s) under all of the terms, covenants and conditions of the Operative Documents for the balance of the remaining term of the Operative Documents, with the same force and effect as if the acquiring Restated Mortgage Mortgagee(s) were Big Rivers, and the LG&E Entities do hereby agree to attorn to such acquiring Restated Mortgage Mortgagee(s), which attornment (i) shall be effective and self-operative without the execution of any other instruments by any party to the Intercreditor Agreement immediately upon such acquiring Restated Mortgage Mortgagee(s) succeeding to the interest of Big Rivers under the Operative Documents or acquiring title to or ownership or possession of the Facilities and other Essential Collateral and (ii) shall be on the basis of the Operative Documents, including without limitation, subject to the right of the LG&E Entities to exercise all rights and remedies they have under the terms of the Operative Documents (including, without limitation, termination rights) against Big Rivers and its successors and assigns at any time, subject to the provisions of the Intercreditor Agreement.

Attornment to Third Parties as Successor to Restated Mortgage Mortgagee. If a Person other than a Restated Mortgage Mortgagee (a "Purchaser") acquires title to or the right to possession of the Facilities or other Essential Collateral, or succeeds to the interests of Big Rivers under the Operative Documents, or succeeds to the interest of any Restated Mortgage Mortgagee under the Credit Agreements or to the Essential Collateral, the LG&E Entities shall likewise be bound to such Purchaser, and they and each of them hereby covenant and agree that they shall attorn to such Purchaser (i) in accordance with all of the provisions of the Intercreditor Agreement and (ii) on the basis of the Operative Documents, including without limitation, subject to the right of the LG&E Entities to exercise all rights and remedies they have under the terms of the Operative Documents (including, without limitation, termination rights) against Big Rivers and its successors and assigns at any time, subject to the provisions of the Intercreditor Agreement. Before any sale or other transfer of the Facilities or any other Essential Collateral, or of any of Big River's rights or interests under the Operative Documents or the Key Station Two Contracts that are included in the Collateral, by or at the direction of a Restated Mortgage Mortgagee (including without limitation, any sale or transfer of such Collateral effected pursuant to a foreclosure action initiated or joined by that Restated Mortgage Mortgagee), and before any assignment of their respective rights regarding the Essential Collateral or such other Collateral under the Credit Agreements, that Restated Mortgage Mortgagee(s) shall obtain the Purchaser's written agreement to recognize the rights of the LG&E Entities under and be bound directly to them, as applicable, for the performance and observance of all the terms and conditions of (a) the Operative Documents and the Key Station Two Contracts required to be performed or observed by Big Rivers and (b) the Intercreditor Agreement required to be performed or observed by the Restated Mortgage Mortgagee and such agreement shall be for the benefit of and may be enforced by the LG&E Entities (and their successors and assigns) directly against the Purchaser.

Nondisturbance by 2000 Parties. So long as (i) no LG&E Entity is in default of any obligation under the WKEC Lease or the Power Purchase Agreement (beyond any period given to them under any of such agreements to cure such default) as would entitle Big Rivers to terminate either of them or would cause, without any further action of Big Rivers, the termination of any of them or would entitle Big Rivers to dispossess an LG&E Entity under the WKEC Lease or the Power Purchase Agreement, or (ii) in the case of the City Joint Facilities Agreement and the City Operating Agreement, no LG&E Entity is in default of any obligation under the Station Two Agreement (beyond any period given to them under such Agreements to cure such default) as would entitle Big Rivers to terminate the Station Two Agreement or would cause, without further action of Big Rivers, the termination of the Station Two Agreement or would entitle Big Rivers to dispossess each of the LG&E Entities under the Station Two Agreement, the 2000 Parties agree:

(a) that in the event the 2000 Parties or any 2000 Party has or comes into possession of a leasehold interest in the Wilson Unit, Plant Green or a Site or any other Essential Collateral under any Head Lease or Ground Lease by reason of or following a termination for any reason or an expiration of any Facility Lease or Ground Sublease (or any portion thereof), or otherwise as a result of any other means, or in the event the 2000 Parties or any 2000 Party has or comes into possession of any rights or interests under, in or to the WKEC Lease, the Power Purchase Agreement, the City Operating Agreement or the City Joint Facilities Agreement under any Facilities Lessee Assignment Agreement by reason of or following a termination for any reason or expiration of any Facilities Lessee Reassignment Agreement (or any portion thereof), or otherwise as a result of any other means, then:

(i) the WKEC Lease, Power Purchase Agreement, the City Operating Agreement and City Joint Facilities Agreement shall continue in full force and effect and shall not be terminated except in accordance with the terms of such agreements;

(ii) the LG&E Entities' occupancy, use and operation of the Wilson Unit, Plant Green and the Sites, and their rights and privileges, as applicable, under the WKEC Lease, the Power Purchase Agreement, the City Operating Agreement and City Joint Facilities Agreement shall not be disturbed, diminished or interfered with by the 2000 Parties except in accordance with the terms of such agreements during the term of the WKEC Lease, the Power Purchase Agreement, the City Operating Agreement and City Joint Facilities Agreement; and

(iii) the 2000 Parties will not, based upon any default by Big Rivers under a Facility Lease or any other 2000 Operative Document, take any action for the purpose of terminating or otherwise interfering with any interest, right or estate of any of any LG&E Party or the City under the WKEC Lease, the Power Purchase Agreement or the City Joint Facilities Agreement.

(b) that in the event the 2000 Parties or any 2000 Party receive any proceeds of insurance (except in connection with any proceeds of insurance obtained pursuant to any Head Lease or any Facility Lease) resulting from any casualty, damage or destruction to any of the Essential Collateral or the proceeds of any condemnation (or the settlement of any claim in lieu of condemnation) of the Essential Collateral, notwithstanding any right of the 2000 Parties, pursuant to any Facility Lease or other 2000 Operative Document or otherwise, to apply such proceeds to the indebtedness or obligations of Big Rivers under the 2000 Operative Documents (including, but not limited to, the Facility Lessor Secured Notes and the Ambac Credit Products Secured Notes), the receiving 2000 Parties shall (i) make such proceeds of insurance available for application in accordance with the WKEC Lease and (ii) make such proceeds of condemnation available for application in accordance with the WKEC Lease.

Attornment to 2000 Parties. If the 2000 Parties or any 2000 Party has or acquires the right to possession of the Wilson Unit, Plant Green or any Site under any Head Lease or Ground Lease following the termination of a Facility Lease or Ground Sublease, and for so long thereafter as the 2000 Parties or any 2000 Party shall hold the right to possession of that Essential Collateral, the LG&E Entities shall be bound to the acquiring 2000 Party or 2000 Parties under all of the terms, covenants and conditions of the WKEC Lease and Power Purchase Agreement to the extent assigned under the Facility Lessee Assignment Agreement for the balance of the remaining term of the WKEC Lease and Power Purchase Agreement, with the same force and effect as if the acquiring 2000 Party or 2000 Parties were Big Rivers, and the LG&E Entities do hereby agree to attorn to such acquiring 2000 Party or 2000 Parties which attornment (i) shall be effective and self-operative without the execution of any other instruments by any party to the Intercreditor Agreement immediately upon the termination of the Facility Lessee Reassignment Agreement or such acquiring 2000 Party or 2000 Parties succeeding to the interest of Big Rivers under the WKEC Lease and Power Purchase Agreement as assigned under the Facility Lessee Assignment Agreement (or part thereof) or acquiring the right to possession of the Wilson Unit, Plant Green or any Site under any Head Lease or Ground Lease upon the termination of a Facility Lease and other Essential Collateral and (ii) shall be on the basis of the Operative Documents, including without limitation, subject to the right of the LG&E Entities to exercise all rights and remedies they have under the terms of the Operative Documents (including, without limitation, termination rights) against Big Rivers and its successors and assigns at any time, subject to the provisions of the Intercreditor Agreement. In furtherance of the agreement of the LG&E Entities set forth in the preceding sentence, the LG&E Entities acknowledge that, upon a termination of any Facility Lease in which the Facility Lessee Reassignment Agreement applicable to the Undivided Interest terminates, the LG&E Entities agree to attorn to the Owner Trust which is a party to such Facility Lease or its assignee, on the basis of the portion of the WKEC Lease, Power Purchase Agreement and payments under the City Joint Facilities Agreement and the City Operating Agreement assigned to such Owner Trust under its Facilities Lessee Assignment Agreement, including, making payments of the assigned portion of the rent owing under the WKEC Lease to such Owner Trust or its assignee, and selling the assigned portion of the power and energy to be sold under the Power Purchase Agreement to such Owner Trust or its assignee. Nothing contained therein shall be deemed to modify the obligations of the LG&E Entities under the WKEC Lease, the Power Purchase Agreement, the City Joint Facilities Agreement or the City Operating Agreement. The 2000 Parties agree that, notwithstanding the assignment of a portion of Big Rivers' right, title and interest in such agreements to the Owner Trusts under the Facility Lessee Assignment Agreement, as between the 2000 Parties and the LG&E Entities only, the rights and obligations of the LG&E Entities under the WKEC Lease, the Power Purchase Agreement, the Station Two Agreement, the City Joint Facilities Agreement and the City Operating Agreement are not divisible except to the extent expressly set forth in the second preceding sentence, and Big Rivers is not released from any of its obligations under any of such agreements, it being expressly understood that the 2000 Parties take such commitments from the LG&E Entities subject to all of the rights, claims and interests of the LG&E Entities under the WKEC Lease, the Power Purchase Agreement, the Station Two Agreement, the City Joint Facilities Agreement, the City Operating Agreement and the other Operative Documents (including without limitation, the right to terminate those Operative Documents upon a breach or default by Big Rivers thereunder). Specifically, the 2000 Parties acknowledge that the assignment of Big Rivers' right to receive certain payments from the City under the City Operating Agreement and City Joint Facilities Agreement, which payments are assigned to the Owner Trusts under the Facility Lessee Assignment Agreement, is subject to the Station Two Subsidiary's prior right to receive and retain such payments under the Station Two Agreement free of the liens and other rights created by the Restated Mortgage, the 2000 Parties Subordinate Mortgage and the other 2000 Operative Documents. Each Owner Trust and each assignee of an Owner Trust's interest in the WKEC Lease and the Power Purchase Agreement shall each be entitled (but shall not be obligated to) to cure defaults under the WKEC Lease and the Power Purchase Agreement resulting from any default by Big Rivers or any Owner Trust thereunder, but only in accordance with the grace or cure provisions of the WKEC Lease, the Power Purchase Agreement, the New Participation Agreement and the Intercreditor Agreement. Each Owner Trust agrees with the LG&E Entities that, if Big Rivers shall be replaced as "Operator" of Plant Green or the Wilson Unit pursuant to either Operating and Support Agreement, the Owner Trusts will appoint another entity responsible for performing the obligations of Big Rivers set forth in each Operating and Support Agreement and Big Rivers agrees such entity shall perform the obligations set forth in each Operating and Support Agreement on behalf of all Owner Trusts and Big Rivers if Big Rivers shall continue to have any continuing interest in any Facilities. The LG&E Entities shall be entitled to rely upon instructions, notices, consents or other actions delivered by Big Rivers or a party designated to perform the obligations under an Operating and Support Agreement in replacement of Big Rivers pursuant to either Operating and Support Agreement, and may assume any such instructions, notices, consents or other actions are consistent with, and permitted by, the 2000 Operative Documents for all purposes of the Intercreditor Agreement. The LG&E Entities shall not be obligated to rely on the instructions, notices, consents or other actions of any Person other than Big Rivers or its designated replacement. Where Big Rivers shall have any continuing interests in any Facilities other than Plant Green and the Wilson Unit or shall continue to be a party to the WKEC Lease or the Power Purchase Agreement following the termination of a Facilities Lessee Assignment Agreement, the LG&E Entities shall be entitled to rely solely upon the instructions, notices, consents and other actions of Big Rivers or of a replacement designated jointly by Big Rivers and the 2000 Parties and not those of any other Person designated by the 2000 Parties alone. Nothing shall prevent any 2000 Party from exercising any of their respective rights or remedies provided for in the Operative Documents and/or the Key Station Two Contracts to the extent consistent with the provisions of the Operative Documents.

Attornment to Third Parties as Successor to 2000 Parties. If a Person other than a 2000 Party (a "Third-Party Purchaser") acquires the right to possession of an undivided interest in the Wilson Unit or Plant Green under any Head Lease following the termination of a Facility Lease or an undivided interest in any Site under any Ground Lease following the termination of a Ground Sublease or other Essential Collateral, or succeeds to the interests of Big Rivers under any of the 2000 Operative Documents, or succeeds to the interest of any Owner Trust under any Head Lease, Facility Lease and other 2000 Operative Documents or to the Power Purchase Agreement, WKEC Lease, City Operating Agreement or City Joint Facilities Agreement, as partially assigned, the LG&E Entities shall likewise be bound to such Third-Party Purchaser, and they and each of them hereby covenant and agree that they shall attorn to such Third-Party Purchaser (i) in accordance with all of the provisions of the Intercreditor Agreement and (ii) on the basis of the Operative Documents, including without limitation, subject to the right of the LG&E Entities to exercise all rights and remedies they have under the terms of the Operative Documents (including, without limitation, termination rights) against Big Rivers and its successors and assigns at any time, subject to the provisions of the Intercreditor Agreement. Before any sale or other transfer of an interest in the Essential Collateral (including, without limitation, any interest under a Head Lease or Ground Lease following termination of a Facility Lease or Ground Sublease, as applicable), by or at the direction of the 2000 Party (including without limitation, any sale or transfer of such Collateral effected pursuant to a foreclosure action initiated or joined in by that 2000 Party), before any assignment of their respective rights regarding the Essential Collateral under the 2000 Operative Documents and before any assignment of any rights or interests under or relating to the WKEC Lease, the Power Purchase Agreement, the City Operating Agreement or the City Joint Facilities Agreement (or under or relating to the related Facility Lessee Assignment Agreement), that 2000 Party shall secure the Third-Party Purchaser's written agreement to recognize the rights of the LG&E Entities under and be bound directly to them, as applicable, for the performance and observance of all the terms and conditions of (a) the WKEC Lease, the Power Purchase Agreement, the City Operating Agreement and the City Joint Facilities Agreement required to be performed or observed by Big Rivers, and (b) the Intercreditor Agreement required to be performed or observed by the 2000 Party, and such agreement shall be for the benefit of and may be enforced by the LG&E Entities (and their successors and assigns) directly against the Third-Party Purchaser. Any such sale, other transfer or assignment shall be subject, however, to the rights of the LG&E Entities set forth in the Intercreditor Agreement.

Rights Upon Creditors' Notice of Default. Any Creditor giving a notice of default to Big Rivers under an Original Credit Agreement shall provide each other Creditor, WKEC, as agent for the LG&E Entities, and each 2000 Transaction Party, with a copy of such notice of default at the same time such notice is given to Big Rivers. Following the giving by that Creditor of notice of default to Big Rivers under an Original Credit Agreement, but before that Creditor shall commence foreclosure of Big Rivers' interest in the Facilities or the other Collateral, the LG&E Entities and each 2000 Transaction Party shall be given an opportunity to (but shall not be obligated to):

(a) Cure, or assist Big Rivers in curing, according to the terms of the Original Credit Agreements, any default of Big Rivers by making payment to Creditors or by fulfilling any other obligation of Big Rivers under the Original Credit Agreements provided such cure shall be effected within ten (10) days of the receipt of such notice by such LG&E Entity or 2000 Transaction Party as to payment defaults and within thirty (30) days of the receipt of such notice as to defaults under an Original Credit Agreement other than the payment of money unless such cure cannot be reasonably effected within such time in which case, such cure shall be commenced within such thirty (30) day period and thereafter diligently completed; and

(b) In the case of the LG&E Entities, continue to exercise their rights of set-off against Big Rivers as set forth in the Operative Documents provided such set-off rights have commenced to be exercised prior to the giving of such notice of default.

Rights Upon LG&E Entities' Notice of Default. (a) WKEC, as agent for the LG&E Entities, shall provide to Creditors a copy of any notice given to Big Rivers of a default by Big Rivers under the terms of the Operative Documents or the Key Station Two Contracts. Following the giving by WKEC of such notice of default to Big Rivers, but before the termination by any of the LG&E Entities of any of the Operative Documents or the Key Station Two Contracts shall become effective, the Creditors shall be given an opportunity to (but shall not be obligated to):

(i) Cure, or assist Big Rivers in curing, according to the terms of the Operative Documents or the Key Station Two Contracts, as applicable, any default of Big Rivers by making payments to WKEC, as agent for the LG&E Entities, or by fulfilling any other obligation of Big Rivers under the Operative Documents or the Key Station Two Contracts, as applicable, provided such cure shall be effected within ten (10) days of the receipt of such notice by Creditors as to payment defaults and within thirty (30) days of the receipt of such notice as to defaults other than the payment of money unless such cure cannot be reasonably effected within such time in which case, such cure shall be commenced within such thirty (30) day period and thereafter diligently completed; and

(ii) Exercise any rights available to Creditors to direct performance by Big Rivers under the Operative Documents and the Key Station Two Contracts, as applicable.

(b) WKEC, as agent for the LG&E Entities, shall also provide to the 2000 Transaction Parties a copy of any notice, at the same time such notice is, given to Big Rivers of a default by Big Rivers under the terms of the Operative Documents or the Key Station Two Contracts. Following the giving by WKEC of such notice of default to Big Rivers, the 2000 Transaction Parties shall be given an opportunity to (but shall not be obligated to):

(i) Cure, or assist Big Rivers in curing, according to the terms of the Operative Documents and the Key Station Two Contracts, as applicable, any default of Big Rivers by making payments to WKEC, as agent for the LG&E Entities, or by fulfilling any other obligation of Big Rivers under the Operative Documents or the Key Station Two Contracts, as applicable, provided such cure shall be effected within any applicable grace or cure period provided under the terms of the Operative Documents or Key Station Two Contracts for performance by Big Rivers (which periods as they relate to the 2000 Transaction Parties, will be deemed to commence as of their receipt of the notice from the relevant LG&E Entity as contemplated above); and

(ii) Exercise any rights available to the 2000 Parties to direct performance by Big Rivers under the WKEC Lease and the Power Purchase Agreement, as applicable.

Rights Upon 2000 Party's Notice of Default. Each 2000 Party agrees to provide to the Creditors and to WKEC, as agent for the LG&E Entities, a copy of any notice, at the same time such notice is, given by it to Big Rivers of a default by Big Rivers under the terms of any 2000 Operative Document. Following the giving by such 2000 Party of such notice of default to Big Rivers, the Original Creditors and LG&E Entities shall each be given an opportunity to (but shall not be obligated to):

(a) Cure, or assist Big Rivers in curing, according to the terms of the 2000 Operative Documents any default of Big Rivers by making payments to such 2000 Party or by fulfilling any other obligation of Big Rivers under the 2000 Operative Documents, provided such cure shall be effected within the applicable grace or cure period specified in such Facility Lease (which period, as they relate to the LG&E Entities, will be deemed to commence as of their receipt of the notice from the relevant 2000 Party as contemplated above); and

(b) Exercise any rights available to the Creditors or LG&E Entities to direct performance by Big Rivers under the 2000 Operative Documents.

Waiver of Defaults. Notwithstanding any other provision of the Intercreditor Agreement, the Operative Documents, the Key Station Two Contracts, the Original Credit Agreements or the 2000 Operative Documents, any party hereto (the "Waiving Party") may, in writing, waive or choose to waive and ignore any default by Big Rivers in the performance of its obligations under any of the foregoing agreements to which such Waiving Party is a party and to which the related obligation was owed, and in such event, the occurrence or existence of any such default by Big Rivers which is waived or ignored shall not be the basis for any of such other agreements being declared to be in default or breach by any other party to the Intercreditor Agreement, in each case unless such default or breach is also of an obligation to such other party and is not waived by such other party.

Timing of Foreclosure of LEM Mortgage. LEM and WKEC, as applicable, shall commence foreclosure of the LEM Mortgage at such time (but not before such time) that (i) a default exists beyond any applicable cure period under (x) the Settlement Note or (y) the Operative Documents such that an LG&E Parties Residual Value Payment is due and owing and has not been paid and (ii) the Operative Documents (other than the Intercreditor Agreement, the LEM Mortgage, the LG&E Subordinated Mortgage, the Settlement Promissory Note, the Guaranty and any other non-disturbance agreements that may hereafter be entered into as contemplated in the Intercreditor Agreement) have expired or terminated in accordance with their terms or in consequence of a default by Big Rivers thereunder (including without limitation by reason of a rejection in bankruptcy by Big Rivers) or any LG&E Entity has terminated or given notice of its determination to terminate those Operative Documents as a result of a default by Big Rivers under the Operative Documents giving rise to the right of the LG&E Entities to terminate those Operative Documents. If LEM or WKEC commence an action to foreclose the LEM Mortgage in accordance with the preceding sentence, the Creditors and the 2000 Parties that are parties to the Security Agreements, as applicable, shall commence foreclosure under the Restated Mortgage and the Security Agreements, respectively, and proceed to realize upon all liens and security interests created by the Restated Mortgage (including all liens and security interests held in all Collateral) and the Security Agreements (including all liens and security interests held in all 2000 Collateral) in which any such 2000 Party shall then be permitted to exercise rights as a secured party in the same tribunal with the intention that the foreclosure of the LEM Mortgage, the Restated Mortgage and such Security Agreements shall occur simultaneously. The preceding sentence shall not obligate any 2000 Party to initiate the exercise of any rights under the Restated Mortgage or, except as required by the preceding sentence, participate in any foreclosure thereof or preclude any 2000 Party from exercising any rights or remedies available to such 2000 Party under any other 2000 Operative Document which does not involve the exercise of rights or remedies under the Restated Mortgage. All parties to the Intercreditor Agreement agree that they shall each support a transfer of a state court foreclosure action to the United States District Court for the Western District of Kentucky. A foreclosure of the Restated Mortgage or the 2000 Parties Subordinated Mortgage at any time prior to a foreclosure of the LEM Mortgage or the LG&E Subordinated Mortgage shall not affect the liens and security interests of the LEM Mortgage or the LG&E Subordinated Mortgage which shall remain in place and the Creditors and the 2000 Parties shall specifically provide in the foreclosure that the liens and security interests of the LEM Mortgage and the LG&E Subordinated Mortgage shall continue undisturbed and that the Collateral shall be sold subject to the liens and security interests of the LEM Mortgage and the LG&E Subordinated Mortgage.

Obligations of Creditors and 2000 Parties as Restated Mortgage Mortgagees. So long as no LG&E Entity is in default of any obligations under any Operative Documents and the Key Station Two Contracts (beyond any applicable cure periods provided therein) such that such agreements and contracts are subject to termination by Big Rivers, the Restated Mortgage Mortgagees and the mortgagees under the 2000 Parties Subordinated Mortgage, as successors to Big Rivers, agree that:

(a) If a Creditor or a 2000 Party determines to foreclose Big Rivers' interest in any part of the Collateral under the Restated Mortgage or the 2000 Parties Subordinated Mortgage, such Creditor or such 2000 Party shall foreclose Big Rivers' interest in all Essential Collateral including Big Rivers' interest in the Operative Documents.

(b) All Essential Collateral included in the Collateral described in the preceding paragraph shall, if foreclosed upon by the Creditors or 2000 Parties, be sold or transferred to a single Purchaser who shall be possessed of all permits and licenses required by federal, state or local law to enable such Purchaser to own all of the Essential Collateral and to perform the terms, covenants and conditions of the Operative Documents and the Intercreditor Agreement to be performed by Big Rivers.

(c) If the Creditors or 2000 Parties or any of them or a Purchaser acquires Big Rivers' interest in the Facilities and the other Essential Collateral, such Creditors or 2000 Parties or Purchaser (or successor or assign), as applicable, shall be bound to the LG&E Entities under all of the terms, covenants and conditions of the Operative Documents as if such Creditors or 2000 Parties or the Purchaser, as applicable, were Big Rivers, and such Creditors or 2000 Parties or the Purchaser shall unconditionally assume and undertake to discharge all obligations of Big Rivers under the Operative Documents arising on or after the date of their taking or receiving an assignment of the rights of Big Rivers under the Operative Documents, including, without limitation, the obligations set forth in the New Participation Agreement with respect to any subsequent "Transfer" of the Facilities or other Essential Collateral by the Creditor or 2000 Party or such Purchaser.

(d) Before acquiring any such right or title to Big Rivers' interest, such Creditors or 2000 Parties or the Purchaser, as applicable, shall execute and deliver to WKEC, on behalf of the LG&E Entities, a written instrument expressly assuming Big Rivers' obligations under the Operative Documents arising on and after the date of such acquisition.

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE

The following is a summary of certain provisions of the Bond Indenture and is not to be considered as a full statement of the provisions thereof. This summary is qualified by reference to and is subject to the complete Bond Indenture, copies of which are available for inspection at the principal offices of Big Rivers and the Trustee. All capitalized terms used in the summary and not defined herein or elsewhere in this Offering Statement shall have the meanings given to them in the Bond Indenture.

Limited Pledge

The 2001 Bonds are not payable from or charged upon any funds other than the Trust Estate pledged to the payment thereof, nor will the County be subject to any liability thereon. No Owners of any of the 2001 Bonds will ever have the right to compel any exercise of the taxing power of the County to pay any such 2001 Bonds or the interest thereon, nor to enforce payment thereon against any property of the County. The 2001 Bonds shall not constitute a charge, lien nor encumbrance, legal or equitable, upon any property of the County. The 2001 Bonds do not constitute debt of the County within the meaning of any constitutional or statutory limitation. The 2001 Bonds will not be a general obligation of the County and will not constitute or give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

Bond Fund; Application of Revenues

A Bond Fund is established by the Bond Indenture as a trust fund to be used by the Trustee to pay when due the principal of, premium, if any, and interest on the 2001 Bonds. The Receipts and Recoveries of the County from the Financing Agreement are to be remitted directly to the Trustee for the account of the County and deposited in the Bond Fund. The Bond Indenture provides that said payments shall be sufficient in amount to pay the principal of the 2001 Bonds when due at maturity and interest on the 2001 Bonds when due from time to time. The entire amount of Receipts and Revenues of the County from the Financing Agreement are pledged to the payment of the principal of the 2001 Bonds when due at maturity and interest on the 2001 Bonds when due.

The Receipts and Revenues of the County from the Financing Agreement are all moneys paid by Big Rivers under the Financing Agreement. These amounts are equal to the principal of the 2001 Bonds when due at maturity and interest when due on the 2001 Bonds. The obligation of Big Rivers to pay these amounts are evidenced by the 2001 Note.

The County has covenanted and agreed that so long as any of the 2001 Bonds are Outstanding it will deposit, or cause to be deposited, in the Bond Fund sufficient sums from the Receipts and Revenues of the County from the Financing Agreement promptly to meet and pay the principal of the 2001 Bonds when due at maturity or by acceleration and interest on the 2001 Bonds when due. A 2001 Bond is "Outstanding" within the meaning of the Bond Indenture if it has been authenticated and delivered, unless (i) such Bond has been cancelled or acquired by the Trustee for cancellation, (ii) cash has been deposited with the Trustee in an amount equal to the principal thereof and interest thereon to maturity, (iii) such Bond has otherwise been paid in accordance with the defeasance provisions of the Bond Indenture, (iv) another 2001 Bond has been authenticated and delivered in exchange or in substitution for such Bond or (v) such Bond is held or owned by Big Rivers.

Investments

Any moneys held as a part of the Bond Fund shall be invested or reinvested by the Trustee, to the extent permitted by law, in Investment Securities selected by Big Rivers. Investment Securities are defined as the following securities, maturing or redeemable at the option of the holder thereof at such time or times as to enable disbursements to be made from the Bond Fund, in accordance with the terms of the Bond Indenture, or which shall be marketable prior to the maturities thereof:

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

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

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

(c) U.S. dollar denominated certificates of deposit (whether negotiable or non-negotiable), demand deposits, time deposits and banker's acceptances with any bank or trust company organized under the laws of any state of the United States of America or any national banking association whose deposit obligations on the date of purchase are rated either "A-1" or better by Standard & Poor's Credit Market Services (a division of the McGraw-Hill Companies, Inc.) ("S&P") and "P-1" or better by Moody's Investors Service ("Moody's") (provided that a rating on a holding company shall not be deemed to be such rating on a subsidiary bank);

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

(e) Senior debt Obligations rated "AAA" by S&P and "Aaa" by Moody's issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation;

(f) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P;

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

(1) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of S&P and Moody's or any successors thereto; or

(2) (A) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (a) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate and (B) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(h) Investment Agreements approved in writing by Ambac Assurance with notice to S&P; and

(i) other forms of investments (including repurchase Agreements) approved in writing by Ambac Assurance with notice to S&P.

Tax Covenant

The County covenants to maintain the exclusion of interest on the 2001 Bonds from gross income for federal income tax purposes pursuant to the Code, and will take, or require to be taken, such acts as may from time to time be required under applicable law and regulation to continue the exclusion of the interest on the 2001 Bonds from gross income for federal income tax purposes; and in furtherance of such covenants, the County agrees to comply with the Tax Certificate and the provisions of the 1954 Code, as amended by the Tax Reform Act of 1986. The County further covenants that it will not take any action or fail to take any action with respect to the 2001 Bonds which would cause the 2001 Bonds to be "arbitrage bonds" within the meaning of such term as used in Section 148 of the Code, and any regulations promulgated or proposed thereunder or under Section 103(c) of the 1954 Code, as amended. The County shall make any and all payments required to be made to the United States Department of the Treasury in connection with the 2001 Bonds pursuant to Section 148(f) of the Code from amounts on deposit in the funds and accounts established under the Bond Indenture and available therefor. The County covenants that it will not use or permit the use of any property financed or refinanced with the proceeds of the 2001 Bonds by any person (other than a state or local governmental unit) in such manner or to such extent as would result in a loss of exclusion of the interest on the 2001 Bonds from gross income for federal income tax purposes (other than during the period the 2001 Bonds are held by a "substantial user" of the facilities financed or refinanced with proceeds of the 2001 Bonds or a "related person" within the meaning of Section 147(a) of the Code).

Notwithstanding any other provisions of the Bond Indenture to the contrary, so long as necessary in order to maintain the exclusion of interest on the 2001 Bonds from gross income for federal income tax purposes under Section 103(a) of the Code, the covenants described in the preceding paragraph shall survive the payment of the 2001 Bonds and the interest thereon, including any payment or defeasance thereof pursuant to the Bond Indenture.

Events of Default; Remedies

The following each constitutes an "Event of Default" for the purposes of the Bond Indenture:

(a) a failure by either the County or Ambac Assurance to pay within one day of when due the principal of the 2001 Bonds on the stated maturity date thereof or interest on any of the 2001 Bonds with the result that such principal or interest remains unpaid as of such date; or

(b) an "event of default" as defined in the Financing Agreement shall have occurred and be continuing; or

(c) acceleration of payment of any note secured by the Mortgage pursuant to an event of default as defined in the Mortgage; or

(d) Big Rivers 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 thereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or substantially all 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 other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall take any corporate action to authorize any of the foregoing; or an involuntary case or other proceeding shall be commenced against Big Rivers seeking liquidation, reorganization or other relief with respect to it 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 substantially all of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 30 days.

Upon the occurrence and continuance of an Event of Default described in clause (c) above, the Trustee shall, and upon the occurrence and continuance of any other Event of Default, the Trustee may, with the consent of Ambac Assurance if the Municipal Bond Insurance Policy is in effect and Ambac Assurance is not in breach of any of the provisions thereof, and upon the written request of the Owners of not less than 50% in aggregate principal amount of 2001 Bonds then Outstanding the Trustee shall, declare the principal amount of all 2001 Bonds then Outstanding and the interest accrued thereon to be immediately due and payable and said principal and interest shall thereupon become immediately due and payable, and the Trustee shall give notice thereof in writing to the County and Big Rivers, and notice to Owners in the same manner as a notice of redemption. Upon any declaration of acceleration under the Bond Indenture, the County and the Trustee shall immediately declare all payments due on the 2001 Note to be immediately due and payable as provided in the Financing Agreement.

If, at any time after such declaration, but before the 2001 Bonds shall have matured by their terms, all overdue installments of principal and interest upon the 2001 Bonds, together with interest on such overdue installments of principal and interest to the extent permitted by law and the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums then payable by the County under the Bond Indenture (except the principal of, and interest accrued since the next preceding interest payment date on, the 2001 Bonds due and payable solely by virtue of such declaration) shall either be paid by or for the account of the County or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the 2001 Bonds or under the Bond Indenture (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be made good or be secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, then and in every such case the Owners of 50% in aggregate principal amount of the 2001 Bonds Outstanding, by written notice to the County and to the Trustee may rescind such declaration and annul such default in its entirety. In such event, the Trustee shall rescind any declaration of acceleration of maturity of principal and interest on the 2001 Note, as provided in the Financing Agreement.

If the Trustee receives notice that the acceleration of the notes under the Mortgage has been rescinded, then the Trustee shall rescind any declaration of acceleration of the maturity of principal of and interest on the Bonds. In the event of such rescission of a declaration of acceleration of the Bonds, the Trustee shall also rescind any declaration of acceleration of the maturity of the 2001 Note. In case of any rescission, then and in every such case the County, the Trustee and the Owners shall be restored to their former positions and rights under the Bond Indenture respectively, but no such rescission shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon nor shall such rescission extend to any instance in which the holder of any note secured under the Mortgage other than the 2001 Note has subsequent to a request for rescission declared all unpaid principal of and accrued interest on such other note to be due and payable immediately.

Exercise of Remedies by Trustee

Upon the happening of any Event of Default or upon the failure by the County to observe and perform any covenant, condition, agreement or provision contained in the 2001 Bonds or the Bond Indenture, then and in every such case the Trustee in its discretion may, with the consent of Ambac Assurance if the Municipal Bond Insurance Policy is in effect and Ambac Assurance is not in breach of any of provisions thereof, and upon the written request of the Owners of not less than 25% in principal amount of the 2001 Bonds then Outstanding and receipt of indemnity to its satisfaction, shall, in its own name and as the Trustee of an express trust:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners, and require the County or Big Rivers to carry out any agreements with or for the benefit of the Owners and to perform its or their duties under the Act, the Financing Agreement, the 2001 Note, the Mortgage, the Intercreditor Agreement and the Bond Indenture;

(b) bring suit upon the 2001 Bonds and under the Mortgage with respect to the 2001 Note;

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

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

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

Owner Direction of Remedial Proceedings

The Owners of a majority in principal amount of the 2001 Bonds then Outstanding shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all remedial proceedings available to the Trustee under the Bond Indenture or exercising any trust or power conferred on the Trustee by the Bond Indenture. See, however, "Provisions Relating to Bond Insurance" herein.

Limitations on Proceedings by Owners

No Owner shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust or power under the Bond Indenture, or any other remedy thereunder or on the 2001 Bonds, unless such Owner previously shall have given to the Trustee written notice of an Event of Default as described above and unless also the Owners of not less than 25% in principal amount of the 2001 Bonds then Outstanding shall have made written request of the Trustee so to do, after the right to institute said suit, action or proceeding shall have accrued, and shall have afforded the Trustee a reasonable opportunity to proceed to institute the same in either its or their name, and unless there also shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are in every such case, at the option of the Trustee, to be conditions precedent to the institution of said suit, action or proceeding; it being understood and intended that no one or more of the Owners shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Bond Indenture, or to enforce any right thereunder or under the 2001 Bonds, except in the manner therein provided, and that all suits, actions and proceedings at law or in equity shall be instituted, had and maintained in the manner therein provided and for the equal benefit of all Owners. See, however, "Provisions Relating to Bond Insurance" herein.

Application of Moneys Recovered

Any moneys received by the Trustee, by any receiver or by any Owner pursuant to any right given or action taken under the Bond Indenture, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses, liabilities and advances due to, or incurred or made by the Trustee, shall be deposited in the Bond Fund, and all moneys so deposited in the Bond Fund during the continuance of an Event of Default (other than moneys for the payment of 2001 Bonds that have matured or otherwise become payable prior to such Event of Default or for the payment of interest due prior to such Event of Default) shall be applied as follows:

(a) Unless the principal of all the 2001 Bonds shall have become due and payable, all such moneys shall be applied (i) first, to the payment to the persons entitled thereto of all installments of interest then due on the 2001 Bonds, with interest on overdue installments, if lawful, at the same rate or rates per annum as specified in the 2001 Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment with such interest, then to the payment ratably, according to the amounts due on such installment, and (ii) second, to the payment to the persons entitled thereto of the unpaid principal (and premium, if any) of any of the 2001 Bonds which shall have become due at maturity (other than 2001 Bonds called for redemption for the payment of which money is held pursuant to the provisions of the Bond Indenture), in the order of their due dates, with interest on such 2001 Bonds at their respective rates from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full 2001 Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal (and premium, if any) due on such date, in each case to the persons entitled thereto, without any discrimination or privilege.

(b) If the principal of all the 2001 Bonds shall have become due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the 2001 Bonds, with interest on overdue interest and principal, as aforesaid, without preference or priority of principal over interest or of interest over principal or of any installment of interest over any other installment of interest, or of any 2001 Bond over any other 2001 Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(c) If the principal of all the 2001 Bonds shall have become due and payable, and if such event shall thereafter have been rescinded and annulled under the provisions of the Bond Indenture, then, subject to the provisions of paragraph (b) which shall be applicable in the event that the principal of all the 2001 Bonds shall later become due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a).

Whenever moneys are to be applied pursuant to the provisions of the Bond Indenture described above, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal and interest to be paid on such dates shall cease to accrue. The Trustee shall give notice by mailing, as it may deem appropriate, of the deposit with it of any such moneys and of the filing of any such date to any Owner until such 2001 Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Modifications and Amendments

Supplemental Bond Indenture without Owner Consent

The County and the Trustee may, from time to time and at any time, without the consent of or notice to Owners and solely to the extent not contrary to or inconsistent with the Mortgage, enter into Supplemental Bond Indentures as follows:

(a) To specify and determine any matters and things relative to the 2001 Bonds which are not contrary to or inconsistent with the Bond Indenture and which shall not materially adversely affect the interests of the Owners; or

(b) To cure any ambiguity, or to cure, correct or supplement any defect, omission or inconsistent provisions contained in the Bond Indenture, the Financing Agreement, the Mortgage, or the 2001 Note, or to make any provisions with respect to matters arising under the Bond Indenture for any other purpose if such provisions are necessary or desirable and if such action does not in the sole opinion of the Trustee adversely affect the interests of the Owners; or

(c) To grant to or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with the Bond Indenture, Financing Agreement, the Mortgage or the 2001 Note as theretofore in effect; or

(d) To add to the covenants and agreements of the County in the Bond Indenture, other covenants and agreements to be observed by the County which are not contrary to or inconsistent with the Bond Indenture as theretofore in effect; or

(e) To add to the limitations and restrictions in the Bond Indenture, other limitations and restrictions to be observed by the County which are not contrary to or inconsistent with the Bond Indenture as theretofore in effect; or

(f) To confirm, as further assurance, any pledge under, and the subjection to any claim, lien or pledge created or to be created by, the Bond Indenture, of the Receipts and Revenues of the County from the Financing Agreement or of any other moneys, securities or funds; or

(g) To comply with the requirements of the Trust Bond Indenture Act of 1939, as from time to time amended; or

(h) To subject to the Bond Indenture additional revenues; or

(i) To make any other changes which do not in the sole opinion of the Trustee materially adversely affect the interests of the Owners (determined without regard to the existence of the Municipal Bond Insurance Policy).

The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment the interest of any Owners would be adversely affected by any modification or amendment of the Bond Indenture and any such determination shall be binding and conclusive on the County, Big Rivers and all Owners. The Trustee shall have no liability as a result of any such determination made in good faith. The interests of an Owner shall be deemed to be adversely affected by any modification or amendment of the Bond Indenture if such modification or amendment adversely affects or diminishes the rights of such Owner.

Before the County shall enter into any Supplemental Bond Indenture without the consent of the Owners, there shall have been filed with the Trustee an opinion, signed by an attorney or firm of attorneys experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds, stating that such Supplemental Bond Indenture is authorized or permitted by the Bond Indenture and complies with its terms, and that it will be valid and binding upon the County in accordance with its terms; provided, however, that such opinion may take exception for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganization and other similar laws, judicial decisions and principles of equity relating to or affecting creditors' rights or contractual obligations generally.

Supplemental Bond Indentures with Owner Consent

For amendments not described immediately above, the Owners of not less than a majority in aggregate principal amount of the 2001 Bonds then Outstanding shall have the right, from time to time, to consent to and approve the execution by the County and the Trustee of any Supplemental Bond Indenture as shall be deemed necessary or desirable by the County for the purposes of modifying, altering, amending, supplementing or rescinding any of the terms or provisions contained in the Bond Indenture; provided, however, that, unless approved in writing by the Owners of all affected 2001 Bonds then Outstanding, nothing in the Bond Indenture contained shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal of and interest on any Outstanding 2001 Bond, or a reduction in the principal amount or redemption price of any Outstanding 2001 Bond or the rate of interest thereon or in any maturity with respect thereto, or (ii) the creation of a claim or lien upon, or a pledge of, the Receipts and Revenues of the County from the Financing Agreement ranking prior to or on a parity with the claim, lien or pledge created by the Bond Indenture, or (iii) a preference or priority of any 2001 Bond or 2001 Bonds over any other 2001 Bond or 2001 Bonds, or (iv) a reduction in the aggregate principal amount of 2001 Bonds the consent of the Owners of which is required for any such Supplemental Bond Indenture. See, however, "Provisions Relating to Bond Insurance" herein.

If at any time the County shall determine to enter into any Supplemental Bond Indenture for any of the permitted purposes, it shall cause notice of the proposed Supplemental Bond Indenture to be mailed to the Owners. Such notice shall briefly set forth the nature of the proposed Supplemental Bond Indenture and shall state that a copy thereof is on file at the office of the Trustee for inspection by all Owners.

Within one year after the date of such notice, the County may enter into such Supplemental Bond Indenture in substantially the form described in such notice only if there shall have first been filed with the Trustee (a) the written consents of Owners of not less than a majority in aggregate principal amount of the 2001 Bonds then Outstanding, or, if required thereunder, by all Owners, and (b) an opinion of Bond Counsel stating that such

Supplemental Bond Indenture is authorized or permitted by the Bond Indenture and complies with its terms, and that upon execution and delivery it will be valid and binding upon the County in accordance with its terms; provided, however, that such opinion may take exception for the effect of bankruptcy, insolvency, moratorium, reorganization and other similar laws, judicial decisions and principles of equity relating to or affecting creditors' rights or contractual Obligations generally.

When Big Rivers Consent Required

Any Supplemental Bond Indenture which affects any rights, powers and authority of Big Rivers under the Bond Indenture or under the Financing Agreement or 2001 Note or requires a revision of the Financing Agreement, the 2001 Note or the Mortgage shall not become effective unless and until Big Rivers and RUS shall have consented in writing to such Supplemental Bond Indenture.

Amendment of Financing Agreement or the 2001 Note without Owner Consent

Without the consent of or notice to the Owners, the County and the Trustee may consent to any amendment, change or modification of the Financing Agreement or the 2001 Note not inconsistent with the Mortgage as may be required (i) by the provisions of the Financing Agreement, the 2001 Note and the Bond Indenture, (ii) for the purpose of curing any ambiguity or formal defect or omission, (iii) to conform to any modifications to or alterations permitted by the Mortgage or the Bond Indenture, if such provisions are necessary or desirable and do not in the sole opinion of the Trustee materially adversely affect the interest of the Owners or (iv) in connection with any other change therein which, in the judgment of the Trustee, is not to the prejudice of the Trustee, or materially adverse to the Owners. The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment the interests of the Owners would be adversely affected by any such modification or amendment, and any such determination by the Trustee shall be binding and conclusive on Big Rivers, the County and all Owners and the Trustee shall have no liability as a result of any such determination made in good faith.

Amendment of Mortgage and 2001 Note

The Trustee shall not exercise any of the rights of a holder of the 2001 Note under the Mortgage to permit any amendment, modification, supplement or consolidation of the Mortgage, the Intercreditor Agreement or the 2001 Note, changing the times, amounts or currency of payment of the payments due on the 2001 Note, without the prior written consent of the Owners of the 2001 Bonds adversely affected thereby. The Trustee may otherwise consent to the amendment or modification of the Mortgage or exercise any other rights thereunder of an Owner of the 2001 Note either (i) without notice to or consent of any Owner if the Trustee, in its sole discretion, deems the effects of such exercise, taken as a whole, to be not materially adverse to the interests of the Owners or (ii) in any event, upon notice by the Trustee to the Owners of the action proposed to be taken and the consent thereto of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding; provided, however, that no such notice to or consent of the Owners shall be required in connection with any supplemental mortgage or other instrument as may be required by the provisions of the Mortgage. The Trustee has agreed, pursuant to the terms of the Bond Indenture, to execute and deliver all such further instruments as may be required by the provisions of the Mortgage. The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment the interests of the Owners would be adversely affected by any modification or amendment of the Mortgage or the 2001 Note and any such determination by the Trustee shall be binding and conclusive on Big Rivers, the County and all Owners and the Trustee shall have no liability as a result of any such determination made in good faith. Notwithstanding the foregoing, so long as the Municipal Bond Insurance Policy is in effect and Ambac Assurance is not in default under the Municipal Bond Insurance Policy, the Trustee, as assignee of the County, will only act on the written directions of Ambac Assurance.

Defeasance

Any 2001 Bond shall, prior to the maturity or redemption date thereof, be deemed to have been paid and all covenants, agreements and other obligations of the County to the Owners shall thereupon cease, terminate and become void if the following conditions are met: (i) in case such 2001 Bond is to be redeemed on any date prior to its maturity, Big Rivers and the County shall have given to the Trustee, in form satisfactory to it, unconditional and irrevocable instructions and notice to give notice of redemption of such 2001 Bonds on said redemption date, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or obligations of or guaranteed as to principal and interest by the United States of America, or certificates of an ownership interest in the principal of or interest on obligations of or guaranteed as to principal and interest by the United States of America, which shall not contain provisions permitting the redemption thereof at the option of the issuer, the principal of, premium, if any, and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Trustee or any co-paying agent at the same time, shall be sufficient to pay when due the principal of and interest due and to become due on such 2001 Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iii) in the event such 2001 Bonds do not mature or are not by their terms subject to redemption within the next succeeding 60 days, Big Rivers and the County shall have given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as practicable, a notice to the Owners of such 2001 Bonds that the deposit required by (ii) above has been made with the Trustee and that said 2001 Bond are deemed to have been paid and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of and interest on such 2001 Bonds.

Any cash received from such principal or interest payments on such obligations deposited with the Trustee, (a) to the extent such cash will not be required at any time for such purpose, shall be paid over to Big Rivers as received by the Trustee, free and clear of any trust, lien or pledge, and (b) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in obligations or certificates of the type described in clause (ii) of the preceding paragraph maturing at times and in amounts sufficient to pay when due the principal of and interest to become due on such 2001 Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to Big Rivers, as received by the Trustee, free and clear of any trust, lien or pledge.

Provisions Relating to Bond Insurance

Ambac Assurance Deemed Owner of All Bonds for Certain Purposes. So long as the Municipal Bond Insurance Policy shall be in full force and effect and there is no default thereunder, (a) in circumstances in which the Owners of a percentage of the aggregate principal amount of the Outstanding Bonds have the right to take action under or in connection with the Bond Indenture (other than certain provisions relating to removal of the Trustee or appointing a successor Trustee) or the Financing Agreement, Ambac Assurance shall be deemed to be the Owner of all Bonds Outstanding at all times for the purpose of taking any such action and (b) Ambac Assurance shall be deemed to be the Owner of all Bonds Outstanding for all purposes upon the occurrence of an Event of Default under the Bond Indenture.

Consent of Ambac Assurance to Amendments to Indenture and Financing Agreement. If the Municipal Bond Insurance Policy is in effect and Ambac Assurance is not in breach of any of the provisions thereof, any provision of the Bond Indenture or the Financing Agreement expressly recognizing or granting rights in or to Ambac Assurance may not be amended in any manner which affects the rights of Ambac Assurance thereunder without the prior written consent of Ambac Assurance.

Ambac Assurance to be Subrogated to Rights of Owners. In the event that the principal or interest due on the Bonds are paid by Ambac Assurance pursuant to the Municipal Bond Insurance Policy, the Bonds will remain Outstanding for all purposes of the Bond Indenture, not be defeased or otherwise satisfied and not be considered paid by the County, and the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations of the County to the Owners will continue to exist and shall run to the benefit of Ambac Assurance, and Ambac Assurance will be subrogated to the rights of such Owners.

Trustee Notification to Ambac Assurance of Failure to Deliver Notices by County or Big Rivers. The Trustee will notify Ambac Assurance of any failure of the County or Big Rivers to provide any notices, certificates or other documents required to be provided to the Trustee pursuant to the terms of the Bond Indenture or the Financing Agreement.

Trustee to Notify Ambac Assurance of Events of Default. The Trustee will immediately notify Ambac Assurance upon the occurrence of any Event of Default under the Bond Indenture of which it has knowledge.

Payment Procedure Pursuant to the Municipal Bond Insurance Policy. If the Municipal Bond Insurance Policy is in full force and effect, the County, the Trustee and Co-Paying Agent agree to comply with the following provisions:

(a) On the Interest Payment Dates the Trustee or Co-Paying Agent, if any, will determine whether there will be sufficient funds in the Bond Fund to pay the principal of or interest on the Bonds on such Interest Payment Date. If the Trustee or Co-Paying Agent, if any, determines that there will be insufficient funds in such Bond Fund, the Trustee or Co-Paying Agent, if any, shall so notify Ambac Assurance. Such notice shall specify the amount of the anticipated deficiency, the Bonds to which such deficiency is applicable and whether such Bonds will be deficient as to principal or interest, or both. If there is such a deficiency but the Trustee or Co-Paying Agent, if any, has not so notified Ambac Assurance on an Interest Payment Date (but does do so on a later date), Ambac Assurance will make payments of principal or interest due on the Bonds on or before the first day next following the date on which Ambac Assurance shall have received notice of nonpayment from the Trustee or Co-Paying Agent, if any.

(b) The Trustee or Co-Paying Agent, if any, shall, after giving notice to Ambac Assurance as provided in (a) above, make available to Ambac Assurance and, at Ambac Assurance's direction, to The Bank of New York in New York, New York, as insurance trustee for Ambac Assurance or any successor insurance trustee (the "Insurance Trustee"), the registration books of the County maintained by the Registrar and all records relating to the Bond Fund maintained under the Bond Indenture.

(c) The Trustee or Co-Paying Agent, if any, shall provide Ambac Assurance and the Insurance Trustee with a list of registered Owners entitled to receive principal or interest payments from Ambac Assurance under the terms of the Municipal Bond Insurance Policy, and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the registered Owners entitled to receive full or partial interest payments from Ambac Assurance and (ii) to pay principal upon Bonds surrendered to the Insurance Trustee by the registered Owners entitled to receive full or partial principal payments from Ambac Assurance.

(d) The Trustee or Co-Paying Agent, if any, shall, at the time it provides notice to Ambac Assurance pursuant to (a) above, notify registered Owners entitled to receive the payment of principal or interest thereon from Ambac Assurance (i) as to the fact of such entitlement, (ii) that Ambac Assurance will remit to them all or a part of the interest payments next coming due upon proof of Owner entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the registered Owner's right to payment, (iii) that should they be entitled to receive full payment of principal from Ambac Assurance, they must surrender their Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Bonds to be registered in the name of Ambac Assurance) for payment to the Insurance Trustee, and not the Trustee or Co-Paying Agent, if any, and (iv) that should they be entitled to receive partial payment of principal from Ambac Assurance, they must surrender their Bonds for payment thereon first to the Trustee or Co-Paying Agent, if any, who shall note on such Bonds the portion of the principal paid by the Trustee or Co-Paying Agent, if any, and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(e) In the event that the Trustee or Co-Paying Agent, if any, has notice that any payment of principal of or interest on a bond which has become due for payment and which is made to a Owner by or on behalf of the County has been deemed a preferential transfer and theretofore recovered from its Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having jurisdiction , the Trustee or Co-Paying Agent, if any, shall, at the time Ambac Assurance is notified pursuant to (a) above, notify all Owners that in the event that any Owner's payment is so recovered, such Owner will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available, and the Trustee or Paying Agent, if any, shall furnish to Ambac Assurance its records evidencing the payments of principal of and interest on the Bonds which have been made by the Trustee or Co-Paying Agent, if any, and subsequently recovered from Owners and the dates on which such payments were made.

(f) In addition to those rights granted Ambac Assurance under the Bond Indenture, Ambac Assurance shall, to the extent it makes payment of principal of or interest on Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Municipal Bond Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Trustee or Co-Paying Agent, if any, shall note Ambac Assurance's rights as subrogee on the registration books of the County maintained by the Registrar upon receipt from Ambac Assurance of proof of the payment of interest thereon to the registered Owners of the Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Trustee or Co-Paying Agent, if any, shall note Ambac Assurance's rights as subrogee on the registration books of the County maintained by the Registrar upon surrender of the Bonds by the registered Owners thereof with proof of the payment of principal thereof.

Ambac Assurance as Third Party Beneficiary. To the extent that the Bond Indenture confers upon or gives or grants to Ambac Assurance any right, remedy or claim under or by reason of the Bond Indenture, Ambac Assurance is explicitly recognized as being a third-party beneficiary thereunder and may enforce any such right remedy or claim conferred, given or granted thereunder. Any rights, remedies or claims of Ambac Assurance under or by reason of the Bond Indenture shall only be applicable so long as the Municipal Bond Insurance Policy shall be in full force and effect and Ambac Assurance shall not be in default thereunder

APPENDIX E

SUMMARY OF LG&E TRANSACTION DOCUMENTS

The following is a summary of certain provisions of the Participation Agreement, the Lease, the Power Purchase Agreement, the LEC Guarantee, the Subordinated Mortgage, the LEM Mortgage, the Transmission Services and Interconnection Agreement and the Station Two Agreement (each as defined herein). These summaries do not purport to be complete or definitive and are qualified in their entirety by reference to such documents. Capitalized terms used herein but not defined have the meanings assigned to such terms in the Participation Agreement, the Lease, the Power Purchase Agreement, the LEC Guarantee, the Subordinated Mortgage and the LEM Mortgage, as applicable.

Participation Agreement

The Participation Agreement, dated April 6, 1998, as amended (the "Participation Agreement"), sets forth the agreement of Big Rivers Electric Corporation ("Big Rivers") to enter into certain transactions with certain affiliates of LG&E Energy Corp. ("LEC") under certain conditions (the "LG&E Transaction"). These affiliates include, among others, (i) LG&E Energy Marketing, Inc., the power marketing affiliate of LEC ("LEM"), (ii) WKE Station Two Inc. ("Station Two Subsidiary"), and (iii) Western Kentucky Energy Corp. ("WKEC" and, collectively with LEC, LEM and the Station Two Subsidiary, the "LG&E Entities"). Among other things, the Participation Agreement includes representations and warranties by each of the parties with respect to various matters, sets forth the conditions which had to be satisfied in order for the consummation of the LG&E Transaction to occur, and includes various covenants by Big Rivers with respect to its operation of its generating plants and facilities (the "Facilities") and the Station Two Facility prior to closing of the LG&E Transaction (the "Effective Date"). The Participation Agreement also includes provisions dealing with various transfers and assignments that occurred on the Effective Date and other provisions governing the relationship of the parties during the approximately twenty-five year term of the LG&E Transaction (the "LG&E Transaction Term").

Transfers and Assignments. On the Effective Date, Big Rivers sold all of its fuel and scrubber reagent inventory, spare parts, and other materials and supplies held exclusively for use in connection with its operation of Big Rivers' facilities (the "Facilities") and all SO2 allowances relating to the Facilities (the "SO2 Allowances") with vintage years prior to the calendar year of the Effective Date (but excluding any Excluded Assets) (the "Inventory") to WKEC, for fair market value ($30.2 million) and sold all of its tangible personal property (other than Inventory) used or held exclusively for use in the operation of the Facilities (other than personal property affixed to real property and any Excluded Assets) (the "Personal Property") to WKEC for approximately $5.7 million. At the end of the LG&E Transaction Term, WKEC has agreed to sell all fuel and scrubber reagent inventory, spare parts, and materials and supplies held exclusively for use by any of LEC, LEM or WKEC in connection with the operation of the Facilities to Big Rivers for fair market value and has agreed to sell all tangible personal property then in any LG&E Entity's possession and used or held exclusively for use in connection with the operation of the Facilities to Big Rivers for net book value. Big Rivers will receive a credit against the purchase price for any such inventory, parts, materials, supplies, and tangible personal property that it has paid for as Incremental Environmental O&M (defined below).

Also on the Effective Date, Big Rivers assigned all of its intangible assets, including its rights under real property leases, equipment leases, permits, intellectual property, and contracts, used or held exclusively for use in connection with the operation of the Facilities (the "Intangible Assets") to WKEC). WKEC assumed and agreed to perform and discharge all of Big Rivers' obligations under the Intangible Assets which first arose or accrued on or after the Effective Date. WKEC will be required to maintain and replace the Intangible Assets as necessary in order to operate the assets in a manner consistent with prudent utility practice, and to inform the Operating Committee (described below) of any material change in the status of any Intangible Assets, of any pending applications for new permits, and of the receipt of new material Intangible Assets. At the end of the LG&E Transaction Term, WKEC has agreed to assign or transfer to Big Rivers all remaining Intangible Assets and any additions, modifications or replacements of the Intangible Assets that have been previously approved by Big Rivers.

WKEC will be entitled to the full, exclusive use, enjoyment and benefit (free of all liens arising prior to such use, enjoyment or benefit) including the right to sell, exchange or otherwise dispose of, for WKEC's account, all of the SO2 Allowances for any calendar year falling within the LG&E Transaction Term. At the end of the LG&E Transaction Term, WKEC has agreed to return to Big Rivers all SO2 Allowances allocated to the Facilities for all years beginning on or after the termination date and a pro rata portion of the SO2 Allowances allocated to the Facilities for the remainder of the year during which the termination date occurs.

Transmission Use Payment Compensation Adjustment. Under the Participation Agreement, if during any year the annual total charge for transmission services provided by Big Rivers to LEM and its affiliates in excess of their obligations to the two aluminum smelters is less than $5 million, LEM will credit Big Rivers' account under the Power Purchase Agreement, dated the Effective Date, between Big Rivers and LEM (the "Power Purchase Agreement," described below) the difference between $5 million and the total charge for transmission services during such year. If during any year the annual total charge for transmission services rendered by Big Rivers to LEM and its affiliates exceeds $5 million and the average rate per megawatt hour for non-firm transmission service during that year exceeded $0.50 per megawatt hour ("MWh") (escalated annually from January 1, 1997), Big Rivers will credit to LEM's account under the Transmission Services and Interconnection Agreement, dated the Effective Date, between Big Rivers and LEM, the Station Two Subsidiary, and WKEC an amount equal to the number of MWh of non-firm transmission service provided during the year to LEM multiplied by the amount by which the average rate for such service exceeded $0.50 per MWh (as escalated), up to a maximum credit of the difference between the total transmission charge for that year and $5 million.

Taxes. During the LG&E Transaction Term, Big Rivers has agreed to be responsible for paying all property taxes assessed on the Assets. WKEC has agreed to reimburse Big Rivers for a portion of such property taxes. The portion of property taxes to be reimbursed by WKEC will change during the LG&E Transaction Term. WKEC has agreed to reimburse Big Rivers for 30% of property taxes from the Effective Date through December 31, 2010, 43.64% in 2011, and 52.54% from January 1, 2012 through the end of the LG&E Transaction Term. In addition, if Big Rivers elects to reduce the Contract Limits, the portion of property taxes to be reimbursed by WKEC will be increased.

During the LG&E Transaction Term, an LG&E Entity has agreed to pay all unidentified asset-related taxes imposed on Big Rivers in connection with the lease, operation, or maintenance of the Facilities and certain property used in connection with the Facilities (the "Assets"), other than sales and use taxes, property taxes, income or franchise taxes, and utility gross receipts license taxes. All taxes imposed on a party, other than those described above, will be borne by the party primarily liable for such tax under applicable laws. If a tax on plant emissions should be enacted, LEM, pursuant to the Power Purchase Agreement may increase its cost to Big Rivers to reflect the increased cost associated with the power sold to Big Rivers.

Insurance Coverage. Throughout the LG&E Transaction Term, the Participation Agreement requires WKEC to obtain and maintain insurance coverage for the Assets. At a minimum, WKEC must maintain insurance coverage of the types and in the amounts specified in the Participation Agreement or required by Big Rivers' lenders (whichever is greater). WKEC must notify the other parties immediately of the assertion of any claim in excess of $1,000,000, and must report annually to the Operating Committee all claims asserted in the amount of $100,000 or more.

Environmental Liabilities and Indemnities. Prior to the Effective Date, the parties jointly conducted an environmental audit of Big Rivers' Facilities and Real Property (the "Baseline Environmental Audit"). The parties have agreed to conduct a similar environmental audit at the end of the LG&E Transaction Term (the "End of Term Environmental Audit"). Except with respect to the presence, release or threat of release of hazardous substances on or from any off-site disposal facility, Big Rivers agreed to be responsible for the release or presence of hazardous substances or other wastes which are identified in the Baseline Environmental Audit or disclosed on the schedules to the Participation Agreement or stipulated by the parties in writing or which are not identified in the End of Term Environmental Audit, and WKEC has agreed to be responsible for the release or presence of hazardous substances or other wastes not identified in the Baseline Environmental Audit or disclosed on the schedules to the Participation Agreement or stipulated by the parties in writing and which are first identified in the End of Term Environmental Audit.

To the extent that either party contributes to or exacerbates a condition subject to indemnification by the other party, the Participation Agreement requires that party to share equitably in any resulting liability. Neither party will be required to indemnify the other for any costs and expenses which constitute Incremental Environmental O&M (described below) or costs and expenses for capital assets necessary to comply with any requirement of environmental law or any environmental regulatory authority. Such items are subject to cost sharing pursuant to the Lease. Each party is required to use its reasonable efforts to minimize costs, expenses and liabilities for which the other party has an indemnification obligation.

The allocations of responsibility and indemnification obligations described above will not apply to any release or threat of release of hazardous substances in or beneath the Green River or the Ohio River. Big Rivers and WKEC each will reserve all rights that they may have against the other or against any third party with respect to releases of hazardous substances in or beneath the Green River or the Ohio River.

The Participation Agreement also provides an opacity indemnity. In general, with certain exceptions, Big Rivers will be required to indemnify and hold harmless WKEC, the other LG&E Entities, and their respective affiliates from and against any costs or expenses incurred in connection with (i) any failure of any of the Facilities to comply with applicable opacity limitations prior to the Effective Date, (ii) any failure of the Robert D. Green Plant (the "Green Plant") and the D.B. Wilson Plant (the "Wilson Plant") to comply with applicable opacity limitations at any time from the Effective Date through the date on which Big Rivers receives its final Title V Air Quality Permits (as defined in the Participation Agreement) for those facilities from the Kentucky Natural Resources and Environmental Protection Cabinet ("KNREPC"), (iii) any failure of the Title V Permits (as defined in the Participation Agreement) for the Green Plant and the Wilson Plant to comply with applicable environmental laws at the time of their issuance, (iv) any failure by Big Rivers to have obtained the Title V Permits for the Green Plant and the Wilson Plant in compliance with applicable environmental laws at the time of their issuance, (v) any challenge to the Title V Permits for the Green Plant and the Wilson Plant based on Big Rivers' compliance certifications in the applications for those permits, (vi) any operation by any of the LG&E Entities of the Green Plant and the Wilson Plant in reliance upon and in compliance with the Title V Permits for those facilities where it is determined that any of the circumstances described in (iii) or (iv) above existed, and (vii) any failure of the Title V Permits for the Green Plant and Wilson Plant to shield or protect the LG&E Entities or their affiliates from Opacity Damages (as defined in the Participation Agreement) that may arise following the issuance of the Title V Permits resulting from the operation of such facilities in compliance with the permits and in a manner that is materially consistent with Big Rivers' operation of those facilities prior to the Effective Date, and such failure to shield or protect is based on the circumstances described in (iii) or (iv) above. WKEC has agreed to be responsible for, and to indemnify and hold harmless Big Rivers from, any costs or expenses incurred in connection with any failure of the Facilities to comply with applicable opacity limitations after the Effective Date (other than costs and expenses for which Big Rivers is responsible, as described generally above). Neither party will be required to indemnify the other for incremental or special damages including lost profits or for any costs and expenses which constitute Incremental Environmental O&M or costs and expenses for Capital Assets that are subject to cost sharing pursuant to the Lease. The final Title V Permit for the Green Station was received by WKE on February 24, 2000 and the final Title V Permit for the Wilson Station was received by WKE on March 9, 2000.

Events of Default; Remedies. Events of default under the Participation Agreement include: (i) the failure by either party to pay when due any amounts payable to the other party in accordance with the terms of the Participation Agreement; (ii) any attempt to transfer an interest in the Participation Agreement except as permitted therein; (iii) the failure to perform any material obligation in the Participation Agreement; (iv) certain events of bankruptcy or insolvency; (v) any breach of a representation or warranty made by a party in the Participation Agreement that would have a material adverse effect on the other party or its rights under the Participation Agreement and the other agreements relating to the LG&E Transaction; (vi) the failure, inability, or refusal of a party or its affiliates to cure a default or breach by such party or its affiliates under certain other agreements between Big Rivers and the LG&E Entities which give rise to a termination of such agreement, or any termination by a party of such other agreements in breach or default thereof; and (vii) the failure by Big Rivers to pay when due all amounts owed to LEM pursuant to the Big Rivers promissory note to LEM given on the Effective Date and evidencing Big Rivers' obligation to pay to LEM approximately $20 million, with interest, over a 25-year period (regardless of whether or not the LG&E Transaction is terminated before the end of 25 years) (the "Settlement Note").

If an event of default has occurred for which there is no cure period, or if an event of default has not been cured within the time period required, the non-defaulting party will have, in addition to any rights it may have under law, (i) the right to pay the amount due or perform any required obligation and set-off such amount against any other payment due to the defaulting party or any of its affiliates under any agreement relating to the LG&E Transaction, and (ii) the right to terminate the Participation Agreement upon 30 days' notice to the defaulting party. Big Rivers also may terminate the Participation Agreement at any time the LEC Guarantee (defined below) permits.

Waiver; LG&E Indemnities. WKEC has agreed to waive all claims against Big Rivers, its affiliates, successors and assigns and their respective officers, employees, consultants, or agents (the "Protected Parties") for any liability, loss, damage, claim, or cost suffered by WKEC or any of its affiliates, successors, or assigns or their respective officers, employees, consultants, or agents in connection with the use or operation of the Assets by WKEC or any of its affiliates, successors, or assigns or their respective officers, employees, consultants, or agents, other than (i) losses caused by the willful or grossly negligent act or omission by Big Rivers or any of the Protected Parties or by the breach of the Participation Agreement or any other agreement relating to the LG&E Transaction by Big Rivers or any of the Protected Parties, and (ii) losses, injuries and damages specifically assumed by Big Rivers or covered by any indemnification or hold harmless covenant of Big Rivers in the Participation Agreement or any other agreement relating to the LG&E Transaction.

WKEC will indemnify and reimburse Big Rivers and the Protected Parties for any and all claims, losses, liabilities, damages, costs and expenses suffered or incurred by Big Rivers or any of the Protected Parties as a result of, or with respect to, WKEC's, or any of its affiliates', successors' or assigns' or their respective officers', employees', consultants' or agents', operation or use of the Assets, except to the extent such damages arise as a result of (i) the gross negligence or willful misconduct of, or breach of any agreement relating to the LG&E Transaction by, Big Rivers or any of the Protected Parties, or (ii) any action, event or circumstance for which Big Rivers has an indemnification and hold harmless obligation pursuant to the Participation Agreement or any other agreement relating to the LG&E Transaction, or for which Big Rivers expressly has assumed responsibility in any agreement relating to the LG&E Transaction.

Capital Budget Limits. The Participation Agreement establishes the maximum amount of the capital budget for each year of the term (exclusive of Incremental Capital Costs and Non-Incremental Capital Costs which (i) are necessary to repair any turbine, scrubber or boiler at any of the Facilities or the Station Two Facility, (ii) are not covered by insurance or any warranty, (iii) are not the result of negligence or willful misconduct of any of the LG&E Entities or any breach or default by any of the LG&E Entities under any of the operative documents relating to the LG&E Transaction, and (iv) exceed a threshold amount agreed upon by the parties (collectively, "Major Capital Repairs")) (the "Capital Budget Limits") and the maximum amount Big Rivers will be required to contribute during each year of the LG&E Transaction Term for Non-Incremental Capital Costs that do not constitute Major Capital Repairs (the "Big Rivers Contribution"). The Capital Budget Limits and the Big Rivers Contributions are subject to increase or decrease only in the event of inflation (determined by reference to an established index) that is significantly higher or lower than that presently anticipated.

If the Non-Incremental Capital Costs (other than for Major Capital Repairs) included in any approved annual capital budget are equal to or less than the Big Rivers' Contribution for that year, Big Rivers has agreed to pay the entire amount of such Non-Incremental Capital Costs. If the Non-Incremental Capital Costs (other than for Major Capital Repairs) included in any approved annual capital budget are more than the Big Rivers' Contribution for that year, Big Rivers has agreed to pay only the Big Rivers Contribution and WKEC or Station Two Subsidiary or both have agreed to contribute the remainder of such Non-Incremental Capital Costs (including any amounts in excess of the Capital Budget Limits).

Non-Incremental Capital Costs for Major Capital Repairs and Incremental Capital Costs will be shared between Big Rivers and the LG&E Entities as set forth in the Lease.

LEM Advances. During the first two years following the Effective Date, LEM made monthly advances to Big Rivers totaling $50 million. During the next three years, Big Rivers has agreed to repay, solely by an offset mechanism, a total of $60 million, by paying $15 million during the third year of the LG&E Transaction Term, $20 million during the fourth year, and $25 million during the fifth year.

Residual Value Payment. Upon the termination of the LG&E Transaction or upon any sale, assignment or other transfer of the Assets by Big Rivers during the LG&E Transaction Term, the Participation Agreement requires Big Rivers to pay to the LG&E Entities a "Residual Value Payment" generally based on the remaining value of all capital assets which were funded by LG&E Entity. The details of the Residual Value Payment are contained in a letter agreement between Big Rivers and the LG&E Entities dated April 18, 2000. The Residual Value Payment is expected to be approximately $136 million in 2003.

Right of First Refusal. During the LG&E Transaction Term and for a period of one year thereafter, WKEC (with respect to all assets other than the assets relating to the Station Two Facility) and Station Two Subsidiary (with respect to assets and contracts owned by Big Rivers or to which Big Rivers has or acquires an interest relating to the Station Two Facility or certain agreements between Big Rivers and HMP&L (the "Station Two Contracts")) will have a right of first refusal to purchase any of the Subject Assets (as defined in the New Participation Agreement) that Big Rivers desires to sell or otherwise transfer other than in the ordinary course of business consistent with past practices.

Lease

Big Rivers and WKEC have entered into a lease and operating agreement (the "Lease"). The Lease establishes the respective obligations of WKEC and Big Rivers with respect to the ownership, lease and operation of the Tangible Assets and the power generated therefrom. The Lease grants WKEC the exclusive use and enjoyment of the Tangible Assets throughout the LG&E Transaction Term (unless sooner terminated as provided in the Lease), including the right to market and dispatch energy generated by the Facilities in its sole discretion and for its own account. Upon the expiration or earlier termination of the Lease, WKEC will return the Tangible Assets to Big Rivers together with all improvements and additions thereto.

Rental Payments. The Lease required WKEC to make an initial rental payment on the Effective Date and requires an annual rent payment in equal monthly installments of $2,625,000, subject to the adjustments set forth below, commencing on the second anniversary of the Effective Date until the termination of the Lease.

In addition to the rental payments, the Lease requires WKEC to pay to Big Rivers payments intended to compensate Big Rivers for a portion of the loss of profits it anticipated receiving from the sale of power to certain Members for resale to the two aluminum smelters (the "Monthly Margin Payments") each month from the Effective Date until January 2012.

Adjustments. The Lease provides for three separate adjustments to the monthly rental payments due under the Lease. First, the monthly rental payments have been reduced by 0.78% of the purchase price paid by WKEC on the Effective Date for the Personal Property. This adjustment was necessary because the annual rental payment of $31.5 million initially was established using the assumption that the Personal Property would be included within the property leased by Big Rivers, instead of being sold by Big Rivers on the Effective Date. This reduction adjusted the monthly rental payment to subtract the portion of the rental payments which WKEC would have paid if Big Rivers leased the Personal Property to WKEC rather than sold it to WKEC on the Effective Date.

Second, the Lease provides for the adjustment of the monthly installments of annual rent payable under the Lease if Big Rivers reduces the Contract Limits pursuant the Power Purchase Agreement. The annual rental payment of WKEC beginning on the effective date of such a reduction in Contract Limits will be increased by the aggregate percentage change in the Contract Limits multiplied by $31.5 million, less the Personal Property adjustment described above.

Third, monthly installments of annual rent will be subject to adjustment based on the agreement of Big Rivers and WKEC to share the risk of future changes in environmental regulations resulting in "Incremental Environmental O&M." Incremental Environmental O&M is defined to be the incremental increase in the operation and maintenance expense, net of any related savings, (i) caused solely by a new or change to an existing environmental law after the Effective Date to the extent such increase reasonably is necessary to allow the Assets to be operated in an economically viable manner consistent with prudent utility practice at a capacity of 1459 net MW (including any expenses relating to the Proposed SIP Call) or (ii) related to any requirement that Big Rivers (or WKEC, as operator of the Facilities) meet applicable opacity limitations for the Green Plant and the Wilson Plant as required by applicable environmental laws, without regard to its compliance with mass particulate matter emission limitations. The Lease provides that the monthly rental payment to Big Rivers be reduced by a portion of the Incremental Environmental O&M estimated by WKEC to be incurred in such month. Annually, WKEC will calculate the actual Incremental Environmental O&M and will refund to Big Rivers the amount by which Big Rivers' payments for Incremental Environmental O&M (through reductions in the monthly installments of annual rent) exceed WKEC's portion of the actual Incremental Environmental O&M for such year. Conversely, Big Rivers promptly will pay to WKEC the amount by which its portion of the actual Incremental Environmental O&M exceeds Big Rivers' payments (through reductions in the monthly installments of annual rent) with respect thereto.

Operation and Maintenance. During the term of the Lease, WKEC will be required to maintain, operate, service and repair the Assets and any additions and improvements at its sole expense in accordance with prudent utility practice and in substantial compliance with applicable laws and standards imposed by insurance policies with respect to the Assets. WKEC will be responsible for overseeing the design, construction and placement into service of each capital asset authorized in an annual capital budget.

Big Rivers will agree to cooperate with WKEC in obtaining permits required in connection with the Facilities and providing WKEC information required for any report or filing with any governmental agency. In turn, WKEC will provide Big Rivers access to the Assets and the right to inspect the books and records of WKEC relating to the Assets.

During the Lease, an Operating Committee composed of representatives of WKEC and Big Rivers will be responsible for reviewing and approving the annual capital budgets and the annual O&M budgets relating to the Assets and prepared by WKEC. The Lease requires WKEC to use reasonable efforts to operate within 90 to 110 percent of the total approved annual capital budget and spend at least 90% of the total approved O&M budget each year.

Payment of Capital Assets. The Lease allocates payment responsibilities with respect to capital assets between Big Rivers and WKEC. The Lease requires WKEC to obtain the approval of Big Rivers and RUS prior to undertaking any Major Capital Improvements. The Lease requires WKEC to pay for all Enhancements or Major Capital Improvements (including any increased Incremental Environmental O&M which results from such Enhancement or Major Capital Improvement) even though they become part of the Facilities owned by Big Rivers and delivered to Big Rivers at the end of the term of the Lease. Should any LG&E Entity decide to install and utilize any capital asset relating to a Non-Incremental Capital Cost that is expected to increase auxiliary power usage, the LG&E Entity must give Big Rivers a choice of whether or not to participate in Funding its share of that capital cost.

The portion of each capital expenditure to be paid by each party changes during the term of the transaction and varies depending on whether the capital expenditure is made to comply with a new law or any revision or change to any existing law (including the Proposed SIP Call) or with any change in applicable judicial or administrative interpretation of a law (an "Incremental Capital Cost"). From the Effective Date through December 31, 2010, Big Rivers will pay 20% of any Incremental Capital Cost and 49% of any Non-Incremental Capital Cost for a Major Capital Repair. During the year 2011, Big Rivers will pay 40.26% of both Incremental Capital Costs and Non-Incremental Capital Costs for Major Capital Repairs, and from January 1, 2012 through the end of the term Big Rivers will pay 33.9% of both Incremental Capital Costs and Non-Incremental Capital Costs for Major Capital Repairs. WKEC will be responsible for the remaining portion of all Incremental Capital Costs and Non-Incremental Capital Costs for Major Capital Repairs. Each year, Big Rivers will pay the Big Rivers Contribution for Non-Incremental Capital Costs which are not for Major Capital Repairs, and WKEC will pay any remaining Non-Incremental Capital Costs that are not for Major Capital Repairs. Big Rivers' contribution for Non-Incremental Capital Costs is generally fixed and paid 1/12 each month.

WKEC is obligated to submit to Big Rivers forecasts of cash requirements for each capital asset in the annual capital budget.

Events of Loss. The Lease will terminate if all or substantially all of the Assets are condemned. WKEC will have no further liability under the Lease following such termination other than liabilities accrued prior to the date thereof. The Lease provides that WKEC is to share in any condemnation proceeds.

The Lease does not terminate if less than substantially all of the Assets are condemned. In such case, however, the rent payable by WKEC will be reduced proportionately based on the ratio of the fair market value of the portion of the Assets taken to the fair market value of the Facilities and the Station Two Facility at the time of the taking (exclusive of HMP&L's interest in and rights to the value of Station Two not allocated to Big Rivers or Station Two Subsidiary pursuant to the Station Two Contracts at the time of the taking) determined on the basis that said taking had not occurred.

If the Assets are damaged or destroyed and such damage or destruction was caused by a casualty covered by an insurance policy, WKEC will, to the extent insurance proceeds are made available to WKEC, use such proceeds to restore the Assets, consistent with prudent utility practice, as soon as reasonably possible to substantially the same general condition as before the damage. WKEC will be entitled to the insurance proceeds associated with any Enhancement or Major Capital Improvement paid for by WKEC, and will not be obligated to restore such Enhancements or Major Capital Improvements. WKEC will be obligated to remove from the Facilities the remains thereof if it determines not to perform such restoration. To the extent not covered by insurance proceeds, the capital cost of any restoration of Assets will be considered payments for capital assets pursuant to an approved modification of the annual capital budget and will be paid for by Big Rivers and WKEC as if the capital cost were payments for such capital assets unless such damage or destruction resulted from the gross negligence or willful misconduct of WKEC or Big Rivers (in which case the responsible party must bear such costs alone). The rental payments under the Lease will not be abated if the Assets are destroyed or damaged unless such destruction or damage results from the gross negligence or willful misconduct of Big Rivers and the capacity available to LEM from the Facilities and the Station Two Facility (exclusive of the capacity reserved by HMP&L from the Station Two Facility from time to time) is thereby reduced, and then only in proportion with the reduction in such electric capacity below 1771 MW (exclusive of the capacity reserved by HMP&L from the Station Two Facility from time to time).

If insurance proceeds remain after the repair or replacement of a Capital Asset, or if insurance proceeds are not used to repair or replace a Capital Asset, such insurance proceeds will be divided between Big Rivers and WKEC based on the capital asset sharing ratio that applied at the time of the original purchase, construction or installation of the damaged or destroyed capital asset.

Events of Default; Remedies. Events of default under the Lease include (i) the failure by either party to pay when due any sums payable to the other party in accordance with the terms of the Lease; (ii) any attempt to transfer an interest in the Lease or the Assets except as provided in the Participation Agreement; (iii) the failure to perform any material obligation in the Lease; (iv) certain events of bankruptcy or insolvency; and (v) the failure, inability or refusal of a party or its affiliates to cure a default or breach by such party or its affiliates under certain other agreements between Big Rivers and the LG&E Entities which give rise to a termination of such agreement or any termination by a party of any of such agreements in breach or in default thereof.

If an event of default has occurred for which there is no cure period or if an event of default has not been cured within the time period required, the non-defaulting party has, in addition to any rights it may have under law, (i) the right to pay the amount due or perform any required obligation and set-off such amount against any other payment due the defaulting party or any of its affiliates under any agreement relating to the LG&E Transaction, and (ii) the right to terminate the Lease upon 30 days' notice to the defaulting party. In addition, the Lease permits Big Rivers to terminate the Lease at any time the LEC Guarantee permits.

Power Purchase Agreement

The Power Purchase Agreement between Big Rivers and LEM governs the sale of power by LEM to Big Rivers during the LG&E Transaction Term.

Events of Default; Remedies. Events of default under the Power Purchase Agreement include: (i) the failure by either party to pay when due any amounts payable to the other party in accordance with the terms of the Power Purchase Agreement; (ii) any attempt to transfer an interest in the Power Purchase Agreement in breach of the assignment provisions set forth in the Participation Agreement; (iii) the failure to perform any material obligation in the Power Purchase Agreement; (iv) certain events of bankruptcy or insolvency; (v) the failure, inability, or refusal of a party or its affiliates to cure a default or breach by such party or its affiliates under certain other agreements between Big Rivers and the LG&E Entities which give rise to a termination of such agreement, or any termination by a party of such other agreements in breach or default thereof; and (vi) the failure by LEM to deliver to Big Rivers all amounts of Power which Big Rivers is entitled to receive from LEM pursuant to the Power Purchase Agreement for more than 30 days in any 365 day period.

If an event of default has occurred for which there is no cure period, or if an event of default has not been cured within the time period required, the non-defaulting party has, in addition to any rights it may have under law, (i) the right to pay the amount due or perform any required obligation and set-off such amount against any other payment due to the defaulting party or any of its affiliates under any agreement relating to the LG&E Transaction, and (ii) the right to terminate the Power Purchase Agreement upon 30 days' notice to the defaulting party. In addition, if an event of default is of such a nature that it cannot be remedied or cured by repair to or replacement of or construction of tangible assets or properties and such event of default is not cured within 180 days or such event of default occurs more than twice in any 365-day period, the non-defaulting party will have the right to terminate the Power Purchase Agreement upon two business days' notice. Big Rivers also may terminate the Power Purchase Agreement at any time the LEC Guarantee permits.

Big Rivers' Purchase of Power from LEM. Each hour during the LG&E Transaction Term, Big Rivers has agreed to purchase Base Power from LEM in an amount no less than the lesser of a minimum hourly power purchase amount or the amount Big Rivers actually sells to the Members to meet the load requirements of the Members' retail customers other than the two aluminum smelters (or make a minimum payment in lieu of such purchases), and no more than the maximum hourly power purchase amount. Each year during the LG&E Transaction Term, Big Rivers has agreed to purchase Base Power from LEM in an amount no less than a minimum annual power purchase amount (or make a minimum payment in lieu of such purchases) and no more than the maximum annual power purchase amount.

During the LG&E Transaction Term, Big Rivers is entitled to receive certain generation-based ancillary services from LEM. Certain of these services will be provided to Big Rivers at no additional cost (other than costs already imbedded in the Base Power rate); others will be provided at a cost based on LEM's rates for such services. LEM is required to provide generation-based ancillary services only to the extent such services can be provided from the Facilities and the Station Two Facility, consistent with prudent utility practice and any applicable limitations on the use of power generated from the Station Two Facility.

Provisions Regarding Member Power. During the LG&E Transaction Term, Big Rivers has agreed to supply all of the Members' requirements for power to serve their customers other than the two aluminum smelters. During the LG&E Transaction Term, Big Rivers is prohibited from amending its contracts with the Members to permit any Member to acquire power to serve its customers (other than the two aluminum smelters) from any person other than Big Rivers, except that the Wholesale Power Contracts may be amended to provide that Henderson Union and Green River (now, Kenergy) may resell power in accordance with the agreements between LEM and Green River and Henderson Union (now, Kenergy) and in accordance with the Electric Service Agreements between Green River and Henderson Union and the two aluminum smelters, respectively.

If Big Rivers defaults under any Wholesale Power Contract and such default could be cause for termination of that Wholesale Power Contract, LEM has the right to attempt to cure that default. If a Member terminates a Wholesale Power Contract because of a default by Big Rivers, then from that time on the minimum amount of Base Power which Big Rivers is required to purchase from LEM each hour will be the minimum hourly power purchase amount established in the Power Purchase Agreement (regardless of the Members' actual loads during that hour).

Throughout the LG&E Transaction Term, Big Rivers is permitted to enter into contracts for the sale or resale of power purchased from LEM to any non-Member or for the purchase or sale of power from or to parties other than LEM.

Contract Limits. The Contract Limits established in the Power Purchase Agreement include the minimum hourly power purchase amount, the minimum annual power purchase amount, the maximum hourly power purchase amount and the maximum annual power purchase amount. The Contract Limits are established for four separate periods during the LG&E Transaction Term: the Effective Date until December 31, 2000; January 1, 2001 until December 31, 2010; January 1, 2011 until December 31, 2011; and January 1, 2012 through the end of the LG&E Transaction Term. At any time after December 31, 1998, Big Rivers has the right to elect to reduce the Contract

Limits at any time and from time to time during the LG&E Transaction Term. Any such reduction must be made as a uniform decrease to all four Contract Limits, will not become effective until the expiration of two full calendar years after notice of the reduction is given, and must remain in effect for the rest of the LG&E Transaction Term. Big Rivers cannot reduce the Contract Limits by more than 12 MW in any year, or by more than a total of 72 MW during the LG&E Transaction Term. In addition, Big Rivers cannot reduce the minimum annual power purchase amount to an amount that is less than 102% of its actual requirements for Base Power in the year immediately prior to the effective date of the reduction.

Exclusivity. Except with respect to power to be sold by LEM to Henderson Union and Green River (now, Kenergy) to meet the power requirements of the two aluminum smelters, Big Rivers will be the exclusive distributor of wholesale power furnished to end-users located, or for use, within the boundaries of the Members' franchised service territories.

Pricing and Billing. The fixed rates for Base Power are established in the Power Purchase Agreement. The rates for Base Power may be adjusted only in 2004, 2011 and 2018, pursuant to a formula set forth in the Power Purchase Agreement, based on changes in the value of a coal and labor index.

Each month, Big Rivers will pay to LEM the then-applicable Base Power rate for all Base Power it purchased during the preceding month. In addition, Big Rivers is required to pay LEM for certain generation-based ancillary services provided during the preceding month and for re-dispatch costs incurred during the preceding month. The amount Big Rivers will pay LEM for power each month will be reduced by the cost of any ECAR automatic reserves or generation-based emergency services necessary to support operation of Big Rivers' transmission system that Big Rivers purchased from any third party during that month.

If Big Rivers fails to take the minimum requirement of Base Power during any hour, it will pay a certain percentage of the difference between the amount of Base Power actually taken and the applicable minimum requirement. If the cumulative amount of hourly penalties paid by Big Rivers during any year equals a certain percentage of the product of the applicable minimum annual power purchase amount and the applicable Base Power rate, no further penalties will be assessed that year for failing to take the minimum requirement during any hour. If Big Rivers does not take the minimum annual power purchase amount during any year, it will pay an amount equal to a percentage of the difference between the amount of Base Power actually taken and the applicable minimum annual power purchase amount.

Credits. Big Rivers is entitled to certain credits against amounts that it owes to LEM pursuant to the Power Purchase Agreement. First, each month for the first fifty-five months of the LG&E Transaction Term, LEM will credit Big Rivers' account $89,000. Second, at the end of the year 2011, LEM will credit Big Rivers' account $2,610,557, and at the end of each year following December 31, 2011, LEM will credit Big Rivers' account $4,110,750. Finally, on February 1st of each year, LEM will credit Big Rivers' account the amount of any transmission use credit it owes to Big Rivers for the preceding year pursuant to the Participation Agreement.

Uncontrollable Forces. Neither party will be in default under the Power Purchase Agreement if its failure of performance is due to an uncontrollable force which by exercise of due foresight it could not reasonably have been expected to avoid and to the extent that by exercise of due diligence it is unable to overcome. Neither party will be excused from any of its payment obligations under the Power Purchase Agreement as the result of any uncontrollable force. LEM's obligation to supply power to Big Rivers will not be excused unless the uncontrollable force prevents LEM from supplying power to Big Rivers from any source (not just the Facilities and the Station Two Facility).

Liability and Indemnity. Each party will indemnify and hold harmless the other party and its directors, officers and employees from all liabilities, losses, damages, claims, costs, and expenses on account of injury to persons or damage or destruction of property occasioned by the negligence or willful misconduct of the indemnifying party or its officers, directors, employees or contractors in the performance of the Power Purchase Agreement; provided, that (i) each party will be solely responsible to its own employees for all claims or benefits due for injuries occurring in the course of their employment or arising out of any workers compensation law, and (ii) neither party nor its directors, officers, or employees will be liable for any loss of earnings, revenues (except as specifically provided otherwise in the Power Purchase Agreement), indirect, consequential, incidental or special damages (except as specifically provided otherwise in the Power Purchase Agreement) or injury which may occur to the other party as a result of outages in delivery of services under the Power Purchase Agreement for any reason whatsoever. Each party will indemnify and hold harmless the other party and its directors, officers and employees for any liability, loss, claim, or cost for any claims made by the indemnified party's electric service customers as a result of any failure by the indemnifying party to provide power as required by the Power Purchase Agreement for any reason whatsoever, except to the extent that the indemnifying party's failure to deliver power is excused by reason of an uncontrollable force or is the result of the negligent or willful actions of omissions of the indemnified party or its agents or employees.

LEC Guarantee

On April 6, 1998, LEC executed a guarantee agreement in favor of Big Rivers (the "LEC Guarantee"). As a condition to entering into the Participation Agreement and the LG&E Transaction, Big Rivers required LEC to provide certain assurances to Big Rivers as to the performance by the LG&E Entities of their respective obligations under the agreements relating to the LG&E Transaction.

Under the LEC Guarantee, LEC guarantees that each of the LG&E Entities will perform all of its present and future obligations to Big Rivers arising under any agreement between Big Rivers and any of the LG&E Entities relating to the LG&E Transaction (the "LG&E Agreements"), subject to all of the terms and conditions of the LG&E Agreements. If any of the LG&E Entities fails to perform any of its obligations under the LG&E Agreements, LEC will perform such obligations. The LEC Guarantee will extend to all renewals, replacements, amendments, extensions, consolidations and modifications of the LG&E Agreements.

If at any time LEC notifies Big Rivers that it owns less than a majority of the issued and outstanding capital stock of any of the LG&E Entities, Big Rivers will give LEC written notice of any such LG&E Entity's default under any of the LG&E Agreements and will initiate the giving of notice to LEC at the same time and in the same manner as notice is provided to the applicable LG&E Entity before enforcing the LEC Guarantee against LEC. LEC will be permitted to cure the default within the time permitted by the applicable LG&E Agreement.

The liability of LEC under the LEC Guarantee will be direct and primary and not contingent upon the pursuit of any remedies against any of the LG&E Entities or any other person. If under bankruptcy law or any other debtor relief law any of the LG&E Entities is relieved of or fails to incur any debt, obligations or liability as provided in the LG&E Agreements, LEC will nevertheless be fully liable therefor.

Subordination of Claims and Equity Interests. LEC has agreed to subordinate its claims against, and equity security interest in, any of the LG&E Entities (including any rights of subrogation and the rights to payment, collection, or enforcement of any present or future debt, liability or obligation of any of the LG&E Entities to LEC) so as to provide, to the maximum extent practicable, that the obligations of any of the LG&E Entities to Big Rivers will be performed before any debts, liabilities, or obligations of any of the LG&E Entities to LEC are paid or performed, or any distribution is made on account of the equity interest held by LEC.

LEC Covenants. LEC will notify Big Rivers within three business days after the occurrence of either of the following events: (i) LEC defaults under any loan agreement or debt instrument in an aggregate principal amount of $50 million or more which default enables the holder thereof to accelerate the maturity thereof and such debt is accelerated or such default will have continued unremedied and unwaived for 60 days; or (ii) the senior unsecured long-term debt securities of LEC are rated lower than BB by Standard & Poor's Ratings Group or lower than Ba by Moody's Investor Services, Inc. Upon such events, if requested in writing by Big Rivers, LEC will within 60 days of receipt of Big Rivers' request provide collateral to Big Rivers with respect to its obligations under the LEC Guarantee, in the form of cash or an irrevocable letter of credit in the amount of $60 million in a form satisfactory to Big Rivers from a banking institution with a rating of at least A and capital and surplus of at least $500 million. Big Rivers will be required to release any such collateral provided after delivery to Big Rivers of evidence that such default is no longer continuing and that the senior unsecured long-term debt securities of LEC are then rated BB or higher by Standard & Poor's Ratings Group and Ba or higher by Moody's Investor Services, Inc.

Default. If any representation or warranty made by LEC in the LEC Guarantee is incorrect in any material respect when made (other than representations that (i) LEC is executing the Guarantee at the request of the other

LG&E Entities and (ii) LEC has adequate means of obtaining information from the other LG&E Entities) or LEC fails to perform any covenant contained in the LEC Guarantee in any material respect, or fails to perform any of its obligations under the LEC Guarantee, which default is not cured within 15 days following the receipt by LEC of written notice of default from Big Rivers, Big Rivers will be entitled to terminate all (but not less than all) of the LG&E Agreements without further liability or obligation thereunder (other than liabilities arising under such LG&E Agreements prior to the date of such termination) and to pursue any or all other rights and remedies available to it at law or in equity.

Termination. The LEC Guarantee will terminate upon the latter of (i) the expiration of the statute of limitations pursuant to which Big Rivers has the right to pursue a claim or action against LEC or any LEC affiliate under the LEC Guarantee or any of the LG&E Agreements, or (ii) if a claim is made or action taken against LEC under the LEC Guarantee or any of the LG&E Agreements within the applicable statute of limitations, then the date upon which the final, unappealable resolution of all such claims and actions occurs, and continues until LEC's obligations under the LEC Guarantee are fulfilled.

Subordinated Mortgage

In order to secure certain obligations of Big Rivers to the LG&E Entities under the LG&E Agreements, Big Rivers has granted to WKEC, LEM and Station Two Subsidiary a subordinated mortgage on certain property of Big Rivers pursuant to the Mortgage and Security Agreement, dated as of the Effective Date (the "Subordinated Mortgage"), among Big Rivers, as mortgagor, and WKEC, LEM and Station Two Subsidiary, as mortgagees (collectively, the "LG&E Affiliates"). The Subordinated Mortgage is subordinate to the New RUS Mortgage in all respects and secures all payment and other obligations of Big Rivers to the LG&E Affiliates under certain agreements relating to the LG&E Transaction. The Subordinated Mortgage grants a lien on substantially all of Big Rivers' real property and personal property related to or used in connection with the Facilities.

During the term of the Subordinated Mortgage, Big Rivers has agreed to, among other things, (i) pay all obligations secured by the Subordinated Mortgage; (ii) keep property subject to the Subordinated Mortgage free and clear of all liens and encumbrances except for certain permitted liens and other exceptions; (iii) transfer property subject to the Subordinated Mortgage and its obligations under the Subordinated Mortgage only in the manner and to the extent permitted by certain LG&E Agreements; (iv) observe and perform each term to be observed or performed by it pursuant to the terms of any agreement or recorded instrument affecting or pertaining to the property subject to the Subordinated Mortgage; and (v) perform such acts that are necessary for confirming the property interests granted under the Subordinated Mortgage.

The Subordinated Mortgage provides that an event of default is limited to the occurrence of any of the following occurrences: (i) Big Rivers fails to make payment when due of any amount owed by it to the LG&E Affiliates and such failure continues beyond any grace period, or notice and cure period, provided for in the agreements secured under the Subordinated Mortgage; or (ii) a final non-appealable judgment or arbitration award has been entered against Big Rivers based on a breach or default of the terms of any of the secured agreements. The Nondisturbance Agreement provides that RUS has the right to cure any default of Big Rivers under the Subordinated Mortgage (see APPENDIX C).

Upon the occurrence of an event of default under the Subordinated Mortgage involving the failure by Big Rivers to make a payment when due for three consecutive payment periods, or upon the occurrence of any other or subsequent event of default, the LG&E Affiliates will be permitted, among other things, to, in addition to exercising any of the remedies available to them pursuant to the applicable agreement: (i) institute proceedings to foreclose the Subordinated Mortgage; (ii) to the extent permitted, institute proceedings for partial foreclosure of the Subordinated Mortgage or the LEM Mortgage, (iii) institute an action for the specific performance of any covenant or condition; or (iv) recover judgment on any obligations either before, during, or after any proceedings for the enforcement of the Subordinated Mortgage. In the event of a sale of less than all of the property subject to the Subordinated Mortgage, the Subordinated Mortgage will continue on the remaining portion of the property. The lien of the Subordinated Mortgage will continue, unimpaired despite any recovery of a judgment by the LG&E Affiliates against Big Rivers.

LEM Mortgage

In order to secure only (i) Big Rivers' obligations under the Settlement Note, (ii) all payments, sums and debts due and owing to WKEC under certain provisions of the Participation Agreement, including the "Residual Value Payments," and (iii) payments due and owing in respect to Enhancements and Capital Improvements, Big Rivers has granted to LEM and WKEC a mortgage on certain properties of Big Rivers pursuant to the Mortgage and Security Agreement, dated as of the Effective Date (the "LEM Mortgage"). The LEM Mortgage grants a lien on substantially all of Big Rivers' real property and personal property related to or used in connection with the Facilities. In the event of a foreclosure of the LEM Mortgage, the Nondisturbance Agreement (see APPENDIX C) requires that the proceeds of such foreclosure be distributed to Ambac Assurance, the Trustee and CFC prior to any distribution to LEM or WKEC.

During the term of the LEM Mortgage, Big Rivers will, among other things (i) pay all obligations secured by the LEM Mortgage; (ii) keep properties subject to the LEM Mortgage free and clear of all liens and encumbrances except for certain permitted liens and other exceptions; (iii) transfer property subject to the LEM Mortgage only in the manner and to the extent permitted by certain operative documents relating to the LG&E Transaction; (iv) observe and perform each material term to be observed or performed by it pursuant to the terms of any agreement or recorded instrument affecting or pertaining to the property subject to the LEM Mortgage; and (vi) perform such acts that are necessary for confirming the property interest granted under the LEM Mortgage.

The LEM Mortgage provides that an event of default is deemed to occur if: (i) the failure by Big Rivers to make payment when due of any amount owed by it to LEM or WKEC under the provisions of the Settlement Note or certain provisions of the Participation Agreement and such failure continues beyond any grace period, or notice and cure period, provided by the Settlement Note or the Participation Agreement, as applicable; (ii) a default by Big Rivers in the performance of any covenants or other provisions contained in the LEM Mortgage (other than payment of the Settlement Note according to its terms) and such default is not remedied within thirty (30) days following written notice from LEM or WKEC, as applicable, of such default, or (iii) a final non-appealable judgment or arbitration award has been entered against Big Rivers based on a breach or default of terms of the operative documents relating the LG&E Transaction (provided, however, an event of default shall be deemed to have occurred if Big Rivers, at any time, following receipt of a judgment in regard to such breach or default, shall fail to properly stay enforcement of the judgment pending any appeals therefrom). The Nondisturbance Agreement permits RUS to cure any default of Big Rivers under the LEM Mortgage (see APPENDIX C).

Upon the occurrence of an event of default under the LEM Mortgage, LEM and WKEC may, among other things: (i) institute proceedings to foreclose the LEM Mortgage; (ii) to the extent permitted, institute proceedings for partial foreclosure of the Subordinated Mortgage or the LEM Mortgage, (iii) institute an action for the specific performance of any covenant or condition; or (iv) recover judgment on the obligations under the LEM Mortgage during or after any proceedings for the enforcement of the LEM Mortgage. The lien of the LEM Mortgage will continue unimpaired despite any recovery of a judgment by LEM or WKEC against Big Rivers.

Transmission Service and Interconnection Agreement

Big Rivers, LEM, the Station Two Subsidiary and WKEC have entered into the Transmission Services and Interconnection Agreement ("Transmission Agreement"), which, in general, (i) allocates system operational responsibilities for transmission and generation between Big Rivers and the LG&E Entities, (ii) serves as the service agreement under Big Rivers' Open Access Transmission Tariff (the "Tariff") for short-term firm transmission service and non-firm transmission service, signifying the agreement of the LEC affiliate signatories to be charged for such transmission services under the rates, terms and conditions of that agreement, and (iii) further defines the rights and obligations of the parties with respect to the LG&E Entities' firm and non-firm use of Big Rivers' transmission system.

Big Rivers' System Operational Responsibilities. The Transmission Agreement allocates responsibility for transmission system operation to Big Rivers. Under the terms of the Transmission Agreement, Big Rivers will: (i) perform transmission system scheduling, (ii) operate the control area, (iii) operate the Open Access Same-time Information System required under the Tariff (the "OASIS"), (iv) perform real-time monitoring of transmission system contingencies, (v) perform static positioning of transmission system switchings, (vi) determine transmission constraints, (vii) determine transmission system path ratings, (viii) contract to provide transmission facilities, (ix) plan, construct, operate and maintain the Transmission Facilities, (x) perform inadvertent interchange accounting with neighboring control areas, (xi) schedule transmission maintenance, (xii) monitor the adequacy of spinning and supplemental operating reserves, (xiii) respond to East Central Area Reliability Council ("ECAR") automatic reserve sharing requests by entering schedules and notifying plant operator; (xiv) enter ECAR automatic reserve sharing requests upon being notified by generator operator of loss of a unit, and (xv) monitor control area performance.

Generation Plant Operational Responsibilities. Subject to specified assignment rights, the LG&E Entities will: (i) perform generation unit commitment, (ii) dispatch generation, (iii) schedule generation maintenance, (iv) provide generation-based ancillary services, (v) implement emergency generation curtailment, (vi) allocate spinning and operating reserves among generation units in response to Big Rivers' direction, (vii) balance area control inadvertence accounts, and (viii) provide Big Rivers with loading information and information regarding loss of generating units and plans for recovery consistent with ECAR automatic reserve sharing requirements. In addition, the Transmission Agreement assigns cost responsibility for the installation, operation and maintenance of unit step-up transformers to the LG&E Entities, but provides that ownership of such facilities will vest in Big Rivers and that Big Rivers will perform such installation, operation and maintenance for the LG&E Entities for a fee.

Transmission Agreements. The Transmission Agreement is the service agreement pursuant to which the LG&E Entities may purchase transmission service from Big Rivers under the terms of the Tariff with respect to short-term firm point-to-point (transactions less than one year in length) and non-firm transmission service.

Member Transmission. The Transmission Agreement sets forth Big Rivers' commitment to provide the LG&E Entities with transmission for the power sold to Henderson Union and Green River (now, Kenergy) as Tier 1 and Tier 2 for use by the two aluminum smelters without additional charge so long as the Monthly Margin Payments are still being paid by the LG&E Entities to Big Rivers ("Member Transmission"). The agreement generally provides that Big Rivers will provide the LG&E Entities with up to 572 MW of network transmission service and up to 300 MW of non-firm point-to-point transmission service for Member Transmission as part of the Monthly Margin Payments (provided that no more than approximately 572 MW of network and non-firm service may be utilized simultaneously). Big Rivers deems the full cost of this Member Transmission as having been paid at the then applicable Tariff rates as part of the Monthly Margin Payments.

Transmission Rates. Big Rivers warrants that it will not charge the LG&E Entities for transmission more than the lesser of (i) the amount that Big Rivers imputes to itself for its own off-system transactions or (ii) the amount Big Rivers charges to any third party taking transmission service after the Effective Date for comparable service. Big Rivers also represents that the initial transmission rates contained in the Tariff were calculated in a manner consistent with methods approved by the FERC and agrees that it will not recalculate such rates during the first thirty-six months of the transaction unless Big Rivers' transmission revenue requirements increase by more than $1 million. Moreover, the LG&E Entities may request such a recalculation of rates provided that the rates may not be revised more than once every thirty-six months at the initiative of the same party unless the transmission revenue requirements since the last rate calculation increase by more than $1 million. Big Rivers also acknowledges that the transmission service it will supply to the LG&E Entities will not result in any stranded costs assuming the LG&E Entities and their affiliates do not violate the exclusivity requirements of the Power Purchase Agreement.

Abatement of Payments for Failure of Transmission System Due to Uncontrollable Forces. If an uncontrollable force causes Big Rivers to deliver, on behalf of the LG&E Entities, none of the output of the Facilities and the Station Two Facility for a period of 30 consecutive days or more, then the LG&E Entities will not be required to pay for their reserved transmission until such transmission service recommences. During such periods, the LG&E Entities' obligation to make the $5 million annual transmission payment under the Participation Agreement will be reduced proportionally according to a specified formula. Moreover, if an uncontrollable force causes a failure of performance on the part of Big Rivers that cannot be remedied or cured by repair to or replacement of or construction of tangible assets or property the use or enjoyment of which are required in order for the LG&E Entities to receive transmission, then Big Rivers must cure such failure of performance within 180 days or WKEC will have the right to thereafter reduce its fixed payment obligations (but not the Monthly Margin Payment) under the Lease. A formula sets forth the amount of such reduced payment as roughly equal to the full payment multiplied by the ratio of (i) the energy actually generated and transmitted to (ii) the greater of the amount of energy generated or capable of being generated and sold. Such reduction in payment will extend for so long as the uncontrollable force is not remedied.

Events of Default. The occurrence of any of the following events will constitute a default under the Transmission Agreement: (i) failure by any party to make any payments as and when due under the Transmission Agreement, (ii) failure of any party to perform any material duty imposed on it by the Transmission Agreement, (iii) any attempt by a party to transfer an interest in the Transmission Agreement in breach of the Participation Agreement, (iv) certain bankruptcy or insolvency events, (v) failure, inability, or refusal of a party to cure a default or breach by any such party or its affiliate under certain agreements relating to the transaction which give rise to a termination of such other agreement, or any termination by a party of certain agreements relating to the transaction in breach or default under any such agreement.

If an event of default has occurred for which there is no cure period or if an event of default has not been cured within the time period required, the non-defaulting party will have, in addition to any rights it may have under law, (i) the right to pay the amount due or perform any required obligation and set-off such amount against any other payment due the defaulting party or any of its affiliates under any agreement relating to the LG&E Transaction, and (ii) the right to terminate the Transmission Agreement upon 30 days' notice to the defaulting party of its intention to do so. In addition, if a breach or default is curable but is of such a nature that it cannot be remedied or cured by repair to or replacement or construction of tangible assets or properties the use or enjoyment of which are required in order for the non-defaulting party to enjoy such material right or interests, then such breach or default must be cured within 180 days after notice or the non-defaulting party will have the right to terminate the agreement upon 2 business days' prior written notice.

Termination. The Transmission Agreement will terminate on December 31 of that year which is closest to the twenty-fifth anniversary of the Effective Date unless terminated by reason of a default for which there is no cure right or failure or refusal by a party to cure a default within the permitted period.

Station Two Agreement

The Agreement and Amendments to Agreements, dated the Effective Date, among the City of Henderson, Kentucky (the "City"), City of Henderson Utility Commission ("HUC" and collectively with the City, "Henderson"), Big Rivers, the Station Two Subsidiary, LEM, and WKEC (the "Station Two Agreement") implements the LG&E Transaction with respect to the Station Two Facility. The Station Two Facility is owned by Henderson. Pursuant to the Station Two Agreement, the Station Two Facility will be operated by the LG&E Entities and its output and costs allocated among the Big Rivers, Henderson and LG&E Entities during the LG&E Transaction Term.

Henderson will continue to receive its energy requirements (within certain contractual limits) from the Station Two Facility. Pursuant to the Station Two Contracts, Big Rivers is entitled to the remainder of the output of the Station Two Facility (the "Excess Output"). According to the Station Two Agreement, the Excess Output will be sold directly to the LG&E Entities following the Effective Date.

Assignment. Big Rivers has assigned to the LG&E Entities certain of Big Rivers' obligations under the Station Two Contracts, with the exception of obligations relating to transmission services and jointly owned facilities not related to generation which will be retained by Big Rivers. The Station Two Subsidiary will purchase the Excess Output of the Station Two Facility from HMP&L. While certain tax-exempt bonds relating to the Station Two Facility (the "Station Two Bonds") remain outstanding, LEM will resell all such Excess Output within Henderson and Daviess Counties, either to HMP&L, Big Rivers for resale to its Members in Henderson and Daviess Counties or Henderson Union (now, Kenergy) for use in serving the energy needs of an aluminum smelter. Big Rivers must purchase, while such bonds are outstanding, any such output that is not otherwise sold to HMP&L or Henderson Union by LEM.

Budgets. As with the other operative documents relating to the LG&E Transaction, an operating committee will prepare the budgets for capital expenditures and operating expenses relating to the Station Two Facility. However, the budgets as approved by the Operating Committee will be submitted to Henderson for its review and approval in accordance with the underlying Station Two Contract. Henderson has agreed to pay a fixed share of these costs. The costs allocable to Big Rivers under the Station Two Contracts generally will be apportioned between the Station Two Subsidiary and Big Rivers, as under the other Operative Documents.

The Station Two Bonds. Until the Station Two Bonds are no longer outstanding, the energy generated at the Station Two Facility will be distributed only in Henderson and Daviess Counties.

Duties of LG&E Entities. The LG&E Entities have agreed to undertake certain financial obligations of Big Rivers under the Station Two Contracts as such obligations relate to the generation of electricity and will be responsible for the performance of its duties in operating the generation assets of the Station Two Facility in accordance with the underlying Station Two Contracts and, where not inconsistent with such contracts, prudent utility practice. The LG&E Entities' general duties regarding capital expenditures, maintenance of books and records, fuel supply, filings and budgets mirror substantially its obligations under the other operative documents relating to the LG&E Transaction. Henderson shares oversight with Big Rivers over the performance of certain of these duties.

Economic Development Power. Under the Station Two Agreement, Big Rivers is permitted to participate in the sale of Economic Development Power to new industrial customers served by the Station Two Facility.

Liability and Indemnity. Each party will indemnify and hold harmless the other party and its directors, officers, and employees from all liabilities, losses, damages, claims, costs and expenses on account of any breach or default in the performance of such party's obligations under the Station Two Agreement or injury to persons or damage or destruction of property occasioned by the negligence or willful misconduct of the indemnifying party or its officers, directors, employees or contractors, in the performance of their duties under the Station Two Agreement.

Events of Default. Events of default under the Station Two Agreement include: (a) failure by a party to pay when due any and all amounts payable to any other party in accordance with the terms of the Station Two Agreement; (b) any rejection in bankruptcy of the Station Two Agreement or any Station Two Contract by that party, or any other rescission or termination of the Station Two Agreement or any Station Two Contract (in whole or in material part) by that party in breach or default of the Station Two Agreement or such contract; (c) failure of that party to perform any material covenant or obligation that it may have under the Station Two Agreement; (d) any attempt by that party to transfer an interest in the Station Two Agreement other than in accordance with its terms; (e) any filing by that party of a petition in bankruptcy or insolvency, or for reorganization or arrangement under any bankruptcy or insolvency laws, or voluntarily taking advantage of any such laws by answer or otherwise or the commencement of any involuntary proceedings under any such laws; (f) assignment by that party for the benefit of creditors of any of its rights or interests under the Station Two Agreement or any Station Two Contracts or, in the case of Henderson, any of its rights or interests in the Station Two Facility or related assets; (g) allowance by that party of the appointment of a receive or trustee of all or a material portion of its property if such receiver or trustee is not discharged within 60 days after appointment; and (h) any breach by that party of a representation or warranty made by that party in the Station Two Agreement that has a material adverse effect on another party or such other party's contractual rights under the Settlement Note.

As between Big Rivers and the LG&E Entities only, defaults include any failure, inability or refusal of that party, or its affiliates, to cure a default or breach by such party or such party's affiliate under any other Operative Documents relating to the LG&E Transaction that gives rise to a termination of such agreement, or any termination by that party or its affiliates of any of other operative documents in breach or default under such agreement. Any failure by Big Rivers to pay the LG&E Entities under the Settlement Note will constitute a default by Big Rivers.

Abatement. If a condemnation or taking by governmental authority of all or substantially all of the Station Two Facility and related assets (the "Station Two Assets"), or of both or either of the Station Two generating units, Big Rivers has agreed that the fixed payments payable by LEM for each month during the condemnation or taking will be reduced proportionately by a fair market value ratio.

If the Station Two Assets are damaged or destroyed due to the negligence or willful misconduct of Big Rivers, then the fixed payments or the rent will be abated, and the debt service reimbursement payments to Big Rivers will on each monthly payment date be abated, until such time as the Station Two Assets are restored.

If Henderson terminates the Station Two Power Sales Agreement, the Station Two Operating Agreement or the Joint Facilities Agreement by reason of a breach or default thereunder by Big Rivers, the relevant LG&E Entities and WKEC will be entitled to an immediate abatement against, and the right to reduce, any fixed payments, rent or any debt service reimbursement payments thereafter owing by LG&E Entities to Big Rivers.

Set-off. There is a general right of set-off given to each of the parties in the Station Two Agreement for sums due and owing under that agreement against sums due such party in connection with the Station Two Agreement, the Station Two Contracts or other Operational Documents.

Uncontrollable Force. No party will be considered in default or breach under the Station Two Agreement if prevented from performance by an uncontrollable force. If LEM or the Station Two Subsidiary is unable to fulfill any obligation by reason of an uncontrollable force, it will exercise due diligence to remove such disability as soon as reasonably possible; provided, that no party will be relieved of any payment obligation that it may have to any other party (or to the trustee of the Station Two Bonds) under the Station Two Agreement or any Station Two Contract by reason of uncontrollable force.

Termination. If the damages incurred by a non-defaulting party (or such affiliates) have had a material adverse effect on that non-defaulting party's respective rights under the Station Two Agreement and the Station Two Contracts, taken as a whole, or on that non-defaulting party's business, financial condition or results of operations, then that non-defaulting party may terminate the Station Two Agreement upon 30-days notice to the defaulting party and any other non-defaulting parties; provided, however, if Henderson is the defaulting party, Big Rivers and the LG&E Entities have covenanted for the benefit of the other, but not for the benefit of Henderson, that neither Big Rivers nor the LG&E Entities, nor any of them, will exercise the right of that party to terminate the Station Two Agreement until such time as the Station Two Bonds are retired or redeemed in full. However, Big Rivers and the LG&E Entities have very limited rights to terminate the Station Two Agreement upon a default by Henderson without consent among Big Rivers and the LG&E Entities.

Notwithstanding anything contained elsewhere in the Station Two Agreement to the contrary, (i) Big Rivers may terminate the Station Two Agreement at any time that the LEC Guarantee provides Big Rivers with the right to terminate the operative documents relating to the LG&E Transaction, upon notice delivered to the LG&E Entities and Henderson, but only to the extent that Big Rivers also terminates all of the other operative documents pursuant to the LEC Guarantee, and (ii) Henderson may terminate the Station Two Agreement at any time that the LEC Guaranty, as in effect on the Effective Date, provides Henderson with the right to terminate the Station Two Agreement, upon notice delivered to Big Rivers and the LG&E Entities.

The LG&E Entities are entitled to terminate the Station Two Agreement in the event Henderson exercises any rights that it may have to terminate the significant Station Two Contracts by reason of a breach or default thereunder by Big Rivers. In the event that the other Operative Documents are terminated due to a breach by Big Rivers, the Station Two Subsidiary has the right to terminate the Station Two Agreement if, in addition, the Station Two Subsidiary is denied certain "fundamental rights" as defined in the agreement.

APPENDIX F

PARS PROVISIONS

Definitions

In addition to the words and terms elsewhere defined in this Offering Statement, the following words and terms as used in this Appendix F and elsewhere in this Offering Statement have the following meanings with respect to the Bonds in a PARS Rate Period unless the context or use indicates another or different meaning or intent:

"Agent Member" means a member of, or participant in, the Securities Depository who will act on behalf of a Bidder.

"Auction" means each periodic implementation of the Auction Procedures.

"Auction Agent" means the auctioneer appointed in accordance with the provisions of the Bond Indenture and will initially be Bankers Trust Company.

"Auction Agreement" means an agreement between the Auction Agent and the Trustee pursuant to which the Auction Agent agrees to follow the procedures specified in the Bond Indenture with respect to the Bonds while bearing interest at a PARS Rate, as such agreement may from time to time be amended or supplemented.

"Auction Date" means during any period in which the Auction Procedures are not suspended in accordance with the provisions of the Bond Indenture, (i) if the Bonds are in a daily Auction Period, each Business Day, (ii) if the Bonds are in a Special Auction Period, the last Business Day of the Special Auction Period, and (iii) if the Bonds are in any other Auction Period, the Business Day next preceding each Interest Payment Date for such Bonds (whether or not an Auction will be conducted on such date); provided, however, that the last Auction Date with respect to the Bonds in an Auction Period other than a daily Auction Period or Special Auction Period will be the earlier of (a) the Business Day next preceding the Interest Payment Date next preceding the Fixed Rate Conversion Date for the Bonds and (b) the Business Day next preceding the Interest Payment Date next preceding the final maturity date for the Bonds; and provided, further, that if the Bonds are in a daily Auction Period, the last Auction Date will be the earlier of (x) the Business Day next preceding the Fixed Rate Conversion Date for the Bonds and (y) the Business Day next preceding the final maturity date for the Bonds. The last Business Day of a Special Auction Period shall be the Auction Date for the Auction Period which begins on the next succeeding Business Day, if any. On the Business Day preceding the conversion from a daily Auction Period to another Auction Period, there will be two Auctions, one for the last daily Auction Period and one for the first Auction Period following the conversion. The first Auction Date for the Bonds is August 28, 2001.

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

"Auction Procedures" means the procedures for conducting Auctions for the Bonds during a PARS Rate Period set forth in the Bond Indenture and summarized in this Appendix F.

"Auction Rate" means for each Auction Period, (i) if Sufficient Clearing Bids exist, the Winning Bid Rate, provided, however, if all of the Bonds are the subject of Submitted Hold Orders, the Minimum PARS Rate and (ii) if Sufficient Clearing Bids do not exist, the Maximum Interest Rate.

"Available Bonds" means on each Auction Date, the aggregate principal amount of the Bonds that are not the subject of Submitted Hold Orders.

"Bid" has the meaning specified in subsection (a) of "Orders by Existing Owners and Potential Owners" of this Appendix F.

"Bidder" means each Existing Owner and Potential Owner who places an Order.

"Broker-Dealer" means any entity that is permitted by law to perform the function required of a Broker-Dealer described in the Bond Indenture, that is a member of, or a direct participant in, the Securities Depository, that has been selected by Big Rivers with the consent of Goldman, Sachs & Co., so long as Goldman, Sachs & Co. is a Broker-Dealer, and that is a party to a Broker-Dealer Agreement with the Auction Agent.

"Broker-Dealer Agreement" means an agreement among the Auction Agent, Big Rivers and a Broker-Dealer pursuant to which such Broker-Dealer agrees to follow the procedures described in the Bond Indenture, as such agreement may from to time be amended or supplemented.

"Default Rate" means, in respect of any Auction Period, the Maximum Interest Rate.

"Existing Owner" means a Person who is listed as the beneficial owner of the Bonds in the records of the Auction Agent.

"Fixed Rate Conversion Date" means the date on which the Bonds begin to bear interest at a Fixed Interest Rate.

"Hold Order" has the meaning specified in subsection (a) of "Orders by Existing Owners and Potential Owners" of this Appendix F.

"Initial Period" means the period from the Closing Date through and including August 28, 2001.

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

"Maximum Interest Rate" means the lesser of eighteen percent (18%) or the maximum rate permitted by applicable law.

"Maximum PARS Rate" means, as of any Auction Date, the Maximum Interest Rate.

"Minimum PARS Rate" means, as of any Auction Date, 65% of the PARS Index in effect on such Auction Date.

"Moody's" means Moody's Investors Service and its successors and assigns.

"No Auction Rate" means, as of any Auction Date, the rate determined by multiplying the Percentage of PARS Index set forth below, based on the Prevailing Rating of the Bonds in effect at the close of business on the Business Day immediately preceding such Auction Date, by the PARS Index:

Prevailing Rating	Percentage of PARS Index
AAA/Aaa	65%
AA/Aa	75
A/A	85
BBB/Baa	100
Below BBB/Baa	150

provided, however, that in no event will the No Auction Rate exceed the Maximum Interest Rate.

"Order" means a Hold Order, Bid or Sell Order.

"PARS" means the Bonds while they bear interest at the PARS Rate.

"PARS Index" will have the meaning specified in "PARS Index" of this Appendix F.

"PARS Rate" means the rate of interest to be borne by the Bonds during each Auction Period determined in accordance with the Bond Indenture as summarized under "Determination of PARS Rate" of this Appendix E; provided, however, in no event may the PARS Rate exceed the Maximum Interest Rate.

"PARS Rate Period" means after the Initial Period any period of time commencing on the day following the Initial Period to, but not including, a Fixed Rate Conversion Date.

"Potential Owner" means any Person, including any Existing Owner, who may be interested in acquiring a beneficial interest in the Bonds in addition to the Bonds currently owned by such Person, if any.

"Prevailing Rating" means (a) AAA/Aaa, if the Bonds will have a rating of AAA or better by S&P and a rating of Aaa or better by Moody's, (b) if not AAA/Aaa, AA/Aa if the Bonds will have a rating of AA- or better by S&P and a rating of Aa3 or better by Moody's, (c) if not AAA/Aaa or AA/Aa, A/A if the Bonds will have a rating of A- or better by S&P and a rating of A3 or better by Moody's, (d) if not AAA/Aaa, AA/Aa, or A/A, then BBB/Baa if the Bonds will have a rating of BBB- or better by S&P and a rating of Baa3 or better by Moody's and (e) if not

AAA/Aaa, AA/Aa, A/A or BBB/Baa, then below BBB/Baa, whether or not the Bonds are rated by any securities rating agency. For purposes of this definition, S&P's rating categories of "AAA," "AA," "A-" and "BBB-" and Moody's rating categories of "Aaa," "Aa3," "A3," and "Baa3" will be deemed to refer to and include the respective rating categories correlative thereto in the event that any such Rating Agencies will have changed or modified their generic rating categories or if any successor thereto appointed in accordance with the definitions thereof will use different rating categories. If the Bonds are not rated by a Rating Agency, the requirement of a rating by such Rating Agency will be disregarded. If the ratings for the Bonds are split between two of the foregoing categories, the lower rating will determine the Prevailing Rating. If there is no rating, then the PARS Rate will be the Maximum Interest Rate.

"Principal Office" means, with respect to the Auction Agent, the office thereof designated in writing to Big Rivers, the Trustee and each Broker-Dealer.

"Rating Agency" means any nationally recognized securities rating agency maintaining a rating on the Bonds, pursuant to a request for a rating by Big Rivers.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors and assigns.

"Securities Depository" means The Depository Trust Company and its successors and assigns or any other securities depository selected by Big Rivers which agrees to follow the procedures required to be followed by such securities depository in connection with the Bonds.

"Sell Order" has the meaning specified in "Orders by Existing Owners and Potential Owners" of this Appendix F.

"Special Auction Period" means any period of not less than seven nor more than 1,092 days which is not another Auction Period and which begins on an Interest Payment Date and ends on a Tuesday unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day.

"Submission Deadline" means 1:00 p.m., New York City time, on each Auction Date not in a daily Auction Period and 11:00 a.m., New York City time, on each Auction Date in a daily Auction Period, or such other time on such date as will be specified from time to time by the Auction Agent pursuant to the Auction Agreement as the time by which Broker-Dealers are required to submit Orders to the Auction Agent.

"Submitted Bid" has the meaning specified in "Determination of PARS Rate" of this Appendix F.

"Submitted Hold Order" has the meaning specified in "Determination of PARS Rate" of this Appendix F.

"Submitted Order" has the meaning specified in "Determination of PARS Rate" of this Appendix F.

"Submitted Sell Order" has the meaning specified in "Determination of PARS Rate" of this Appendix F.

"Sufficient Clearing Bids" means with respect to the Bonds, an Auction for which the aggregate principal amount of the Bonds that are the subject of Submitted Bids by Potential Owners specifying one or more rates not higher than the Maximum Interest Rate is not less than the aggregate principal amount of the Bonds that are the subject of Submitted Sell Orders and of Submitted Bids by Existing Owners specifying rates higher than the Maximum Interest Rate.

"Winning Bid Rate" means with respect to the Bonds, the lowest rate specified in any Submitted Bid which if selected by the Auction Agent as the PARS Rate would cause the aggregate principal amount of the Bonds that are the subject of Submitted Bids specifying a rate not greater than such rate to be not less than the aggregate principal amount of Available Bonds.

Auction Procedures

Orders by Existing Owners and Potential Owners

(a) Prior to the Submission Deadline on each Auction Date:

(i) each Existing Owner may submit to a Broker-Dealer, in writing or by such other method as will be reasonably acceptable to such Broker-Dealer, information as to:

(A) the principal amount of the Bonds, if any, held by such Existing Owner which such Existing Owner irrevocably commits to continue to hold for the next succeeding Auction Period without regard to the rate determined by the Auction Procedures for such Auction Period;

(B) the principal amount of the Bonds, if any, held by such Existing Owner which such Existing Owner irrevocably commits to continue to hold for the next succeeding Auction Period if the rate determined by the Auction Procedures for such Auction Period will not be less than the rate per annum then specified by such Existing Owner (and which such Existing Owner irrevocably offers to sell on the next succeeding Interest Payment Date (or the same day in the case of a daily Auction Period) if the rate determined by the Auction Procedures for the next succeeding Auction Period will be less than the rate per annum then specified by such Existing Owner); and/or

(C) the principal amount of the Bonds, if any, held by such Existing Owner which such Existing Owner irrevocably offers to sell on the next succeeding Interest Payment Date (or on the same day in the case of a daily Auction Period) without regard to the rate determined by the Auction Procedures for the next succeeding Auction Period.

(ii) for the purpose of implementing the Auctions and thereby to achieve the lowest possible interest rate on the Bonds, the Broker-Dealers will contact Potential Owners, including Persons that are Existing Owners, to determine the principal amount of the Bonds, if any, which each such Potential Owner irrevocably offers to purchase if the rate determined by the Auction Procedures for the next succeeding Auction Period is not less than the rate per annum then specified by such Potential Owner.

For the purposes hereof an Order containing the information referred to in clause (i)(a) above is herein referred to as a "Hold Order", an Order containing the information referred to in clause (i)(b) or (ii) above is herein referred to as a "Bid", and an Order containing the information referred to in clause (i)(c) above is herein referred to as a "Sell Order."

(b) (i) A Bid by an Existing Owner will constitute an irrevocable offer to sell:

(A) the principal amount of the Bonds specified in such Bid if the rate determined by the Auction Procedures on such Auction Date will be less than the rate specified therein; or

(B) such principal amount or a lesser principal amount of the Bonds to be determined as described in subsection (a)(v) of the section below entitled "Allocation of the Bonds" if the rate determined by the Auction Procedures on such Auction Date will be equal to such specified rate; or

(C) a lesser principal amount of the Bonds to be determined as described in subsection (b)(iv) of the section below entitled "Allocation of the Bonds" if such specified rate will be higher than the Maximum Interest Rate and Sufficient Clearing Bids do not exist.

(ii) A Sell Order by an Existing Owner will constitute an irrevocable offer to sell:

(A) the principal amount of the Bonds specified in such Sell Order; or

(B) such principal amount or a lesser principal amount of the Bonds as described in subsection (b)(iv) of the section below entitled "Allocation of the Bonds" if Sufficient Clearing Bids do not exist.

(iii) A Bid by a Potential Owner will constitute an irrevocable offer to purchase:

(A) the principal amount of the Bonds specified in such Bid if the rate determined by the Auction Procedures on such Auction Date will be higher than the rate specified therein; or

(B) such principal amount or a lesser principal amount of the Bonds as described in subsection (a)(vi) of the section below entitled "Allocation of the Bonds" hereof if the rate determined by the Auction Procedures on such Auction Date will be equal to such specified rate.

(c) Anything herein to the contrary notwithstanding:

(i) for purposes of any Auction, any Order which specifies the Bonds to be held, purchased or sold in a principal amount which is not $100,000 or an integral multiple of $25,000 in excess thereof will be rounded down to the nearest $100,000, and the Auction Agent will conduct the Auction Procedures as if such Order had been submitted in such lower amount;

(ii) for purposes of any Auction other than during a daily Auction Period, any portion of an Order of an Existing Owner which relates to a Bond which has been called for redemption on or prior to the Interest Payment Date next succeeding such Auction will be invalid with respect to such portion and the Auction Agent will conduct the Auction Procedures as if such portion of such Order had not been submitted;

(iii) for purposes of any Auction other than during a daily Auction Period, no portion of a Bond which has been called for redemption on or prior to the Interest Payment Date next succeeding such Auction will be included in the calculation of Available Bonds for such Auction; and

(iv) the Auction Procedures will be suspended during the period commencing on the date of the Auction Agent's receipt of notice from the Trustee or the County of the occurrence of an Event of Default resulting from a failure to pay principal, premium or interest on any Bond when due (provided, however, that for purposes of this provision only payment by Ambac Assurance will be deemed to cure such Event of Default and no suspension of the Auction Procedures will occur) but will resume two Business Days after the date on which the Auction Agent receives notice from the Trustee that such Event of Default has been waived or cured, with the next Auction to occur on the next regularly scheduled Auction Date occurring thereafter.

Submission of Orders by Broker-Dealers to Auction Agent

(a) Each Broker-Dealer will submit to the Auction Agent in writing or by such other method as will be reasonably acceptable to the Auction Agent, including such electronic communication acceptable to the parties prior to the Submission Deadline on each Auction Date, all Orders obtained by such Broker-Dealer and specifying, if requested, with respect to each Order:

(i) the name of the Bidder placing such Order;

(ii) the aggregate principal amount of the Bonds, if any, that are the subject of such Order;

(iii) to the extent that such Bidder is an Existing Owner:

(A) the principal amount of the Bonds, if any, subject to any Hold Order placed by such Existing Owner;

(B) the principal amount of the Bonds, if any, subject to any Bid placed by such Existing Owner and the rate specified in such Bid; and

(C) the principal amount of the Bonds, if any, subject to any Sell Order placed by such Existing Owner.

(iv) to the extent such Bidder is a Potential Owner, the rate specified in such Bid.

(b) If any rate specified in any Bid contains more than three figures to the right of the decimal point, the Auction Agent will round such rate up to the next highest one thousandth of one percent (0.001%).

(c) If an Order or Orders covering all of the Bonds held by an Existing Owner is not submitted to the Auction Agent prior to the Submission Deadline, the Auction Agent will deem a Hold Order to have been submitted on behalf of such Existing Owner covering the principal amount of the Bonds held by such Existing Owner and not subject to Orders submitted to the Auction Agent; provided, however, that if there is a conversion from one Auction Period to another Auction Period and Orders have not been submitted to the Auction Agent prior to the Submission Deadline covering the aggregate principal amount of the Bonds to be converted held by such Existing Owner, the Auction Agent will deem a Sell Order to have been submitted on behalf of such Existing Owner covering the principal amount of the Bonds to be converted held by such Existing Owner not subject to Orders submitted to the Auction Agent.

(d) If one or more Orders covering in the aggregate more than the principal amount of Outstanding Bonds held by any Existing Owner are submitted to the Auction Agent, such Orders will be considered valid as follows:

(i) all Hold Orders will be considered Hold Orders, but only up to and including in the aggregate the principal amount of the Bonds held by such Existing Owner;

(ii) (A) any Bid of an Existing Owner will be considered valid as a Bid of an Existing Owner up to and including the excess of the principal amount of the Bonds held by such Existing Owner over the principal amount of the Bonds subject to Hold Orders referred to in paragraph (i) above;

(B) subject to clause (A) above, all Bids of an Existing Owner with the same rate will be aggregated and considered a single Bid of an Existing Owner up to and including the excess of the principal amount of the Bonds held by such Existing Owner over the principal amount of the Bonds held by such Existing Owner subject to Hold Orders referred to in paragraph (i) above;

(C) subject to clause (A) above, if more than one Bid with different rates is submitted on behalf of such Existing Owner, such Bids will be considered Bids of an Existing Owner in the ascending order of their respective rates up to the amount of the excess of the principal amount of the Bonds held by such Existing Owner over the principal amount of the Bonds held by such Existing Owner subject to Hold Orders referred to in paragraph (i) above; and

(D) the principal amount, if any, of such Bonds subject to Bids not considered to be Bids of an Existing Owner under this paragraph (ii) will be treated as the subject of a Bid by a Potential Owner.

(iii) all Sell Orders will be considered Sell Orders, but only up to and including a principal amount of the Bonds equal to the excess of the principal amount of the Bonds held by such Existing Owner over the sum of the principal amount of the Bonds considered to be subject to Hold Orders pursuant to paragraph (i) above and the principal amount of the Bonds considered to be subject to Bids of such Existing Owner pursuant to paragraph (ii) above.

(e) If more than one Bid is submitted on behalf of any Potential Owner, each Bid submitted with the same rate will be aggregated and considered a single Bid and each Bid submitted with a different rate will be considered a separate Bid with the rate and the principal amount of the Bonds specified therein.

(f) Any Bid submitted by an Existing Owner or a Potential Owner specifying a rate lower than the Minimum PARS Rate will be treated as a Bid specifying the Minimum PARS Rate.

(g) Neither the County, Big Rivers, the Trustee nor the Auction Agent will be responsible for the failure of any Broker-Dealer to submit an Order to the Auction Agent on behalf of any Existing Owner or Potential Owner.

Determination of PARS Rate

(a) Not later than 9:30 a.m., New York City time, on each Auction Date, the Auction Agent will advise the Broker-Dealers, Big Rivers and the Trustee by telephone or other electronic communication acceptable to the parties of the Minimum PARS Rate, the Maximum PARS Rate, the Maximum Interest Rate and the PARS Index.

(b) Promptly after the Submission Deadline on each Auction Date, the Auction Agent will assemble all Orders submitted or deemed submitted to it by the Broker-Dealers (each such Order as submitted or deemed submitted by a Broker-Dealer being hereinafter referred to as a "Submitted Hold Order," a "Submitted Bid" or a "Submitted Sell Order," as the case may be, and collectively as a "Submitted Order") and will determine (i) the Available Bonds, (ii) whether there are Sufficient Clearing Bids, and (iii) the Auction Rate.

(c) Promptly after the Auction Agent has made the determinations pursuant to subsection (b) above the Auction Agent will advise the Trustee and Big Rivers by telephone (promptly confirmed in writing), telex or facsimile transmission or other electronic communication acceptable to the parties of the Auction Rate for the next succeeding Auction Period and the Trustee will promptly notify the Securities Depository of such Auction Rate.

(d) In the event the Auction Agent fails to calculate, or for any reason fails to timely provide, the Auction Rate for any Auction Period, the PARS Rate for such Auction Period will be the No Auction Rate; provided, however, that if the Auction Procedures are suspended due to the failure to pay principal of, premium or interest on any Bond, the PARS Rate for the next succeeding Auction Period will be the Default Rate.

(e) In the event of a failed conversion to a Fixed Rate Period or in the event of a failure to change the length of the current Auction Period due to the lack of Sufficient Clearing Bids at the Auction on the Auction Date for the first new Auction Period, the PARS Rate for the next Auction Period will be the Maximum PARS Rate and the Auction Period will be a seven-day Auction Period.

(f) If the Bonds are not rated or if the Bonds are no longer maintained in book-entry-only form by the Securities Depository, then the PARS Rate will be the Maximum Interest Rate.

Allocation of the Bonds

(a) In the event of Sufficient Clearing Bids, subject to the further provisions of subsections (c) and (d) below, Submitted Orders will be accepted or rejected by the Auction Agent as follows in the following order of priority:

(i) the Submitted Hold Order of each Existing Owner will be accepted, thus requiring each such Existing Owner to continue to hold the Bonds that are the subject of such Submitted Hold Order;

(ii) the Submitted Sell Order of each Existing Owner will be accepted and the Submitted Bid of each Existing Owner specifying any rate that is higher than the Winning Bid Rate will be rejected, thus requiring each such Existing Owner to sell the Bonds that are the subject of such Submitted Sell Order or Submitted Bid;

(iii) the Submitted Bid of each Existing Owner specifying any rate that is lower than the Winning Bid Rate will be accepted, thus requiring each such Existing Owner to continue to hold the Bonds that are the subject of such Submitted Bid;

(iv) the Submitted Bid of each Potential Owner specifying any rate that is lower than the Winning Bid Rate will be accepted, thus requiring each such Potential Owner to purchase the Bonds that are the subject of such Submitted Bid;

(v) the Submitted Bid of each Existing Owner specifying a rate that is equal to the Winning Bid Rate will be accepted, thus requiring each such Existing Owner to continue to hold the Bonds that are the subject of such Submitted Bid, but only up to and including the principal amount of the Bonds obtained by multiplying (a) the aggregate principal amount of Outstanding Bonds which are not the subject of Submitted Hold Orders described in paragraph (i) above or of Submitted Bids described in paragraphs (iii) or (iv) above by (b) a fraction the numerator of which will be the principal amount of Outstanding Bonds held by such Existing Owner subject to such Submitted Bid and the denominator of which will be the aggregate principal amount of Outstanding Bonds subject to such Submitted Bids made by all such Existing Owners that specified a rate equal to the Winning Bid Rate, and the remainder, if any, of such Submitted Bid will be rejected, thus requiring each such Existing Owner to sell any excess amount of the Bonds;

(vi) the Submitted Bid of each Potential Owner specifying a rate that is equal to the Winning Bid Rate will be accepted, thus requiring each such Potential Owner to purchase the Bonds that are the subject of such Submitted Bid, but only in an amount equal to the principal amount of the Bonds obtained by multiplying (a) the aggregate principal amount of Outstanding Bonds which are not the subject of Submitted Hold Orders described in paragraph (i) above or of Submitted Bids described in paragraphs (iii), (iv) or (v) above by (b) a fraction the numerator of which will be the principal amount of Outstanding Bonds subject to such Submitted Bid and the denominator of which will be the sum of the aggregate principal amount of Outstanding Bonds subject to such Submitted Bids made by all such Potential Owners that specified a rate equal to the Winning Bid Rate, and the remainder of such Submitted Bid will be rejected; and

(vii) the Submitted Bid of each Potential Owner specifying any rate that is higher than the Winning Bid Rate will be rejected.

(b) In the event there are not Sufficient Clearing Bids, subject to the further provisions of subsections (c) and (d) below, Submitted Orders will be accepted or rejected by the Auction Agent as follows in the following order of priority:

(i) the Submitted Hold Order of each Existing Owner will be accepted, thus requiring each such Existing Owner to continue to hold the Bonds that are the subject of such Submitted Hold Order;

(ii) the Submitted Bid of each Existing Owner specifying any rate that is not higher than the Maximum Interest Rate will be accepted, thus requiring each such Existing Owner to continue to hold the Bonds that are the subject of such Submitted Bid;

(iii) the Submitted Bid of each Potential Owner specifying any rate that is not higher than the Maximum Interest Rate will be accepted, thus requiring each such Potential Owner to purchase the Bonds that are the subject of such Submitted Bid;

(iv) the Submitted Sell Orders of each Existing Owner will be accepted as Submitted Sell Orders and the Submitted Bids of each Existing Owner specifying any rate that is higher than the Maximum Interest Rate will be deemed to be and will be accepted as Submitted Sell Orders, in both cases only up to and including the principal amount of the Bonds obtained by multiplying (a) the aggregate principal amount of the Bonds subject to Submitted Bids described in paragraph (iii) of this subsection (b) by (b) a fraction the numerator of which will be the principal amount of Outstanding Bonds held by such Existing Owner subject to such Submitted Sell Order or such Submitted Bid deemed to be a Submitted Sell Order and the denominator of which will be the principal amount of Outstanding Bonds subject to all such Submitted Sell Orders and such Submitted Bids deemed to be Submitted Sell Orders, and the remainder of each such Submitted Sell Order or Submitted Bid will be deemed to be and will be accepted as a Hold Order and each such Existing Owner will be required to continue to hold such excess amount of the Bonds; and

(v) the Submitted Bid of each Potential Owner specifying any rate that is higher than the Maximum Interest Rate will be rejected.

(c) If, as a result of the procedures described in subsection (a) or (b) above, any Existing Owner or Potential Owner would be required to purchase or sell an aggregate principal amount of the Bonds which is not an integral multiple of $100,000 or any integral multiple of $25,000 in excess thereof on any Auction Date, the Auction Agent will by lot, in such manner as it will determine in its sole discretion, round up or down the principal amount of the Bonds to be purchased or sold by any Existing Owner or Potential Owner on such Auction Date so that the aggregate principal amount of the Bonds purchased or sold by each Existing Owner or Potential Owner on such Auction Date will be an integral multiple of $100,000 or any integral multiple of $25,000 in excess thereof, even if such allocation results in one or more of such Existing Owners or Potential Owners not purchasing or selling any Bonds on such Auction Date.

(d) If, as a result of the procedures described in subsection (a) above, any Potential Owner would be required to purchase less than $100,000 in principal amount of the Bonds on any Auction Date, the Auction Agent will by lot, in such manner as it will determine in its sole discretion, allocate the Bonds for purchase among Potential Owners so that the principal amount of PARS purchased on such Auction Date by any Potential Owner will be an integral multiple of $100,000 or any integral multiple of $25,000 in excess thereof, even if such allocation results in one or more of such Potential Owners not purchasing the Bonds on such Auction Date.

Notice of PARS Rate

(a) On each Auction Date, the Auction Agent will notify by telephone or other telecommunication device or other electronic communication acceptable to the parties or in writing each Broker-Dealer that participated in the Auction held on such Auction Date of the following:

(i) the PARS Rate determined on such Auction Date for the succeeding Auction Period;

(ii) whether Sufficient Clearing Bids existed for the determination of the Winning Bid Rate;

(iii) if such Broker-Dealer submitted a Bid or a Sell Order on behalf of an Existing Owner, whether such Bid or Sell Order was accepted or rejected and the principal amount of the Bonds, if any, to be sold by such Existing Owner;

(iv) if such Broker-Dealer submitted a Bid on behalf of a Potential Owner, whether such Bid was accepted or rejected and the principal amount of the Bonds, if any, to be purchased by such Potential Owner;

(v) if the aggregate principal amount of the Bonds to be sold by all Existing Owners on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different from the aggregate principal amount of the Bonds to be purchased by all Potential Owners on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more Broker-Dealers (and the Agent Member, if any, of each such other Broker-Dealer) and the principal amount of the Bonds to be (a) purchased from one or more Existing Owners on whose behalf such other Broker-Dealers submitted Bids or Sell Orders or (b) sold to one or more Potential Owners on whose behalf such Broker-Dealer submitted Bids; and

(vi) the immediately succeeding Auction Date.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Owner or Potential Owner will: (i) advise each Existing Owner and Potential Owner on whose behalf such Broker-Dealer submitted an Order as to (a) the PARS Rate determined on such Auction Date, (b) whether any Bid or Sell Order submitted on behalf of each such Owner was accepted or rejected and (c) the immediately succeeding Auction Date; (ii) instruct each Potential Owner on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Existing Owner's Agent Member to pay to such Broker-Dealer (or its Agent Member) through the Securities Depository the amount necessary to purchase the principal amount of the Bonds to be purchased pursuant to such Bid (including, with respect to the Bonds in a daily Auction Period, accrued interest if the purchase date is not an Interest Payment Date for such Bond) against receipt of such Bonds; and (iii) instruct each Existing Owner on whose behalf such Broker-Dealer submitted a Sell Order that was accepted or a Bid that was rejected in whole or in part, to instruct such Existing Owner's Agent Member to deliver to such Broker-Dealer (or its Agent Member) through the Securities Depository the principal amount of the Bonds to be sold pursuant to such Bid or Sell Order against payment therefor.

PARS Index

(a) The PARS Index on any Auction Date with respect to the Bonds in any Auction Period of 35 days or less will be the Seven-Day "AA" Composite Commercial Paper Rate on such date. The PARS Index with respect to the Bonds in any Auction Period greater than 35 days shall be the rate on United States Treasury Securities having a maturity which most closely approximates the length of the Auction Period, as last published in <u>The Bond Buyer</u>. If either rate is unavailable, the PARS Index will be an index or rate agreed to by all Broker-Dealers and consented to by Big Rivers.

"Seven-Day 'AA' Composite Commercial Paper Rate" on any date of determination, means the interest equivalent of the seven-day rate on commercial paper placed on behalf of non-financial issuers whose corporate bonds are rated AA by S&P, or the equivalent of such rating by S&P, as made available on a discount basis or otherwise by (a) the Federal Reserve Bank of New York for the Business Day immediately preceding such date of determination, or (b) if the Federal Reserve Bank of New York does not make available any such rate, then the arithmetic average of such rates, as quoted on a discount basis or otherwise, by Goldman, Sachs & Co., Lehman Commercial Paper Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated or, in lieu of any thereof, their respective affiliates or successors which are commercial paper dealers (the "Commercial Paper Dealers"), to the Auction Agent before the close of business on the Business Day immediately preceding such date of determination.

For purposes of the definitions of Seven-Day "AA" Composite Commercial Paper Rate, the "interest equivalent" means the equivalent yield on a 360-day basis of a discount-basis security to an interest-bearing security. If any Commercial Paper Dealer does not quote a commercial paper rate required to determine the Seven-Day "AA" Composite Commercial Paper Rate, the Seven-Day "AA" Composite Commercial Paper Rate will be determined on the basis of the quotation or quotations furnished by the remaining Commercial Paper Dealer or Commercial Paper Dealers and any substitute commercial paper dealer not included within the definition of Commercial Paper Dealer above, which may be CS First Boston Corporation or Morgan Stanley Dean Witter or their respective affiliates or successors which are commercial paper dealers (a "Substitute Commercial Paper Dealer") selected by the Trustee (who will be under no liability for such selection) to provide such commercial paper rate or rates not being supplied by any Commercial Paper Dealer or Commercial Paper Dealers, as the case may be, or if the Trustee does not select any such Substitute Commercial Paper Dealer or Substitute Commercial Paper Dealers, by the remaining Commercial Paper Dealer or Commercial Paper Dealers.

(b) If for any reason on any Auction Date the PARS Index will not be determined as hereinabove provided in this Section, the PARS Index will be the PARS Index for the Auction Period ending on such Auction Date.

(c) The determination of the PARS Index as provided herein will be conclusive and binding upon the County, Big Rivers, the Trustee, the Broker-Dealers, the Auction Agent and the Owners of the Bonds.

Miscellaneous Provisions Regarding Auctions

(a) In this Appendix F, each reference to the purchase, sale or holding of the Bonds will refer to beneficial interests in the Bonds, unless the context clearly requires otherwise.

(b) During a PARS Rate Period, the provisions of the Bond Indenture and the definitions contained therein and described in this Appendix F, including without limitation the definitions of Default Rate, Maximum PARS Rate, Minimum PARS Rate, Maximum Interest Rate, No Auction Rate, PARS Index and PARS Rate, may be amended pursuant to the Bond Indenture by obtaining the consent of the Owners of all Outstanding Bonds bearing interest at a PARS Rate as follows. If on the first Auction Date occurring at least 20 days after the date on which the Trustee mailed notice of such proposed amendment to the registered Owners of the Outstanding Bonds as required by the Bond Indenture, (i) the PARS Rate which is determined on such date is the Winning Bid Rate and (ii) there is delivered to Big Rivers and the Trustee an Opinion of Bond Counsel to the effect that such amendment will not adversely affect the validity of the Bonds or any exemption from federal income tax to which the interest on the Bonds would otherwise be entitled, the proposed amendment will be deemed to have been consented to by the Owners of all affected Outstanding Bonds bearing interest at a PARS Rate.

(c) If the Securities Depository notifies the County that it is unwilling or unable to continue as Owner of the Bonds or if at any time the Securities Depository shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a successor to the Securities Depository is not appointed by the County within 90 days after the County receives notice or becomes aware of such condition, as the case may be, the County shall execute and the Trustee shall authenticate and deliver certificates representing the Bonds. Such Bonds shall be registered in such names and authorized denominations as the Securities Depository, pursuant to instructions from the Agent Members or otherwise, shall instruct the County and the Trustee.

(d) During a PARS Rate Period, so long as the ownership of the Bonds is maintained in book-entry form by the Securities Depository, an Existing Owner or a beneficial owner may sell, transfer or otherwise dispose of a Bond only pursuant to a Bid or Sell Order in accordance with the Auction Procedures or to or through a Broker-Dealer, provided that (i) in the case of all transfers other than pursuant to Auctions such Existing Owner or its Broker-Dealer or its Agent Member advises the Auction Agent of such transfer and (ii) a sale, transfer or other disposition of the Bonds from a customer of a Broker-Dealer who is listed on the records of that Broker-Dealer as the holder of such Bonds to that Broker-Dealer or another customer of that Broker-Dealer will not be deemed to be a sale, transfer or other disposition for purposes of this paragraph if such Broker-Dealer remains the Existing Owner of the Bonds so sold, transferred or disposed of immediately after such sale, transfer or disposition.

Changes in Auction Period or Auction Date

(a) Changes in Auction Period. (i) During any PARS Rate Period, Big Rivers may, from time to time on any Interest Payment Date of an Auction Period, change the length of the Auction Period with respect to all of the Bonds among daily, seven-days, 28-days, 35-days, three months, six months and a Special Auction Period in order to accommodate economic and financial factors that may affect or be relevant to the length of the Auction Period and the interest rate borne by such Bonds; provided, however, in the case of a change from a Special Auction Period the date of such change shall be the Interest Payment Date immediately following the last day of such Special Auction Period. Big Rivers will initiate the change in the length of the Auction Period by giving written notice to the County, the Trustee, Ambac Assurance, the Auction Agent, the Broker-Dealers and the Securities Depository that the Auction Period will change if the conditions described herein are satisfied and the proposed effective date of the change, at least 10 Business Days prior to the Auction Date for such Auction Period.

(ii) Any such changed Auction Period will be for a period of one day, seven-days, 28- days, 35-days, three months, six months or a Special Auction Period and will be for all of the Bonds in a PARS Rate Period.

(iii) The change in the length of the Auction Period will not be allowed unless Sufficient Clearing Bids existed at both the Auction before the date on which the notice of the proposed change was given as provided in this subsection (a) and the Auction immediately preceding the proposed change.

(iv) The change in length of the Auction Period will take effect only if (a) the Trustee and the Auction Agent receive, by 11:00 a.m., New York City time, on the Business Day before the Auction Date for the first such Auction Period, a certificate from Big Rivers specifying the change in the length of the Auction Period and (b) Sufficient Clearing Bids exist at the Auction on the Auction Date for such first Auction Period. For purposes of the Auction for such first Auction Period only, each Existing Owner will be deemed to have submitted Sell Orders with respect to all of its Bonds except to the extent such Existing Owner submits an Order with respect to such Bonds. If the condition referred to in (a) above is not met, the Auction Rate for the next Auction Period will be determined pursuant to the Auction Procedures and the Auction Period will be the Auction Period determined without reference to the proposed change. If the condition referred to in (a) is met but the condition referred to in (b) above is not met, the Auction Rate for the next Auction Period will be the Maximum PARS Rate, and the Auction Period will be a seven-day Auction Period.

(v) On the conversion date for the Bonds selected for conversion from one Auction Period to another, any Bonds which are not the subject of a specific Hold Order or Bid will be deemed to be subject to a Sell Order.

(b) Changes in Auction Date. During any PARS Rate Period, the Auction Agent, with the written consent of Big Rivers, may specify an earlier Auction Date (but in no event more than five Business Days earlier) than the Auction Date that would otherwise be determined in accordance with the definition of "Auction Date" in order to conform with then current market practice with respect to similar securities or to accommodate economic and financial factors that may affect or be relevant to the day of the week constituting an Auction Date and the interest rate borne on the Bonds. The Auction Agent will provide notice of its determination to specify an earlier Auction Date for an Auction Period by means of a written notice delivered at least 45 days prior to the proposed changed Auction Date to the Trustee, the County, Big Rivers, the Broker-Dealers and the Securities Depository.

Conversions from a PARS Rate Period

At the option of Big Rivers, all, and not less than all, of the Bonds may be converted from a PARS Rate Period to a Fixed Rate Period, as follows:

(i) If the PARS are in an Auction Period other than a daily Auction Period or a Special Auction Period, the Fixed Rate Conversion Date will be the second regularly scheduled Interest Payment Date following the final Auction Date. If the PARS are in a daily Auction Period, the Fixed Rate Conversion Date will be the next regularly scheduled Interest Payment Date. If PARS are in a Special Auction Period, the Fixed Rate Conversion Date will be the Interest Payment Date immediately following such Special Auction Period.

(ii) Big Rivers will give written notice of any such conversion to the County, Ambac Assurance, the Trustee, the Remarketing Agent, if any, the Auction Agent and the Broker-Dealer not less than seven (7) Business Days prior to the date on which the Trustee is required to notify the Bondholders of the conversion pursuant to subparagraph (iii) below. Such notice will specify the Proposed Fixed Rate Conversion Date. Together with such notice, Big Rivers will file with the County, Ambac Assurance and the Trustee an Opinion of Bond Counsel to the effect that the proposed conversion of the Bonds to a Fixed Interest Rate will not adversely affect the validity of the Bonds or any exemption from federal income taxation to which interest on the Bonds would otherwise be entitled. No conversion to a Fixed Interest Rate will become effective unless Big Rivers will also file with the County, Ambac Assurance and the Trustee, such an opinion dated the Fixed Rate Conversion Date, as the case may be.

(iii) Not less than twenty (20) days prior to the Fixed Rate Conversion Date, the Trustee will mail a written notice of the conversion to the holders of all the Outstanding Bonds, specifying the Fixed Rate Conversion Date and setting forth the matters required to be stated pursuant to the Bond Indenture with respect to purchases of the Bonds.

(iv) If on a Proposed Fixed Rate Conversion Date any condition precedent to such conversion required under the Bond Indenture is not satisfied (including, without limitation, a failure to remarket the Bonds at the principal amount thereof plus accrued interest, if any, to the date of purchase), the Trustee will give written notice by first class mail postage prepaid as soon as practicable and in any event not later than the next succeeding Business Day to the Bondholders, the County and Ambac Assurance that such conversion has not occurred, that the Bonds will not be purchased on the failed Fixed Rate Conversion Date, that the Auction Agent will continue to implement the Auction Procedures on the Auction Dates with respect to the Bonds which otherwise would have been converted excluding however, the Auction Date falling on the Business Day next preceding the failed Fixed Rate Conversion Date, and that the interest rate will continue to be the PARS Rate; provided, however, that the interest rate borne by the Bonds during the Auction Period commencing on such failed Fixed Rate Conversion Date will be the Maximum PARS Rate, and the Auction Period will be a seven-day Auction Period.

Auction Agent

Auction Agent

(a) The Auction Agent will be appointed by the Trustee at the written direction of Big Rivers, to perform the functions specified in the Bond Indenture. The Auction Agent will designate its Principal Office and signify its acceptance of the duties and obligations imposed upon it under the Bond Indenture by a written instrument, delivered to Big Rivers, the Trustee, the County and each Broker-Dealer which will set forth such procedural and other matters relating to the implementation of the Auction Procedures as will be satisfactory to the County and the Trustee.

(b) Subject to any applicable governmental restrictions, the Auction Agent may be or become the Owner of or trade in the Bonds with the same rights as if such entity were not the Auction Agent.

Qualifications of Auction Agent; Resignation; Removal. The Auction Agent will be (a) a bank or trust company organized under the laws of the United States or any state or territory thereof having a combined capital stock, surplus and undivided profits of at least $30,000,000, or (b) a member of NASD having a capitalization of at least $30,000,000 and, in either case, authorized by law to perform all the duties imposed upon it by the Bond Indenture and a member of or a participant in, the Securities Depository. The Auction Agent may at any time resign and be discharged of the duties and obligations created by the Bond Indenture by giving at least ninety (90) days notice to Big Rivers, the County, Ambac Assurance and the Trustee. The Auction Agent may be removed at any time by Big Rivers by written notice, delivered to the Auction Agent, the County, Ambac Assurance and the Trustee. Upon any such resignation or removal, the Trustee will appoint a successor Auction Agent meeting the requirements of the Bond Indenture at the written direction of Big Rivers. In the event of the resignation or removal of the Auction Agent, the Auction Agent will pay over, assign and deliver any moneys and the Bonds held by it in such capacity to its successor. The Auction Agent will continue to perform its duties until its successor has been appointed by the Trustee (at the written direction of Big Rivers). In the event that the Auction Agent has not been compensated for its services, the Auction Agent may resign by giving thirty (30) days notice to Big Rivers, the County and the Trustee even if a successor Auction Agent has not been appointed. In such case, the PARS Rate for such Auction Period will be the No Auction Rate, which will continue until a successor Auction Agent is appointed.

APPENDIX G

BOOK-ENTRY ONLY SYSTEM PROCEDURES

Portions of the following description concerning DTC and DTC's book-entry system are based on information furnished by DTC. No representation is made herein by the County, Big Rivers or the Underwriter as to the accuracy or completeness of such information.

Book-Entry Only System

Ownership interests in the 2001 Bonds will be available only in book-entry form in the principal amount of $100,000 or any integral multiple thereof. Purchasers of beneficial Ownership interests in the 2001 Bonds will not receive certificates representing their interest in the 2001 Bonds so purchased. DTC will act as securities depository for the 2001 Bonds and the ownership of one or more fully registered 2001 Bonds will be registered in the name of Cede & Co., as nominee for DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). The Rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission.

Purchases of the 2001 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2001 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2001 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2001 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2001 Bonds, except in the event that use of the book-entry system for the 2001 Bonds is discontinued.

To facilitate subsequent transfers, all 2001 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of 2001 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2001 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2001 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the 2001 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE 2001 BONDS, REFERENCES HEREIN TO THE BONDOWNERS OR REGISTERED OWNERS OF THE 2001 BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS.

The County and the Trustee may treat DTC (or its nominee) as the sole and exclusive Owner of the 2001 Bonds registered in its name for the purpose of payment of the principal of or interest or premium, if any, on the 2001 Bonds, selecting 2001 Bonds and portions thereof to be redeemed, giving any notice permitted or required to be given to Owners under the Bond Indenture (being the persons in whose names the 2001 Bonds are registered upon the registration books of the County maintained by the Registrar), registering the transfer of the 2001 Bonds, obtaining any consent or other action to be taken by Owners and for all other purposes whatsoever, and shall not be affected by any notice to the contrary. The County and the Trustee shall not have any responsibility or obligation to any Participant, any person claiming a beneficial Ownership interest in the 2001 Bonds under or through DTC or any Participant, or any other person which is not shown on the registration books of the County (kept by the Trustee) as being an Owner, with respect to: the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant regarding Ownership interests in the 2001 Bonds; the payment by DTC or any Direct Participant or Indirect Participant of any amount in respect of the principal of or interest or premium, if any, on the 2001 Bonds; the delivery to any Direct Participant or Indirect Participant or any Beneficial Owner of any notice which is permitted or required to be given to Owners thereunder; the selection by DTC, any Direct Participant or Indirect Participant of any person to receive payment in the event of a partial redemption of the 2001 Bonds; or any consent given or other action taken by DTC as an Owner.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2001 Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of the securities for which it is acting as securities depository as soon as possible after the establishment of a "record date" by the issuer for purposes of soliciting consents or votes from the holders of such securities. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2001 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Neither DTC nor Cede & Co. will take any action to enforce covenants with respect to any security registered in the name of Cede & Co. Under its current procedures, on the written instructions of a Direct DTC Participant, DTC will cause Cede & Co. to sign a demand to exercise Bondholder rights as record holder of the quantity of securities specified in the Direct DTC Participant's instructions, and not as record holder of all the securities of that issue registered in the name of Cede & Co. Also, in accordance with DTC's current procedures, all factual representations to be made by Cede & Co. to the County, the Trustee or any other party must be made to DTC and Cede & Co. by the Direct DTC Participant in its instructions to DTC described above.

NEITHER THE COUNTY NOR THE TRUSTEE NOR THE UNDERWRITER (OTHER THAN IN ITS CAPACITY AS A DIRECT DTC PARTICIPANT) WILL HAVE ANY OBLIGATION TO THE DIRECT DTC PARTICIPANTS OR THE INDIRECT DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO DTC'S PROCEDURES OR ANY PROCEDURES OR ARRANGEMENTS BETWEEN DIRECT DTC PARTICIPANTS, INDIRECT DTC PARTICIPANTS AND THE PERSONS FOR WHOM THEY ACT RELATING TO THE MAKING OF ANY DEMAND BY CEDE & CO. AS THE REGISTERED OWNER OF THE 2001 BONDS, THE ADHERENCE TO SUCH PROCEDURES OR ARRANGEMENTS OR THE EFFECTIVENEDSS OF ANY ACTION TAKEN PURSUANT TO SUCH PROCEDURES OR ARRANGEMENTS.

Principal and interest payments on the 2001 Bonds will be made to DTC. DTC's practice is to credit Direct Participant's accounts on a payment date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on such payment date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

As long as the book-entry system is used for the 2001 Bonds, the Trustee will give any notice of redemption or any other notices required to be given to Owners of 2001 Bonds only to DTC. Any failure of DTC to advise any Direct Participant, or of any Direct Participant to notify any Indirect Participant, or of any Direct Participant or Indirect Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the 2001 Bonds called for redemption or of any other action premised on such notice. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from time to time. Beneficial Owners may desire to make arrangements with a Direct Participant or Indirect Participant so that all notices of redemption or other communications to DTC which affect such Beneficial Owners will be forwarded in writing by such Direct Participant or Indirect Participant.

NEITHER THE COUNTY, BIG RIVERS NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DIRECT PARTICIPANTS, OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS, OR THE BENEFICIAL OWNERS OF THE 2001 BONDS.

For every transfer and exchange of a beneficial Ownership interest in the 2001 Bonds, a Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

Discontinuation of the Book-Entry System. DTC may determine to discontinue providing its service with respect to the 2001 Bonds at any time by giving notice to the County and discharging its responsibilities with respect thereto under applicable law. If the County determines (i) that DTC is unable to discharge its responsibilities with respect to the 2001 Bonds or (ii) that continuation of the system of book-entry only transfers through DTC is not in the best interest of the Beneficial Owners of the 2001 Bonds or the County, the County may thereupon terminate the services of DTC with respect to the 2001 Bonds. If for any such reason the book-entry only system is discontinued, 2001 Bond certificates will be delivered as described in the Bond Indenture in fully registered form in denominations of $5,000 or any integral multiple thereof in the names of Beneficial Owners or Direct Participants; provided, however, that in the case of any such discontinuance (other than as described in clause (ii) of the preceding sentence), the County may within 90 days thereafter appoint a substitute securities depository which, in the County's opinion, is willing and able to undertake the functions of DTC upon reasonable and customary terms.

In the event the book-entry system is discontinued, interest on the 2001 Bonds will be payable, at the option of the Trustee, by check or draft drawn upon the Trustee and mailed to the registered Owners thereof at their addresses as they shall appear on the registry books of the Trustee on the date which is 15 days prior to the Interest Payment Date, or, at the written request of any such person submitted to the Trustee on or prior to such date, by wire transfer per the instructions of such person set forth in such request. The principal and redemption price of all 2001 Bonds will be payable at the principal corporate trust office of the Trustee or, at the option of any Owner, at the principal office of any co-paying agent.

APPENDIX H

PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") dated as of August 1, 2001 is executed and delivered by Big Rivers Electric Corporation ("Big Rivers") and U.S. Bank Trust National Association (the "Trustee"). This Disclosure Agreement relates to the $83,300,000 aggregate principal amount of Ohio County, Kentucky's "Pollution Control Refunding Revenue Bonds, Series 2001A (Big Rivers Electric Corporation Project), Periodic Auction Reset Securities (PARS)" (the "Bonds"). The Bonds have been issued by said County (the "County") pursuant to a Trust Indenture dated as of August 1, 2001 (the "Indenture") between the County and the Trustee and the proceeds loaned to Big Rivers.

The parties hereto covenant and agree as follows:

SECTION 1. *Purpose of the Disclosure Agreement.* This Disclosure Agreement is executed and delivered for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5). Big Rivers and the Trustee acknowledge that the County has undertaken no responsibility, and shall not be required to undertake any responsibility, with respect to any reports, notices or disclosures required by or provided pursuant to this Disclosure Agreement, and shall have no liability to any person, including any holder, owner or Beneficial Owner of the Bonds, with respect to any such reports, notices or disclosures.

SECTION 2. *Definitions.* In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by Big Rivers pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent," if any, shall mean the person or firm, or any successor Dissemination Agent designated in writing by Big Rivers pursuant to Section 7 of this Disclosure Agreement and which has filed with Big Rivers and the Trustee a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission are set forth in Exhibit B.

"Offering Statement" shall mean Big Rivers's final Offering Statement relating to the Bonds.

"Participating Underwriter" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Repository" shall mean each National Repository and the State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the Commonwealth of Kentucky.

"State Repository" shall mean any public or private repository or entity designated by the State as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Certificate, there is no State Repository.

"Trustee" shall mean U.S. Bank Trust National Association and its successors and assigns.

Capitalized terms not otherwise defined herein shall have the meanings set forth in the Offering Statement.

SECTION 3. *Provision of Annual Reports.* For so long as shall be required by the Rule: (a) Big Rivers shall, or shall cause the Dissemination Agent to, not later than 6 months after the end of Big Rivers's fiscal year (presently December 31), commencing with the report for the 2001 Fiscal Year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement, with a copy to the Trustee. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of Big Rivers may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If Big Rivers's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than fifteen (15) Business Days prior to said date, Big Rivers shall provide the Annual Report to the Dissemination Agent (if other than Big Rivers). If Big Rivers is unable to provide to the Repositories an Annual Report by the date required in subsection (a), Big Rivers shall send a notice to each Repository or the Municipal Securities Rulemaking Board and the State Repository, if any, in substantially the form attached as Exhibit A.

(c) If a Dissemination Agent is appointed by Big Rivers, the Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and

(ii) file a report with Big Rivers certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. *Content of Annual Reports.* Big Rivers's Annual Report shall contain or include by reference the following:

1. The audited financial statements of Big Rivers for the prior fiscal year, prepared in accordance with generally accepted accounting principles. If Big Rivers' audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Updated versions of the financial information and operating data contained under the indicated captions in the Offering Statement as follows:

    a. "SECURITY AND SOURES OF PAYMENT FOR THE 2001 BONDS – 2001 Note Secured by the Mortgage": the numbers set forth in the first paragraph thereof;

    b. "BIG RIVERS ELECTRIC CORPORATION – Introduction – General": the numbers set forth in the second and third paragraphs thereof;

c. "BIG RIVERS ELECTRIC CORPORATION – Introduction – The Members": the numbers set forth in the second paragraph thereof;

d. "BIG RIVERS ELECTRIC CORPORATION – Income Tax Status": the numbers set forth in the third paragraph thereof;

e. "SELECTED BIG RIVERS' FINANCIAL DATA – Statement of Revenue and Expenses and Balance Sheet";

f. "SELECTED BIG RIVERS' FINANCIAL DATA – Management's Discussion and Analysis of Financial Condition and Results of Operations": all of the information contained therein other than forecasted capital expenditures;

g. "SELECTED BIG RIVERS' FINANCIAL DATA – Capitalization";

h. "SELECTED BIG RIVERS' FINANCIAL DATA – Big Rivers' Debt": the numbers set forth under this caption;

i. "GENERATION FACILITIES AND THE STATION TWO FACILITY – General": the table set forth therein;

j. "GENERATION FACILITIES AND THE STATION TWO FACILITY – Kenneth C. Coleman Plant, Robert D. Green Plant, Robera A Reid Plant, D.B. Wilson Unit No. 1 Plant and Station Two Facility": the numbers set forth under such captions;

k. "GENERATION FACILITIES AND THE STATION TWO FACILITY – Other Power Supply Resources – SEPA Allocation": the numbers set forth under such caption;

l. "GENERATION FACILITIES AND THE STATION TWO FACILITY – Forecast of Member Load and Big Rivers' Resources": the numbers set forth in the second paragraph under such caption and information for the prior fiscal year for the information contained under the table "Power Resources and Member Loan";

m. "GENERATION FACILITIES AND THE STATION TWO FACILITY – Big Rivers' Wholesale Rates to the Members": the table set forth therein;

n. "TRANSMISSION FACILITIES – Transmission Systems": the numbers set forth under such caption;

o. "TRANSMISSION FACILITIES – Transmission Capital Expenditures"; the information for the prior fiscal year for capital expenditures for transmission facilities;

p. "THE MEMBERS – Competition and Rate Comparisons": the numbers set forth in the table under such caption; and

q. "THE MEMBERS – Member Financial and Statistical Information": the tables set forth therein.

Any or all of the items listed above may be included by specific reference to other documents, including disclosure documents relating to security issues of Big Rivers, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a disclosure document, it must be available from the Municipal Securities Rulemaking Board. Big Rivers shall clearly identify each document so included by reference.

SECTION 5. *Reporting of Significant Events.* For so long thereafter as shall be required by the Rule: (a) Pursuant to the provisions of this Section 5, Big Rivers shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. principal and interest payment delinquencies.
2. non-payment related defaults.
3. modifications to rights of Bondholders.
4. optional, contingent or unscheduled bond calls.
5. defeasances.
6. rating changes.
7. adverse tax opinions or events affecting the tax-exempt status of the Bonds.
8. unscheduled draws on the debt service reserves reflecting financial difficulties.
9. unscheduled draws on the credit enhancements reflecting financial difficulties.
10. substitution of the credit or liquidity providers or their failure to perform.
11. release, substitution or sale of property securing repayment of the Bonds.

(b) Whenever Big Rivers obtains knowledge of the occurrence of a Listed Event, Big Rivers shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If Big Rivers determines in its sole discretion that knowledge of the occurrence of a Listed Event would be material and would require disclosure under applicable federal securities laws, Big Rivers shall promptly file a notice of such occurrence with the Repositories or the Municipal Securities Rulemaking Board and the State Repository with a copy to the Trustee. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

SECTION 6. *Termination of Reporting Obligation.* Big Rivers's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, Big Rivers shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 7. *Dissemination Agent.* Big Rivers may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by Big Rivers pursuant to this Disclosure Agreement. Initially, Big Rivers will serve as its own dissemination agent.

SECTION 8. *Amendment; Waiver.* Notwithstanding any other provision of this Disclosure Agreement, Big Rivers may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of the Trustee or nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, Big Rivers shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by Big Rivers. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. *Additional Information.* Nothing in this Disclosure Agreement shall be deemed to prevent Big Rivers from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If Big Rivers chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, Big Rivers shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. *Default.* In the event of a failure of Big Rivers to comply with any provision of this Disclosure Agreement the Trustee may (and, at the request of any Participating Underwriter or the Owners of at least 50% aggregate principal amount of Outstanding Bonds, shall), or any Owner or Beneficial Owner of the Bonds may (unless Big Rivers has so complied within 20 days after written notice from the Trustee of its failure to comply) take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause Big Rivers to comply with its obligations under this Disclosure Agreement. The Trustee shall not be required to take any enforcement action unless the Trustee has been furnished with security and indemnity satisfactory to the Trustee. A default under this Disclosure Agreement shall not be deemed a default or an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of Big Rivers to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. *Duties, Immunities and Liabilities of Dissemination Agent.* The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and Big Rivers agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's default or negligence or willful misconduct. The obligations of Big Rivers under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. *Beneficiaries.* This Disclosure Agreement shall inure solely to the benefit of Big Rivers, the Trustee, the Dissemination Agent, the Participating Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

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

BIG RIVERS ELECTRIC CORPORATION

By: ______________________________
President and Chief Executive Officer

U.S. BANK TRUST NATIONAL ASSOCIATION

By: ______________________________
An Authorized Representative

Attest:

By: ______________________
Trust Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Provider:	Big Rivers Electric Corporation
Name of Bond Issue:	Ohio County, Kentucky "Pollution Control Refunding Revenue Bonds, Series 2001A (Big Rivers Electric Corporation Project), Periodic Auction Reset Securities (PARS)"
Date of Issuance:	August 1, 2001

NOTICE IS HEREBY GIVEN that Big Rivers has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Agreement dated August 1, 2001. Big Rivers anticipates that the Annual Report will be filed by__________.

Dated: __________,

BIG RIVERS ELECTRIC CORPORATION

By: __________________________________
Name:

cc: Trustee

EXHIBIT B

NATIONAL REPOSITORIES

As of the date of this Continuing Disclosure Agreement, the following National Repositories are recognized by the Securities and Exchange Commission:

Bloomberg Municipal Repositories
P.O. Box 840
Princeton, NJ 08542-0840
(609) 279-3225
(609) 279-5962 (FAX)
e-mail address: Munis@Bloomberg.com

DPC Data, Inc.
One Executive Drive
Fort Lee, NJ 07024
(201) 346-0701
(201) 947-0107 (FAX)
e-mail address: nrmsir@dpcdata.com

Interactive Data
Attn: Repository
100 Williams Street
New York, NY 10038
(212) 771-6899
(212) 771-7390 (FAX)
e-mail address: NRMSIR@interactivedata.com

Standard & Poor's J.J. Kenny Repository
55 Water Street, 45th Floor
New York, NY 10041
(212) 438-4595
(212) 438-3975 (FAX)
e-mail address: nrmsir_repository@sandp.com

APPENDIX I

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon the delivery of the 2001 Bonds, Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel, proposes to render its final approving opinion with respect to such Bonds in substantially the following form:

__________, 2001

Ohio County Fiscal Court
County of Ohio, Kentucky
Hartford, Kentucky

Re: County of Ohio, Kentucky
Pollution Control Refunding Revenue Bonds,
Series 2001A
(Big Rivers Electric Corporation Project)
Periodic Auction Reset Securities (PARS)

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the County of Ohio, Kentucky (the "Issuer") of $83,300,000 aggregate principal amount of the County of Ohio, Kentucky Pollution Control Refunding Revenue Bonds, Series 2001A (Big Rivers Electric Corporation Project), Periodic Auction Reset Securities (PARS) (the "2001 Bonds"), issued pursuant to the provisions of the Constitution and laws of the Commonwealth of Kentucky, including Sections 103.200 through 103.285, inclusive, of the Kentucky Revised Statutes, as amended (the "Act") and pursuant to a Trust Indenture, dated as of August 1, 2001 (the "Bond Indenture"), between the Issuer and U.S. Bank Trust National Association, as Trustee (the "Trustee"). The Bond Indenture provides that the 2001 Bonds are issued for the purpose of refunding the Issuer's Variable Rate Demand Pollution Control Refunding Revenue Bonds, Series 1985 (Big Rivers Electric Corporation Project). Pursuant to the Act, the Issuer and Big Rivers Electric Corporation, a nonprofit rural electric cooperative corporation organized and existing under the laws of the Commonwealth of Kentucky ("Big Rivers"), have entered into a Financing and Loan Agreement, dated as August 1, 2001 (the "Financing Agreement") pursuant to which the proceeds of the sale of the 2001 Bonds are being loaned by the Issuer to Big Rivers. The obligation of Big Rivers to repay the loan made pursuant to the Financing Agreement is evidenced by a Note, dated August 1, 2001 (the "Note"), which constitutes an obligation of Big Rivers to make payments to the Trustee as assignee of the Issuer at such times and in such amounts as will be sufficient to pay the principal of and premium, if any, and interest on the 2001 Bonds. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Bond Indenture.

In such connection, we have reviewed the Bond Indenture, the Financing Agreement, the Note, the Tax Certificate and Agreement, dated the date hereof, between the Issuer and Big Rivers (the "Tax Certificate"), certain ordinances of the Issuer, opinions of counsel to Big Rivers, the Trustee and the Issuer, certificates of the Issuer, the Trustee, Big Rivers and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

Certain agreements, requirements and procedures contained or referred to in the Bond Indenture, the Financing Agreement, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, defeasance of 2001 Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any 2001 Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our engagement with respect to the 2001 Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, including matters essential to the exclusion of interest on the 2001 Bonds from gross income for federal income tax purposes, and of the legal conclusions contained in the opinions, referred to in the second paragraph of this letter. Furthermore, we have assumed compliance with all covenants and agreements contained in the Bond Indenture, the Financing Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the 2001 Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the 2001 Bonds, the Bond Indenture, the Financing Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against counties in the Commonwealth of Kentucky. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver provisions contained in the foregoing documents. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Offering Statement, dated July 18, 2001, relating to the 2001 Bonds or other offering material relating to the 2001 Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Issuer is a public body corporate and politic of the Commonwealth of Kentucky, created and existing as a county and political subdivision under the Constitution and the laws of such Commonwealth.

2. The Issuer has lawful authority for the issuance of the 2001 Bonds, and the 2001 Bonds constitute legal, valid and binding limited obligations of the Issuer.

3. The Bond Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Issuer. The Bond Indenture creates a valid pledge to secure the payment of the principal of and interest on the 2001 Bonds (to the extent provided therein). The Bond Indenture also creates a valid assignment to the Trustee, for the benefit of the holders from time to time of the 2001 Bonds, of the right, title and interest of the Issuer in the Financing Agreement and the Note other than the rights of the Issuer set forth in Sections 5.4 and 5.6 of the Financing Agreement.

4. The Financing Agreement has been duly authorized, executed and delivered by, and constitutes the valid and binding agreement of, the Issuer.

5. All approvals or consents of governmental authorities required to be obtained by the Issuer in connection with the issuance and sale of the 2001 Bonds have been obtained.

6. The 2001 Bonds are not a lien or charge upon the funds or property of the Issuer except to the extent of the aforementioned pledge and assignment. Neither the faith and credit nor the taxing power of the Issuer is pledged to the payment of the principal of or interest on the 2001 Bonds.

7. Interest on the 2001 Bonds is excluded from gross income for federal income tax purposes under Title XIII of the Tax Reform Act of 1986 and Section 103 of the Internal Revenue Code of 1954, as amended (the "1954

Code"), except that no opinion is expressed as to the status of interest on any 2001 Bond during any period that such 2001 Bond is held by a "substantial user" of any facilities financed with 2001 Bond proceeds or by a "related person" within the meaning of Section 103(b)(13) of the 1954 Code. Further, interest on the 2001 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that such interest is included in adjusted current earnings in calculating federal corporate alternative minimum taxable income.

8. Interest on the 2001 Bonds is exempt form all present Kentucky personal and corporate income taxes.

Except as stated in paragraphs 7 and 8 hereof, we express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2001 Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

Ambac

Financial Guaranty Insurance Policy

Ambac Assurance Corporation
One State Street Plaza, 15th Floor
New York, New York 10004
Telephone: (212) 668-0340

Obligor:

Policy Number:

Obligations:

Premium:

Ambac Assurance Corporation (Ambac), a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.

In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

Robert J. Genader

President

AMBAC ASSURANCE CORPORATION CORPORATE SEAL WISCONSIN

Anne G. Gill

Secretary

Effective Date:

Authorized Representative

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Authorized Officer of Insurance Trustee

Form No.: 2B-0012 (1/01)

Big Rivers Electric Corporation
Case No. 2009-00040
Historical Test Period Filing Requirements

EXHIBIT 34

Filing Requirement
807 KAR 5:001 Section 10(6)(q)
Sponsoring Witness: C. William Blackburn

Description of Filing Requirement:

Annual report to shareholders, or members, and statistical supplements covering the two (2) most recent years from the utility's application filing date.

Response:

A copy of Big Rivers' 2006 Annual Report are attached hereto. Also attached is a copy of the 2007 audited financial statements. Big Rivers did not issue a 2007 annual report. The annual report for 2008 has not been finalized.

Big Rivers Electric Corporation

Financial Statements as of and for the
Years Ended December 31, 2007 and 2006,
and for Each of the Three Years in the Period
Ended December 31, 2007, and
Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Big Rivers Electric Corporation:

We have audited the accompanying balance sheets of Big Rivers Electric Corporation (the "Company") as of December 31, 2007 and 2006, and the related statements of operations, equities (deficit), and of cash flows for each of the three years in the period ended December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Rivers Electric Corporation as of December 31, 2007 and 2006, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2007, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated April 25, 2008, on our consideration of Big Rivers Electric Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

As discussed in Note 9 to the consolidated financial statements, in 2007 the Company changed its method of accounting for defined benefit pension and other postretirement plans.

Deloitte & Touche LLP

April 25, 2008

BIG RIVERS ELECTRIC CORPORATION

BALANCE SHEETS
AS OF DECEMBER 31, 2007 AND 2006
(Dollars in thousands)

	2007	2006
ASSETS		
UTILITY PLANT — Net	$ 911,634	$ 917,668
RESTRICTED INVESTMENTS UNDER LONG-TERM LEASE	192,932	186,690
OTHER DEPOSITS AND INVESTMENTS — At cost	4,240	3,816
CURRENT ASSETS:		
Cash and cash equivalents	148,914	96,143
Accounts receivable	26,683	17,748
Materials and supplies inventory	768	811
Prepaid expenses	131	3,608
Total current assets	176,496	118,310
DEFERRED CHARGES AND OTHER	28,856	27,905
TOTAL	$1,314,158	$1,254,389
EQUITIES (DEFICIT) AND LIABILITIES		
CAPITALIZATION:		
Equities (deficit)	$ (174,137)	$ (217,371)
Long-term debt	1,022,345	1,041,075
Obligations related to long-term lease	183,891	177,310
Other long-term obligations	-	45
Total capitalization	1,032,099	1,001,059
CURRENT LIABILITIES:		
Current maturities of long-term obligations	39,392	11,959
Purchased power payable	13,038	9,219
Accounts payable	4,932	3,366
Accrued expenses	3,014	2,164
Accrued interest	7,811	7,631
Total current liabilities	68,187	34,339
DEFERRED CREDITS AND OTHER:		
Deferred lease revenue	15,537	17,316
Deferred gain on sale-leaseback	53,480	56,380
Residual value payments obligation	141,370	140,744
Other	3,485	4,551
Total deferred credits and other	213,872	218,991
COMMITMENTS AND CONTINGENCIES (see note 14)		
TOTAL	$1,314,158	$1,254,389

See notes to financial statements.

BIG RIVERS ELECTRIC CORPORATION

STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2007, 2006, AND 2005
(Dollars in thousands)

	2007	2006	2005
POWER CONTRACTS REVENUE	$ 271,605	$ 200,692	$ 191,280
LEASE REVENUE	58,265	57,896	57,675
Total operating revenue	329,870	258,588	248,955
OPERATING EXPENSES:			
Operations:			
Power purchased and interchanged	169,768	114,516	114,500
Transmission and other	27,196	21,684	20,309
Maintenance	4,240	3,652	3,195
Depreciation and amortization	30,632	30,408	30,192
Total operating expenses	231,836	170,260	168,196
ELECTRIC OPERATING MARGIN	98,034	88,328	80,759
INTEREST EXPENSE AND OTHER:			
Interest	60,932	60,754	59,639
Interest on obligations related to long-term lease	9,919	9,505	9,109
Other—net	103	111	124
Total interest expense and other	70,954	70,370	68,872
OPERATING MARGIN	27,080	17,958	11,887
NONOPERATING MARGIN:			
Interest income on restricted investments under long-term lease	12,481	12,069	11,670
Interest income and other	7,616	4,515	2,786
Total nonoperating margin	20,097	16,584	14,456
NET MARGIN	$ 47,177	$ 34,542	$ 26,343

See notes to financial statements.

BIG RIVERS ELECTRIC CORPORATION

STATEMENTS OF EQUITIES (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2007, 2006, AND 2005
(Dollars in thousands)

			Other Equities		
	Total Equities (Deficit)	Accumulated Deficit	Donated Capital and Memberships	Consumers' Contributions to Debt Service	Accumulated Other Comprehensive Income
BALANCE — December 31, 2004	$ (278,256)	$ (282,701)	$ 764	$ 3,681	$ -
Net margin	26,343	26,343	-	-	-
BALANCE — December 31, 2005	(251,913)	(256,358)	764	3,681	-
Net margin	34,542	34,542	-	-	-
BALANCE — December 31, 2006	(217,371)	(221,816)	764	3,681	-
Net margin	47,177	47,177	-	-	-
FAS 158 Adoption	(3,943)	-	-	-	(3,943)
BALANCE — December 31, 2007	$ (174,137)	$ (174,639)	$ 764	$ 3,681	$ (3,943)

See notes to financial statements.

BIG RIVERS ELECTRIC CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007, 2006, AND 2005
(Dollars in thousands)

	2007	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net margin	$ 47,177	$ 34,542	$ 26,343
Adjustments to reconcile net margin to net cash provided by operating activities:			
Depreciation and amortization	33,866	33,592	33,386
Increase in restricted investments under long-term lease	(6,242)	(6,040)	(5,955)
Amortization of deferred gain on sale-leaseback	(2,900)	(2,882)	(2,856)
Deferred lease revenue	(1,779)	(4,439)	(4,335)
Residual value payments obligation	(6,591)	(6,187)	(5,969)
Increase in RUS ARVP Note	5,572	5,313	5,077
Increase in New RUS Promissory Note	15,761	13,889	8,205
Increase in obligations under long-term lease	6,580	6,356	6,250
Changes in certain assets and liabilities:			
Accounts receivable	(8,934)	(1,398)	(741)
Materials and supplies inventory	43	(144)	(112)
Prepaid expenses	3,477	(3,517)	257
Deferred charges	(2,429)	(694)	480
Purchased power payable	3,818	(1,513)	1,528
Accounts payable	1,566	972	(516)
Accrued expenses	1,033	81	72
Other — net	(5,465)	(1,170)	351
Net cash provided by operating activities	84,553	66,761	61,465
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(18,682)	(13,189)	(12,904)
Other deposits and investments	(424)	(419)	(151)
Net cash used in investing activities	(19,106)	(13,608)	(13,055)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Principal payments on long-term obligations	(12,676)	(24,274)	(36,037)
Net cash used in financing activities	(12,676)	(24,274)	(36,037)
NET INCREASE IN CASH AND CASH EQUIVALENTS	52,771	28,879	12,373
CASH AND CASH EQUIVALENTS — Beginning of year	96,143	67,264	54,891
CASH AND CASH EQUIVALENTS — End of year	$148,914	$ 96,143	$ 67,264
SUPPLEMENTAL CASH FLOW INFORMATION:			
Cash paid for interest	$ 45,600	$ 47,277	$ 46,534
Cash paid for taxes	$ 420	$ 375	$ 271

See notes to financial statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information — Big Rivers Electric Corporation ("Big Rivers" or the "Company"), an electric generation and transmission cooperative, operates one segment that supplies wholesale power to its three member distribution cooperatives (Kenergy Corp., Jackson Purchase Energy Corporation, and Meade County Rural Electric Cooperative Corporation) under all requirements contracts, excluding the power needs of two large aluminum smelters (the "Aluminum Smelters"), sells surplus power under separate contracts to Kenergy Corp. for a portion of the Aluminum Smelters load, and markets power to nonmember utilities and power marketers. The members provide electric power and energy to industrial, residential, and commercial customers located in portions of 22 western Kentucky counties. The wholesale power contracts with the members extend to January 1, 2023. Rates to Big Rivers' members are established by the Kentucky Public Service Commission (KPSC) and are subject to approval by the Rural Utilities Service (RUS). The financial statements of Big Rivers include the provisions of Statement of Financial Accounting Standards (SFAS) No. 71, *Accounting for the Effects of Certain Types of Regulation*, which was adopted by the Company in 2003, and gives recognition to the ratemaking and accounting practices of KPSC and RUS.

In 1999, Big Rivers Leasing Corporation (BRLC) was formed as a wholly owned subsidiary of Big Rivers. BRLC's principal assets are the restricted investments acquired in connection with the 2000 sale-leaseback transaction discussed in Note 4.

Principles of Consolidation — The financial statements of Big Rivers include the accounts of Big Rivers and its wholly owned subsidiary, BRLC. All significant intercompany transactions have been eliminated.

Estimates — The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from those estimates.

System of Accounts — Big Rivers' accrual basis accounting policies follow the Uniform System of Accounts as prescribed by the RUS Bulletin 1767B-1, as adopted by the KPSC. These regulatory agencies retain authority and periodically issue orders on various accounting and ratemaking matters.

Revenue Recognition — Revenues generated from the Company's wholesale power contracts are based on month-end meter readings and are recognized as earned. In accordance with SFAS No. 13, *Accounting for Leases*, Big Rivers' revenue from the Lease Agreement is recognized on a straight-line basis over the term of the lease. The major components of this lease revenue include the annual lease payments and the Monthly Margin Payments (described in Note 2).

In conjunction with the Lease Agreement, Big Rivers expects to realize the minimum lease revenue for the years ending December 31, as follows:

	Amount
2008	$ 52,332
2009	52,332
2010	52,332
2011	41,291
2012	35,076
Thereafter	385,832
	$619,195

Utility Plant and Depreciation — Utility plant is recorded at original cost, which includes the cost of contracted services, materials, labor, overhead, and an allowance for borrowed funds used during construction. Replacements of depreciable property units, except minor replacements, are charged to utility plant.

Allowance for borrowed funds used during construction is included on projects with an estimated total cost of $250 or more before consideration of such allowance. The interest capitalized is determined by applying the effective rate of Big Rivers' weighted-average debt to the accumulated expenditures for qualifying projects included in construction in progress.

In accordance with the terms of the Lease Agreement, the Company generally records capital additions for Incremental Capital Costs and Nonincremental Capital Costs expenditures funded by E.ON U.S. (formerly LG&E Energy Corporation) as utility plant to which the Company maintains title. A corresponding obligation to E.ON U.S. is recorded for the estimated portion of these additions attributable to the Residual Value Payments (see Note 2). A portion of this obligation is amortized to lease revenue over the useful life of those assets during the remaining lease term. For the years ended December 31, 2007 and 2006, the Company has recorded $8,359 and $7,221, respectively, for such additions in utility plant. The Company has recorded $6,591, $6,187, and $5,969 in 2007, 2006 and 2005, respectively, as related lease revenue in the accompanying financial statements.

In accordance with the Lease Agreement, and in addition to the capital costs funded by E.ON U.S (see Note 2) that are recorded by the Company as utility plant and lease revenue, E.ON U.S also incurs certain Nonincremental Capital Costs and Major Capital Improvements (as defined in the Lease Agreement) for which they forego a Residual Value Payment by Big Rivers upon lease termination. Such amounts are not recorded as utility plant or lease revenue by the Company. At December 31, 2007, the cumulative Nonincremental Capital Costs amounted to $6,618 (unaudited).

E.ON U.S completed the construction of a scrubber (Major Capital Improvement) on Big Rivers' Coleman plant. First operation at the Coleman units occurred in February 2006, while commercial acceptance occurred in January 2007. The project was completed at a cost of $97,495 (unaudited), none of which is expected to be recorded as utility plant or lease revenue under the Lease Agreement.

Depreciation of utility plant in service is recorded using the straight-line method over the estimated remaining service lives, as approved by the RUS and KPSC. The annual composite depreciation rates used to compute depreciation expense were as follows:

Electric plant-leased	1.60%–2.47%
Transmission plant	1.76%–3.24%
General plant	1.11%–5.62%

For 2007, 2006, and 2005, the average composite depreciation rates were 1.85%, 1.86%, and 1.86%, respectively. At the time plant is disposed of, the original cost plus cost of removal less salvage value of such plant is charged to accumulated depreciation, as required by the RUS.

Impairment Review of Long-Lived Assets — Long-lived assets are reviewed as facts and circumstances indicate that the carrying amount may be impaired. This review is performed in accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. SFAS No. 144 establishes one accounting model for all impaired long-lived assets and long-lived assets to be disposed of by sale or otherwise. SFAS No. 144 requires the evaluation for impairment involve the comparison of an asset's carrying value to the estimated future cash flows the asset is expected to generate over its remaining life. If this evaluation were to conclude that the carrying value of the asset is impaired, an impairment charge would be recorded based on the difference between the asset's carrying amount and its fair value (less costs to sell for assets to be disposed of by sale) as a charge to operations or discontinued operations.

Restricted Investments — Investments are restricted under contractual provisions related to the sale-leaseback transaction discussed in Note 4. These investments have been classified as held-to-maturity and are carried at amortized cost.

Cash and Cash Equivalents — Big Rivers considers all short-term, highly-liquid investments with original maturities of three months or less to be cash equivalents.

Income Taxes — As a taxable cooperative, Big Rivers is entitled to exclude the amount of patronage allocations to members from taxable income. Income and expenses related to nonmember operations are taxable to Big Rivers. Big Rivers and BRLC file a consolidated Federal income tax return and Big Rivers files a separate Kentucky income tax return.

Patronage Capital — As provided in the bylaws, Big Rivers accounts for each year's patronage-sourced income, both operating and nonoperating, on a patronage basis. Notwithstanding any other provision of the bylaws, the amount to be allocated as patronage capital for a given year shall not be less than the greater of regular taxable patronage-sourced income or alternative minimum taxable patronage-sourced income.

Derivatives — Management has reviewed the requirements of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended and interpreted, and has determined that all contracts meeting the definition of a derivative also qualify for the normal purchases and sales exception under SFAS No. 133. The Company has elected the Normal Purchase and Normal Sale exception for these contracts and, therefore, the contracts are not required to be recognized at fair value in the financial statements.

New Accounting Pronouncements — In September 2006, the FASB issued FASB Statement No. 157, *Fair Value Measurements* ("SFAS No. 157"). SFAS No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measures. It applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the effect that the adoption of SFAS No. 157 will have on its results of operations and financial condition and does not expect the adoption will have a significant impact on the Company.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities—including an amendment of FASB Statement No. 115*, which is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. The fair value option established by this Statement permits all entities to choose to measure eligible items at fair value at specified election dates. A business entity shall report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. The fair value option a) may be applied instrument by instrument; b) is irrevocable (unless a new election date occurs); and c) is applied only to entire instruments and not to portions of instruments. The Company does not expect to elect to record any financial assets or liabilities at fair value under this standard.

2. LG&E LEASE AGREEMENT

On July 15, 1998 ("Effective Date"), a lease was consummated ("Lease Agreement"), whereby Big Rivers leased its generating facilities to Western Kentucky Energy Corporation (WKEC), a wholly owned subsidiary of E.ON U.S. Pursuant to the Lease Agreement, WKEC operates the generating facilities and maintains title to all energy produced. Throughout the lease term, in order for Big Rivers to fulfill its obligation to supply power to its members, the Company purchases substantially all of its power requirements from LG&E Energy Marketing Corporation (LEM), a wholly owned subsidiary of E.ON U.S., pursuant to a power purchase agreement.

Big Rivers continues to operate its transmission facilities and charges LEM tariff rates for delivery of the energy produced by WKEC and consumed by LEM's customers. The significant terms of the Lease Agreement are as follows:

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

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

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

IV. On the Effective Date, Big Rivers received $69,100 representing certain closing payments and the first two years of the annual lease payments. In accordance with SFAS No. 13, *Accounting for Leases*, the Company amortizes these payments to revenue on a straight-line basis over the life of the lease.

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

VI. LEM will reimburse Big Rivers an additional $58,862 for the margins expected from the Aluminum Smelters through 2011, being defined as the net cash flows that Big Rivers anticipated receiving if the Company had continued to serve the Aluminum Smelters' load, as filed in the Rate Hearing (the "Monthly Margin Payments").

VII. WKEC is responsible for the operating costs of the generation facilities; however, Big Rivers is partially responsible for ordinary capital expenditures ("Nonincremental Capital Costs") for the generation facilities over the term of the Lease Agreement, generally up to predetermined annual amounts. This cumulative amount is not expected to exceed $148,000 over the entire 25 1/2 year Lease Agreement. At the end of the lease term, Big Rivers is obligated to fund a "Residual Value Payment" to E.ON U.S. for such capital additions during the lease, currently estimated to be $125,880 (see Note 1). Adjustments to the Residual Value Payment will be made based upon actual capital expenditures. Additionally, WKEC will make required capital improvements to the facilities to comply with a new law or a change to existing law ("Incremental Capital Costs") over the lease life (the Company is partially responsible for such costs: 20% through 2010) and the Company will be required to submit another Residual Value Payment to LEC for the undepreciated value of WKEC's 80% share of these costs, at the end of the lease, currently estimated to be $16,017. The Company will have title to these assets during the lease and upon lease termination.

VIII. Big Rivers entered into a note payable with LEM for $19,676 (the "LEM Settlement Note") to be repaid over the term of the Lease Agreement, which bears interest at 8% per annum, in consideration for LEM's assumption of the risk related to unforeseen costs with respect to power to be supplied to the Aluminum Smelters and the increased responsibility for financing capital improvements. The Company recorded this obligation as a component of deferred charges with the related payable recorded as long-term debt in the accompanying balance sheets. This deferred charge is being amortized on a straight-line basis over the lease term.

IX. On the Effective Date, Big Rivers paid a nonrefundable marketing payment of $5,933 to LEM, which has been recorded as a component of deferred charges. This amount is being amortized on a straight-line basis over the lease term.

X. During the lease term, Big Rivers will be entitled to certain "billing credits" against amounts the Company owes LEM under the power purchase agreement. Each month during the first 55 months of the lease term, Big Rivers received a credit of $89. For the year 2011, Big Rivers will receive a credit of $2,611 and for the years 2012 through 2023, the Company will receive a credit of $4,111 annually.

In accordance with the power purchase agreement with LEM, the Company is allowed to purchase power in the open market rather than from LEM, incurring penalties when the power purchased from LEM does not meet certain minimum levels, and to sell excess power (power not needed to supply its jurisdictional load) in the open market (collectively referred to as "Arbitrage"). Pursuant to the New RUS Promissory Note and the RUS ARVP Note, the benefit, net of tax, as defined, derived from Arbitrage must be divided as follows: one-third, adjusted for capital expenditures, will be used to make principal payments on the New RUS Promissory Note; one-third will be used to make principal payments on the RUS ARVP Note; and the remaining value may be retained by the Company.

Management is of the opinion that the Company is in compliance with all covenants of the Lease Agreement.

The Company, LEM, and WKEC have entered into an agreement that would allow for a mutually acceptable early termination of the Lease Agreement (see Note 15).

3. UTILITY PLANT

At December 31, 2007 and 2006, utility plant is summarized as follows:

	2007	2006
Classified plant in service:		
Electric plant — leased	$1,524,421	$1,506,822
Transmission plant	209,547	208,760
General plant	15,772	15,581
Other	114	67
	1,749,854	1,731,230
Less accumulated depreciation	853,290	826,647
	896,564	904,583
Construction in progress	15,070	13,085
Utility plant — net	$ 911,634	$ 917,668

Interest capitalized for the years ended December 31, 2007, 2006, and 2005, was $391, $236, and $160 respectively.

The Company has not identified any material legal obligations, as defined in SFAS No. 143, *Accounting for Asset Retirement Obligations*, which was further interpreted by FASB Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations*. In accordance with regulatory treatment, the Company records an estimated net cost of removal of its utility plant through normal depreciation. As of December 31, 2007 and 2006, the Company had a regulatory liability of approximately $29,771 and $26,670, respectively, related to nonlegal removal costs included in accumulated depreciation.

4. SALE-LEASEBACK

On April 18, 2000, the Company completed a sale-leaseback of two of its utility plants, including the related facilities and equipment. The sale-leaseback provides Big Rivers a $1,089,000 fixed price purchase option, at the end of each lease term (25 and 27 years), which, together with future contractual interest receipts, will be fully funded.

This transaction has been recorded as a financing for financial reporting purposes and a sale for Federal income tax purposes. In connection therewith, Big Rivers received $866,676 of proceeds and incurred

$791,626 of related obligations. Pursuant to a payment undertaking agreement with a financial institution, Big Rivers effectively extinguished $656,029 of these obligations with an equivalent portion of the proceeds. The Company also purchased investments with an initial value of $146,647 to fund the remaining $135,597 of the obligations. These amounts are reflected as restricted investments under long-term lease and obligations related to long-term lease in the accompanying balance sheets. Interest received and paid will be recorded to these accounts over the life of the lease. Currently, the Company is paying 7.57% interest on its obligations related to long-term lease and receiving 6.89% on its related investments. The Company made a $64,000 principal payment on the New RUS Promissory Note with the remaining proceeds. The $75,050 gain was deferred and will be amortized over the respective lease terms, of which the Company recognized $2,900, $2,881, and $2,856, in 2007, 2006, and 2005, respectively. The following are the scheduled principal payments on the long-term lease as of December 31:

Year	**Amount**
2008	-
2009	5,669
2010	
2011	
2012	508
Thereafter	177,714
Total	$ 183,891

Amounts recognized in the statement of financial position related to the sale-leaseback as of December 31, 2007 and 2006, are as follows:

	2007	**2006**
Restricted investments under long-term lease	$ 192,932	$ 186,690
Obligations related to long-term lease	183,891	177,310
Deferred gain on sale-leaseback	53,480	56,380

Amounts recognized in the statement of operations related to the sale-leaseback for the years ended December 31, 2007, 2006, and 2005, are as follows:

	2007	2006	2005
Power contracts revenue (revenue discount adjustment — see Note 6)	$ (3,680)	$ (3,680)	$ (3,680)
Interest on obligations related to long-term lease:			
Interest expense	12,819	12,386	11,965
Amortize gain on sale-leaseback	(2,900)	(2,881)	(2,856)
Net interest on obligations related to long-term lease	9,919	9,505	9,109
Interest income on restricted investments under long-term lease	12,481	12,069	11,670
Interest income and other	778	777	772

5. DEBT AND OTHER LONG-TERM OBLIGATIONS

A detail of long-term debt at December 31, 2007 and 2006, is as follows:

	2007	2006
New RUS Promissory Note, stated amount of, $807,556, stated interest rate of 5.75%, with an interest rate of 5.81%, maturing July 2021	$ 804,098	$ 799,789
RUS ARVP Note, stated amount of $249,456, no stated interest rate, with interest imputed at 5.81%, maturing December 2023	99,290	94,391
LEM Settlement Note, interest rate of 8.0%, payable in monthly installments through July 2023	16,204	16,707
County of Ohio, Kentucky, promissory note, variable interest rate (average interest rate of 3.74% and 3.49% in 2007 and 2006, respectively), maturing in October 2022	83,300	83,300
County of Ohio, Kentucky, promissory note, variable interest rate (average interest rate of 3.74% and 3.49%% in 2007 and 2006, respectively), maturing in June 2013	58,800	58,800
Total long-term debt	1,061,692	1,052,987
Current maturities	39,347	11,912
Total long-term debt — net of current maturities	$1,022,345	$1,041,075

The following are scheduled maturities of long-term debt at December 31:

Year	Amount
2008	$ 39,347
2009	39,391
2010	41,440
2011	47,492
2012	65,561
Thereafter	828,461
Total	$ 1,061,692

RUS Notes — On July 15, 1998, Big Rivers recorded the New RUS Promissory Note and the RUS ARVP Note at fair value using the applicable market rate of 5.81%. The RUS Notes are collateralized by substantially all assets of the Company.

Pollution Control Bonds — The County of Ohio, Kentucky, issued $83,300 of Pollution Control Periodic Auction Rate Securities, Series 2001, the proceeds of which are supported by a promissory note from Big Rivers, which bears the same interest rate. These bonds bear interest at a variable rate and mature in October 2022.

The County of Ohio, Kentucky, issued $58,800 of Pollution Control Variable Rate Demand Bonds, Series 1983, the proceeds of which are supported by a promissory note from Big Rivers, which bears the same interest rate as the bonds. These bonds bear interest at a variable rate and mature in June 2013.

The Series 1983 bonds are supported by a liquidity facility issued by Credit Suisse First Boston, which was assigned to Dexia Credit in 2006. Both Series are supported by municipal bond insurance and surety policies issued by Ambac Assurance Corporation. Big Rivers has agreed to reimburse Ambac Assurance Corporation for any payments under the municipal bond insurance policies or the surety policies.

Due to current market conditions, the variable interest rates incurred on the Series 1983 and Series 2001 Pollution Control Bonds' have increased. These instruments are subject to maximum interest rates of 13% and 18%, respectively.

LEM Settlement Note — On the Effective Date, Big Rivers executed the Settlement Note with LEM. The Settlement Note requires Big Rivers to pay to LEM $19,676, plus interest at 8% per annum over the lease term. The principal and interest payment is approximately $1,822 annually. This payment is consideration for LEM's assumption of the risk related to unforeseen costs with respect to power to be supplied to the Aluminum Smelters and the increased responsibility for financing capital improvements.

Other Long-Term Obligations — During 1997, Big Rivers terminated two unfavorable coal contracts. In connection with that settlement, the Company paid $47, $345, and $351 during 2007, 2006, and 2005, respectively. At December 31, 2007, the Company has a remaining liability of $45 payable in 2008 which is included in current maturities of long-term obligations.

Notes Payable — Notes payable represent the Company's borrowing on its line of credit with the National Rural Utilities Cooperative Finance Corporation. The maximum borrowing capacity on the line of credit is $15,000. There were no amounts outstanding on the line of credit at December 31, 2007. The line of credit bears interest at a variable rate. Each advance on the line of credit is payable within one year.

6. RATE MATTERS

The rates charged to Big Rivers' members consist of a demand charge per kW and an energy charge per kWh consumed as approved by the KPSC. The rates include specific rate designs for its members' two classes of customers, the large industrial customers and the rural customers under its jurisdiction. For the large industrial customers, the demand charge is generally based on each customer's maximum demand during the current month. The remaining customers demand charge is based upon the maximum coincident demand of each member's delivery points. The demand and energy charges are not subject to adjustments for increases or decreases in fuel or environmental costs. Big Rivers' current rates will remain in effect until changed by the KPSC.

Effective since September 1, 2000, the KPSC has approved Big Rivers' request for a $3,680 annual revenue discount adjustment for its members through August 31, 2008, effectively passing the benefit of the sale-leaseback transaction (see Note 4) to them. The extent to which Big Rivers requests KPSC approval to continue the adjustment depends upon its planned environmental compliance costs and its overall financial condition. In 2008 Big Rivers plans to pursue KPSC approval to extend the adjustment, at minimum, through August 31, 2009.

7. INCOME TAXES

In June 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, an Interpretation of FASB Statement No.109 ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the financial statements. It also provides guidance on derecognition, classification, interest and penalties, disclosures and transition. The cumulative effects of applying FIN 48 are to be recorded as an adjustment to retained earnings as of the beginning of the period of adoption. FIN 48 was effective for fiscal years beginning after December 15, 2006. The Company adopted the provisions of FIN 48 on January 1, 2007. The Company files a federal income tax return, as well as several state income tax returns. The years currently open for federal tax examination are 2004 through 2007 and 1990 through 1997, due to unused net operating loss carryforwards. The major state tax jurisdiction currently open for tax examination is Kentucky for years 2001 through 2007 and years 1990 through 1997, also due to unused net operating loss carryforwards. As a result of implementing FIN 48, the Company made no adjustment to the liability for unrecognized tax benefits. The Company did not have any unrecognized tax benefits recorded related to federal or state income taxes. Upon adoption of FIN 48, the Company adopted a financial statement policy of classification of interest and penalties as an operating expense on the income statement and accrued expense in the balance sheet. No interest or penalties have been recorded as of the adoption or during 2007.

The components of the net deferred tax assets as of December 31, 2007 and 2006, were as follows:

	2007	2006
Deferred tax assets:		
Net operating loss carryforward	$ 60,972	$ 68,696
Alternative minimum tax credit carryforwards	5,035	4,790
Sale-leaseback	142,807	136,598
Fixed asset basis difference	7,764	-
Other accruals	2,844	2,465
Total deferred tax assets	219,422	212,549
Deferred tax liabilities:		
Lease agreement	(27,359)	(21,270)
Fixed asset basis difference	-	(827)
Total deferred tax liabilities	(27,359)	(22,097)
Net deferred tax asset (prevaluation allowance)	192,063	190,452
Valuation allowance	(187,028)	(185,662)
Net deferred tax asset	$ 5,035	$ 4,790

Big Rivers was formed as a tax-exempt cooperative organization described in Internal Revenue Code Section 501(c)(12). To retain tax-exempt status under this section, at least 85% of the Big Rivers' receipts must be generated from transactions with the Company's members. In 1983, sales to nonmembers resulted in Big Rivers failing to meet the 85% requirement. Until Big Rivers can meet the

85% member income requirement, the Company is a taxable cooperative. Big Rivers is also subject to Kentucky income tax.

Under the provisions of SFAS No. 109, *Accounting for Income Taxes*, Big Rivers is required to record deferred tax assets and liabilities for temporary differences between amounts reported for financial reporting purposes and amounts reported for income tax purposes. The Company has not recorded any income tax expense for the years ended December 31, 2007, 2006, and 2005, as the Company has utilized federal net operating losses to offset any taxable income during those years. Had the Company not had the benefit of a net operating loss carryforward, the Company would have recorded $7,724, $10,599, and $7,995 in current tax expense for the years ended December 31, 2007, 2006, and 2005, respectively. Deferred tax assets and liabilities are determined based upon these temporary differences using enacted tax rates for the year in which these differences are expected to reverse. Deferred income tax expense or benefit is based on the change in assets and liabilities from period to period, subject to an ongoing assessment of realization.

A reconciliation of the Company's effective tax rate for 2007, 2006 and 2005 follows:

Federal rate	35.0 %	35.0 %	35.0 %
State rate, net of federal benefit	4.5	4.5	4.5
Patronage allocation to members	(28.0)	(20.5)	(21.7)
Tax benefit of operating loss carryforwards and other	(11.5)	(19.0)	(17.8)
Effective tax rate	0.0 %	0.0 %	0.0 %

At December 31, 2007 and 2006, Big Rivers had a nonpatron net operating loss carryforward of approximately $148,713 and $167,551, respectively, for tax reporting purposes expiring through 2014, and an alternative minimum tax credit carryforward at December 31, 2007 and 2006, of approximately $5,035 and $4,790, respectively, which carries forward indefinitely.

Big Rivers has a net deferred tax asset, against which a valuation allowance has been provided based upon the fact that it is presently uncertain whether such asset will be realized. The resulting net deferred tax asset at December 31, 2007 and 2006, is approximately $5,035 and $4,790, respectively, which represents the alternative minimum tax credit carryforward, against which no allowance has been provided.

8. POWER PURCHASED

In accordance with the Lease Agreement, Big Rivers supplies all of the members' requirements for power to serve their customers, other than the Aluminum Smelters. Contract limits were established in the Lease Agreement and include minimum and maximum hourly and annual power purchase amounts. Big Rivers cannot reduce the contract limits by more than 12 MW in any year or by more than a total of 72 MW over the lease term. In the event Big Rivers fails to take the minimum requirement during any hour or year, Big Rivers is liable to LEM for a certain percentage of the difference between the amount of power actually taken and the applicable minimum requirement.

Although Big Rivers will be required by the Lease Agreement to purchase minimum hourly and annual amounts of power from LEM, the lease does not prevent Big Rivers from paying the associated penalty in certain hours to purchase lower cost power, if available, in the open market or reselling a portion of its purchased power to a third party. The power purchases made under this agreement for the years ended December 31, 2007, 2006, and 2005, were $96,295, $97,999, and $96,795, respectively, and are included in power purchased and interchanged on the statement of operations.

9. PENSION PLANS

Big Rivers has noncontributory defined benefit pension plans covering substantially all employees who meet minimum age and service requirements. The plans provide benefits based on the participants' years of service and the five highest consecutive years' compensation during the last ten years of employment. Big Rivers' policy is to fund such plans in accordance with the requirements of the Employee Retirement Income Security Act of 1974.

On December 31, 2007, the Company adopted SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans-an amendment of FASB Statements No. 87, 88,106, and 132(R)* ("SFAS No. 158"). SFAS No. 158 required the Company to recognize the funded status of its pension plans and other postretirement plans (see Note 11 - Postretirement Benefits Other Than Pensions). SFAS No. 158 defines the funded status of a defined benefit pension plan as the fair value of its assets less its projected benefit obligation, which includes projected salary increases, and defines the funded status of any other postretirement plan as the fair value of its assets less its accumulated postretirement benefit obligation.

SFAS No. 158 also requires an employer to measure the funded status of a plan as of the date of its year-end balance sheet and requires disclosure in the notes to the financial statements certain additional information related to net periodic benefit costs for the next fiscal year. The Company's pension and other postretirement benefit plans are measured as of December 31, 2007 and 2006.

The following provides an overview of the Company's noncontributory defined benefit pension plans.

A reconciliation of the Company's benefit obligations of its noncontributory defined benefit pension plans at December 31, 2007 and 2006 follows:

	2007	2006
Benefit obligation, beginning of period	$ 17,464	$ 16,550
Service cost - benefits earned during the period	958	838
Interest cost on projected benefit obligation	1,058	926
Benefits paid	(124)	(852)
Actuarial (gain) or loss	533	2
Benefit obligation, end of period	$ 19,889	$ 17,464

The accumulated benefit obligation for all defined benefit pension plans was $14,789 and $12,421 at December 31, 2007 and 2006, respectively.

A reconciliation of the Company's pension plan assets at December 31, 2007 and 2006 follows:

	2007	2006
Fair value of plan assets, beginning of period	$ 16,416	$ 11,868
Actual return on plan assets	1,006	716
Employer contributions	4,522	4,684
Benefits paid	(124)	(852)
Fair value of plan assets, end of period	$ 21,820	$ 16,416

The funded status of the Company's pension plans at December 31, 2007 and 2006 follows:

	2007	2006
Benefit obligation, end of period	$ (19,889)	$ (17,464)
Fair value of plan assets, end of period	21,820	16,416
Funded status	$ 1,931	$ (1,048)

Components of net periodic pension costs for the years ended December 31, 2007, 2006, and 2005, were as follows:

	2007	2006	2005
Service cost	$ 958	$ 838	$ 824
Interest cost	1,058	926	931
Expected return on plan assets	(1,167)	(828)	(840)
Amortization of prior service cost	19	19	19
Amortization of actuarial (gain) or loss	285	212	224
Net periodic benefit cost	$ 1,153	$ 1,167	$ 1,158

A reconciliation of the pension plan amounts in accumulated other comprehensive income at December 31, 2007 follows:

	2007
Prior service cost	$ (97)
Unamortized actuarial gain/(loss)	(4,861)
Accumulated other comprehensive income	$ (4,958)

In 2008, $13 of prior service cost and $29 of actuarial loss is expected to be amortized to periodic benefit cost.

At December 31, 2006, the unrecognized prior service cost was $116 and the unrecognized actuarial loss was $4,452. These amounts net of the funded status were recorded as a prepaid benefit cost of $3,520 in the statement of financial position.

At December 31, 2007 and 2006, amounts recognized in the statement of financial position were as follows:

	2007	2006
Prepaid Benefit cost	$ -	$ 3,520
Noncurrent assets	1,931	-
Net amount recognized	$ 1,931	$ 3,520

Assumptions used to develop the projected benefit obligation and determine the net periodic benefit cost were as follows:

	2007	2006	2005
Discount rate - projected benefit obligation	6.25 %	5.75 %	5.75 %
Discount rate - net periodic benefit cost	5.75	5.75	5.75
Rates of increase in compensation levels	4.00	4.00	4.00
Expected long-term rate of return on assets	7.25	7.25	7.25

The expected long-term rate of return on plan assets for determining net periodic pension cost for each fiscal year is chosen by the Company from a best estimate range determined by applying anticipated long-term returns and long-term volatility for various asset categories to the target asset allocation of the plans, as well as taking into account historical returns.

Using the asset allocation policy adopted by the Company noted in the paragraph below, we determined the expected rate of return at a 50% probability of achievement level based on (a) forward-looking rate of return expectations for passively-managed asset categories over a 20-year time horizon and (b) historical rates of return for passively-managed asset categories. Applying an approximately 80%/20% weighting to the rates determined in (a) and (b), respectively, produced an expected rate of return of 7.28%, which was rounded to 7.25%.

The general investment objectives are to invest in a diversified portfolio, comprised of both equity and fixed income investments, which are further diversified among various asset classes. The diversification is designed to minimize the risk of large losses while maximizing total return within reasonable and prudent levels of risk. The investment objectives specify a targeted investment allocation for the pension plans of up to 65% equities. The remaining 35% may be allocated among fixed income or cash equivalent investments. Objectives do not target a specific return by asset class. These investment objectives are long-term in nature. As of December 31, 2007 and 2006, the investment allocation was 49% and 0%, respectively, in equities and 51% and 100%, respectively, in fixed income.

Expected retiree pension benefit payments projected to be required during the years following 2007 are as follows:

Years Ending December 31	Amount
2008	$ 1,258
2009	846
2010	1,495
2011	1,326
2012	2,471
2013–2017	12,528
Total	$ 19,924

In 2008, the Company expects to contribute $1,010 to its pension plan trusts.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of cash and cash equivalents, accounts receivable, and accounts payable approximate fair value due to their short maturity.

The fair value of restricted investments is determined based upon quoted market prices and rates. The carrying value of the investments is recorded at accreted value and the terms of the investment are within Note 4. The estimated fair values of the restricted investments are as follows:

	2007		2006	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Restricted investments	$ 192,932	$ 250,088	$ 186,690	$ 233,418

It was not practical to estimate the fair value of patronage capital included within other deposits and investments due to these being untraded companies.

It was not practical to estimate the fair value of long-term debt due to Big Rivers' inability to obtain long-term debt from outside parties.

11. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

Big Rivers provides certain postretirement medical benefits for retired employees and their spouses. As of July 1, 2001, Big Rivers pays 85% of the cost from age 62 to 65 for all retirees. For salaried employees who retired prior to December 31, 1993, Big Rivers pays 100% of Medicare supplemental costs. For salaried employees who retire after December 31, 1993, Big Rivers pays 25% plus $25 per month of the Medicare supplemental costs.

On December 8, 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Medicare Act") was enacted. The Medicare Act created Medicare Part D, a new prescription drug benefit that is available to all Medicare-eligible individuals, effective January 1, 2006. National Rural Electric Cooperative Association (NRECA), the provider of Big Rivers' health plan coverage through the NRECA Group Benefits Trust, chose to become a Medicare Part D provider. Effective January 1, 2006, Part D coverage is the only drug coverage available to Big Rivers' Medicare-eligible retirees.

The discount rates used in computing the postretirement benefit obligation and net periodic benefit cost were as follows:

	2007	2006	2005
Discount rate - projected benefit obligation	5.85 %	5.75 %	5.75 %
Discount rate - net periodic benefit cost	5.75	5.75	6.25

The health care cost trend rate assumptions as of December 31, 2007 and 2006 were as follows:

	2007	2006
Initial trend rate	9.00 %	9.00 %
Ultimate trend rate	5.50 %	5.50 %
Year ultimate trend is reached	2012	2011

A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	2007	2006
One-Percentage-Point Decrease		
Effect on total service and interest cost components	$ (28)	$ (32)
Effect on year end benefit obligation	(268)	(254)
One-Percentage-Point Increase		
Effect on total service and interest cost components	$ 34	$ 38
Effect on year end benefit obligation	313	296

A reconciliation of the Company's benefit obligations of its postretirement plan at December 31, 2007 and 2006 follows:

	2007	2006
Benefit obligation, beginning of period	$ 2,695	$ 2,578
Service cost - benefits earned during the period	85	145
Interest cost on projected benefit obligation	153	143
Participant contributions	45	61
Benefits paid	(170)	(232)
Actuarial (gain) or loss	54	-
Benefit obligation, end of period	$ 2,862	$ 2,695

A reconciliation of the Company's postretirement plan assets at December 31, 2007 and 2006 follows:

	2007	2006
Fair value of plan assets, beginning of period	$ -	$ -
Employer contributions	125	171
Participant contributions	45	61
Benefits paid	(170)	(232)
Fair value of plan assets, end of period	$ -	$ -

The funded status of the Company's postretirement plan at December 31, 2007 and 2006 follows:

	2007	2006
Benefit obligation, end of period	$ (2,862)	$ (2,695)
Fair value of plan assets, end of period	-	-
Funded status	$ (2,862)	$ (2,695)

The components of net periodic postretirement benefit costs for the years ended December 31, 2007, 2006, and 2005, were as follows:

	2007	2006	2005
Service cost	$ 85	$ 145	$ 94
Interest cost	153	143	182
Amortization of prior service cost	2	2	2
Amortization of actuarial (gain) or loss	(70)	(80)	(23)
Amortization of transition obligation	31	31	31
Net periodic benefit cost	$ 201	$ 241	$ 286

A reconciliation of the postretirement plan amounts in accumulated other comprehensive income at December 31, 2007 follows:

	2007
Prior service cost	$ (9)
Unamortized actuarial gain/(loss)	1,177
Transition obligation	(153)
Accumulated other comprehensive income	$ 1,015

In 2008, $2 of prior service cost, $64 of actuarial gain, and $31 of the transition obligation is expected to be amortized to periodic benefit cost.

At December 31, 2006, the unrecognized prior service cost was $11, unrecognized accumulated gain was $1,287, and unrecognized transition obligation was $184. These amounts net of the funded status were recorded as a noncurrent liability of $3,787 in the statement of financial position.

At December 31, 2007 and 2006, amounts recognized in the statement of financial position were as follows:

	2007	2006
Accounts payable	$ (138)	$ -
Other deferred credits	(2,724)	(3,787)
Net amount recognized	$ (2,862)	$ (3,787)

Expected retiree benefit payments projected to be required during the years following 2007 are as follows:

Year	Amount
2008	$ 138
2009	168
2010	194
2011	212
2012	224
2013–2017	1,325
Total	$ 2,261

In addition to the postretirement plan discussed above, in 1992 Big Rivers began a postretirement benefit plan which vests a portion of accrued sick leave benefits to salaried employees upon retirement or death. To the extent an employee's sick leave hour balance exceeds 480 hours such excess hours are paid at 20% of the employee's base hourly rate at the time of retirement or death. The accumulated obligation recorded for the postretirement sick leave benefit is $345 and $294 at December 31, 2007 and 2006, respectively. The postretirement expense recorded was $51, $44, and $27 for 2007, 2006, and 2005, respectively, and the benefits paid were $0, $20, and $16 for 2007, 2006, and 2005, respectively.

12. BENEFIT PLAN — 401(k)

Big Rivers has two defined contribution retirement plans covering bargaining and salaried employees. Big Rivers matches up to 60% of the first 6% of eligible employees' wages contributed. Employees generally become vested in Company matching contributions based upon years of service as follows:

Years of Vesting Service	Vested Percentage
1	20 %
2	40
3	60
4	80
5 or more	100

Employees are also permitted to make pre-tax contributions of up to 75% of eligible wages. Big Rivers' expense under this plan was $215 and $193 for the years ended December 31, 2007 and 2006, respectively.

13. RELATED-PARTIES

For the years ended December 31, 2007, 2006, and 2005, Big Rivers had tariff sales to its members of $113,281, $108,737, and $109,439, respectively. In addition, for the years ended December 31, 2007, 2006, and 2005, Big Rivers had certain sales to Kenergy for the Aluminum Smelters and Domtar Paper (formerly Weyerhaeuser) loads of $123,094, $57,374, and $46,372, respectively.

At December 31, 2007 and 2006, Big Rivers had accounts receivable from its members of $20,052 and $13,015, respectively.

In October 2005, Big Rivers made a lump sum payment of $221 to Kenergy for the lease of office space in a building owned by Kenergy. The charge for the lump sum payment was deferred and is being amortized over the life of the agreement.

14. COMMITMENTS AND CONTINGENCIES

Big Rivers is involved in litigation arising in the normal course of business. While the results of such litigation cannot be predicted with certainty, management, based upon advice of counsel, believes that the final outcome will not have a material adverse effect on the financial statements.

15. TERMINATION OF THE LG&E LEASE AGREEMENT

The Big Rivers board of directors adopted resolutions on February 23, 2007, authorizing management, among other things, to execute a Transaction Termination Agreement among Big Rivers Electric Corporation, LG&E Energy Marketing Inc., and Western Kentucky Energy Corp. (the "Termination Agreement"). The Termination Agreement establishes the terms on which Big Rivers, on the one hand, and LG&E Energy Marketing Inc. and Western Kentucky Energy Corp. on the other hand, agree to terminate a series of contractual relationships established in 1998 under which, among other things, LG&E Energy Marketing Inc. and Western Kentucky Energy Corp. currently lease and operate the generating units owned or previously operated by Big Rivers, and sell power to Big Rivers to use in meeting the requirements of its system. Those resolutions additionally authorize management to sign various agreements under which Big Rivers agrees to sell its member, Kenergy Corp., 850 MW in the aggregate for resale to Alcan Primary Products Corporation and Century Aluminum of Kentucky General Partnership, contingent upon the closing of the transaction contemplated in the Termination Agreement. Applications seeking the necessary state regulatory approvals and tariff revisions required to implement these transactions were filed with the Kentucky Public Service Commission on December 28, 2007, in P.S.C. Case Nos. 2007-00455 and 2007-00460.

* * * * * *

Efficiency
In Electricity

Big Rivers Electric Corporation

2006 Annual Report

Financial Highlights

For the years ended December 31, 2006, 2005, 2004, 2003 and 2002 | (Dollars in thousands)

	2006	2005	2004	2003	2002
Margins	34,542	26,343	22,025	18,349	10,055
Equity	(217,370)	(251,913)	(278,256)	(300,281)	(319,013)
Capital Expenditures*	13,189	12,904	12,203	21,397	21,700
Cash & Cash Equivalents	96,143	67,264	54,891	15,802	20,061
New RUS Note Voluntary Prepayment Status	34,995	55,357	53,518	80,101	60,479
Times Interest Earned Ratio	1.47	1.37	1.32	1.27	1.14
Debt Service Coverage Ratio	1.86	1.79	1.76	1.46	1.19
Cost of Debt	5.83%	5.57%	5.35%	5.34%	5.38%
Cost of Capital	7.82%	7.58%	7.38%	7.36%	7.37%

** Big Rivers' share only.*

At-a-Glance

Incorporated . . . . June 1961

Generating Capacity . . . . 1,459 MW

Total Power Capacity . . . . 1,854 MW

Employees 105

Member Distribution Systems 3

Counties Reached 22

Member Consumers Served 110,000

Miles of Transmission Line 1,232

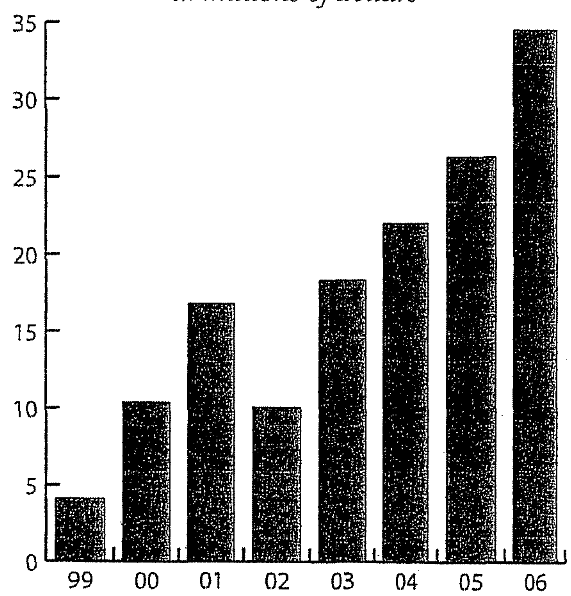
Total Energy Sales . . . . 5,250,342 MWh

Total Energy Revenue . . . . . . $ 190,834,000

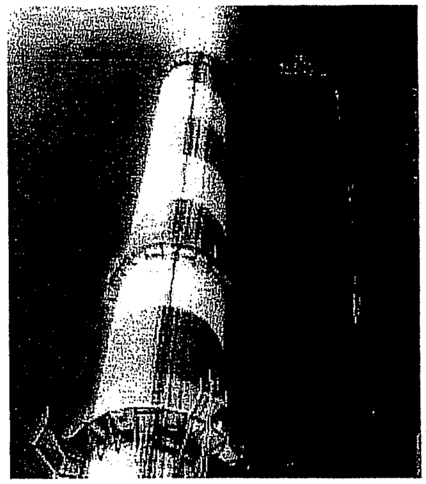
Average Member Cost . . . . . . $ 34.11/MWh

Net Margins

in millions of dollars







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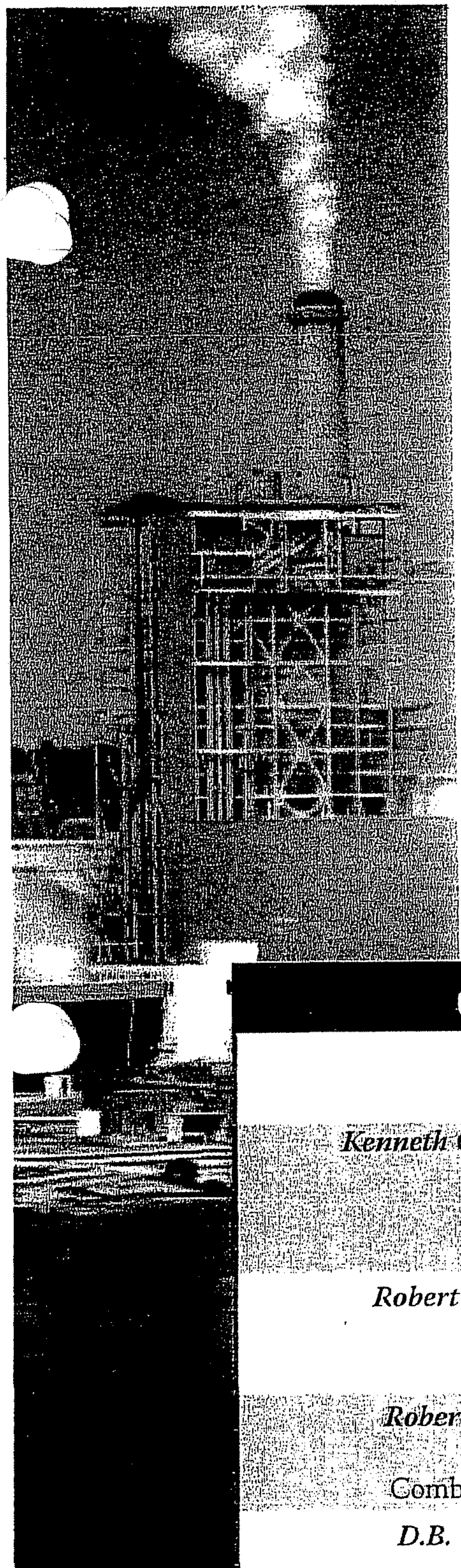


Corporate Profile

Big Rivers Electric Corporation is an electric generation and transmission cooperative (G&T) headquartered in Henderson, Kentucky and owned by its three distribution system members—Jackson Purchase Energy Corporation, headquartered in Paducah; Kenergy Corp., headquartered in Henderson; and Meade County Rural Electric Cooperative Corporation, headquartered in Brandenburg.

Big Rivers supplies the wholesale power needs of its three member-systems and markets surplus power to non-member utilities and power markets. These three member-systems provide retail electric power and energy to more than 110,000 residential, commercial, and industrial member-consumers in portions of 22 western Kentucky counties.

Big Rivers owns a generating capacity of 1,459 megawatts (MW) in four plants. Total power capacity is 1,854 MW, including rights to Henderson Municipal Power and Light (HMP&L) Station Two and contracted capacity from Southeastern Power Administration (SEPA).

GENERATING CAPACITY OWNED = 1,459 Megawatts

Facilities	Type of Fuel	Net Capacity (MW)	Commercial Operation Date
Kenneth C. Coleman Plant			
Unit 1	Coal	150	1969
Unit 2	Coal	150	1970
Unit 3	Coal	155	1972
Robert D. Green Plant			
Unit 1	Coal	231	1979
Unit 2	Coal	223	1981
Robert A. Reid Plant			
Unit 1	Coal/Natural Gas	65	1966
Combustion Turbine	Oil/Natural Gas	65	1976
D.B. Wilson Unit 1	Coal	420	1986

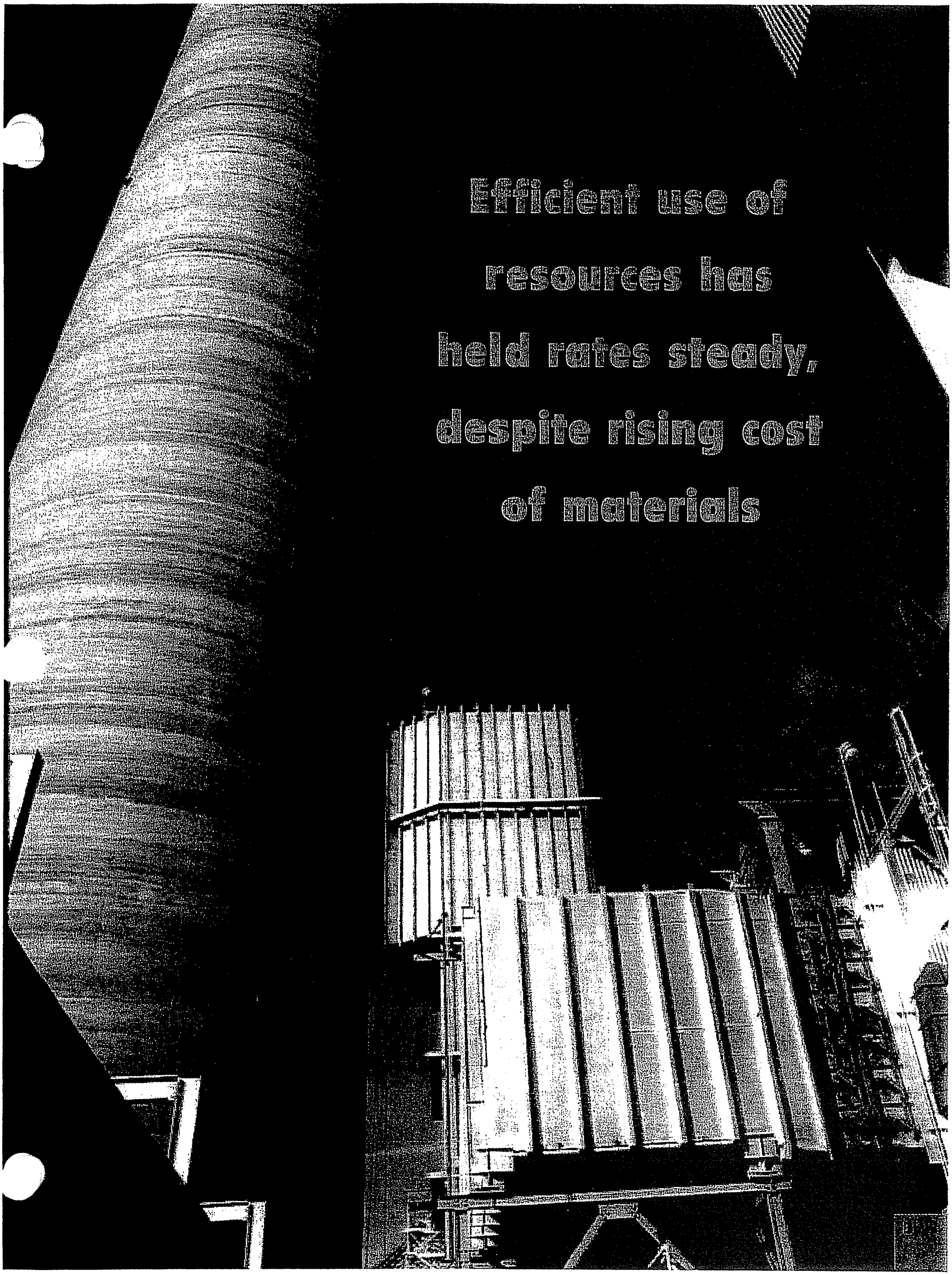
TOTAL POWER CAPACITY AVAILABLE = 1,854 Megawatts

Generating Capacity Owned* = 1,459 MW

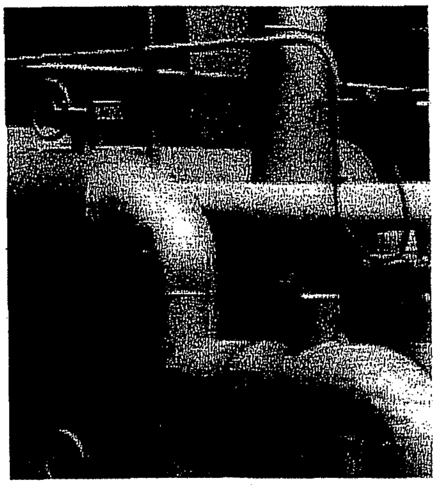
Rights to HMP&L Station Two* = 217 MW

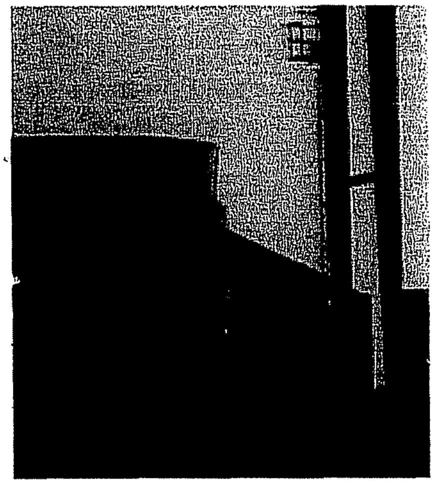
Contracted Capacity from SEPA = 178 MW

* *These facilities and rights have been leased to certain affiliates of the E.ON U.S. Parties.*


Efficient use of
resources has
held rates steady,
despite rising cost
of materials

Message from CEO & Board Chair





The word efficiency, while often overused, is still one of the most important terms in the vocabulary of business operations. Efficiency is being productive without waste. In our business, efficiency has many applications. We strive to be efficient in our budgets and the use of funds in the operations of providing electric power supply to Big Rivers' member distribution systems. We look to produce electricity as efficiently as possible.

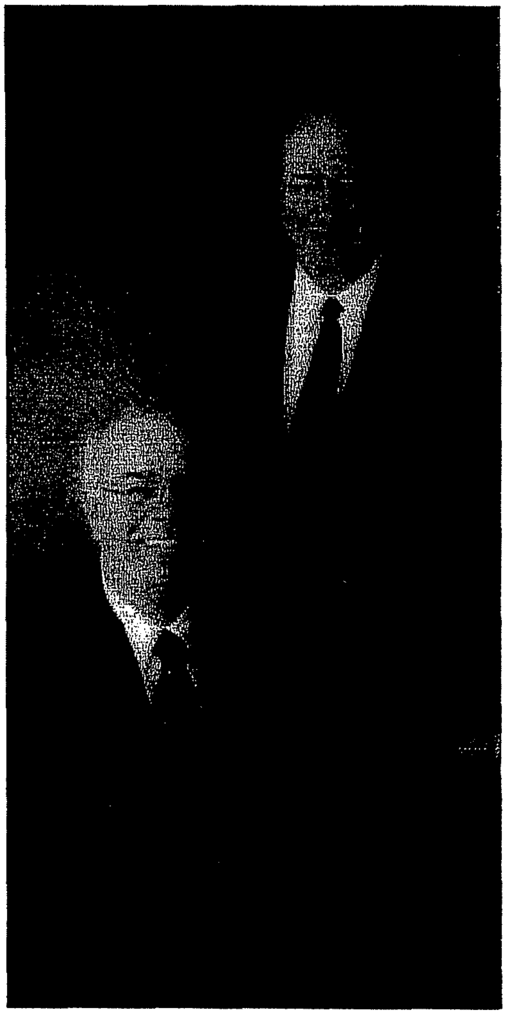
While we continually work to improve our efficiencies at Big Rivers, we also believe our members and their member-consumers need to strive to use electricity more efficiently.

The appetite for energy in our country continues to steadily grow each year. This growth ultimately results in the need for new resources for generating additional electricity. The cost of building new electric generating plants is rising dramatically as materials and labor for construction are in high demand here and in other countries. It behooves us to use electricity more efficiently and avoid, where possible, the costs of building new generation.

Big Rivers and its member-systems are going to rededicate our efforts in emphasizing and focusing on helping the more than 110,000 member-consumers to become more efficient in their use of electricity. After all, Big Rivers and its members are cooperatives owned by those 110,000 member-consumers and we take to heart the need to provide the best service we can to our owners.

Big Rivers continues to be efficient in its operations and the result was its best year ever. Margins for 2006 were $34.5 million. Seeking better efficiency each year in all aspects of its operations has propelled Big Rivers to a string of annually improving financial results.

However, Big Rivers must continue those efforts of improved efficiency if it is to be successful in working to achieve an unwind of the 1998 transaction with E.ON U.S., LLC and certain of its affiliates. In the 1998 transaction, Big Rivers leased its generating facilities and assigned its rights under the HMP&L Station Two arrangements to E.ON U.S. Big Rivers and E.ON U.S. signed a Letter of Intent in late 2005 to move forward with the unwind of this transaction. A part of this effort includes a long-term power contract with the two smelters served by Kenergy Corp., one of the three Big Rivers member-systems.

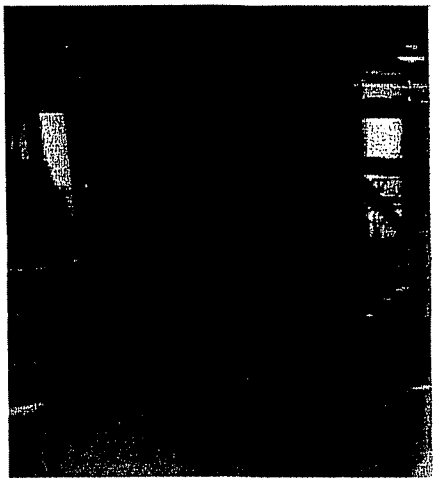


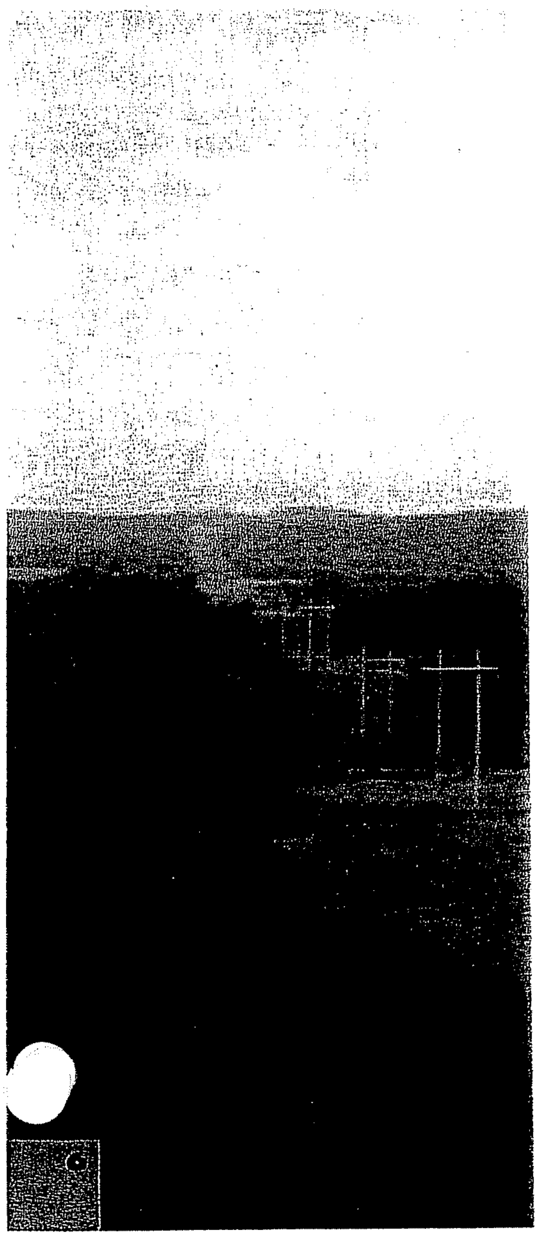
This major effort, if successful, will bring the operations of our power plants back to Big Rivers as was the case prior to the 1998 transaction. It will require us to be efficient to accomplish the mountains of work necessary for this effort and to still operate Big Rivers on a daily basis. The results of this effort will be a Big Rivers on solid financial footing and playing a key role in the future economic development of rural western Kentucky.

Michael Core
President and CEO

William Denton
Chair of the Board of Directors

Efficiency in Electricity

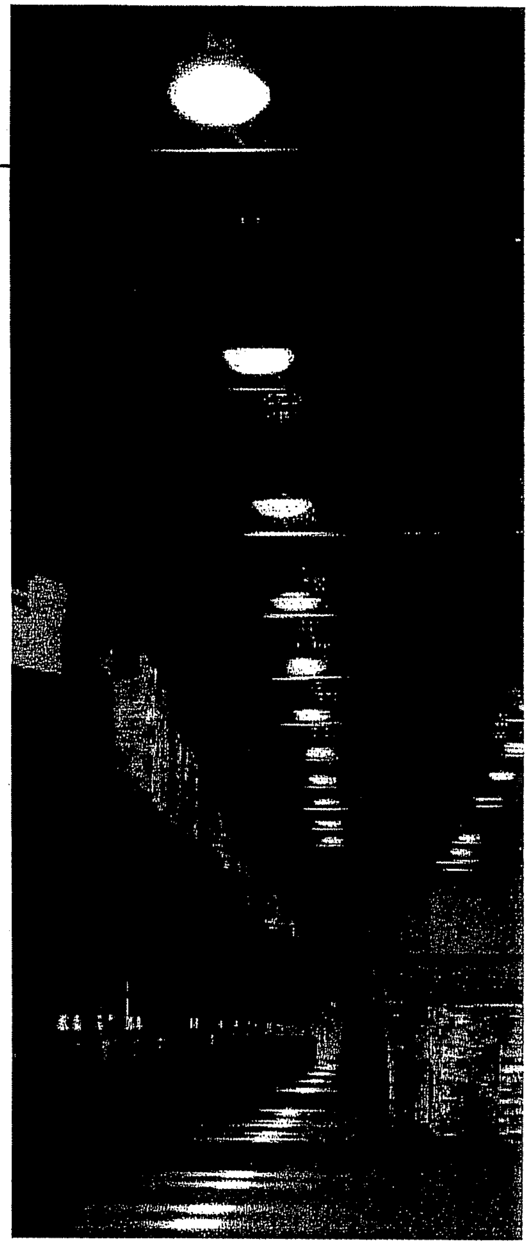
Efficiency in the energy industry can have a number of meanings, and be measured in a myriad of ways. Energy production, transmission, distribution and end usage all play into the success of Big Rivers and the three distribution systems that own it. There's nothing simple about maintaining energy efficiency for tens of thousands of member-consumers amid rising operating costs and a changing regulatory environment. Yet, that's what Big Rivers accomplished in 2006. Despite rising costs, the company was able to hold the line on rates to members and increase margins by more than 30 percent.

Big Rivers accomplished a number of important objectives in 2006 and kicked off several new initiatives that will result in the same affordable, value-conscious service on which Big Rivers members have come to depend. The following pages highlight some of the key activities from the past year that not only kept costs under control, but also benefited our members and their member-owners.

Vegetation Management Plans

Power lines downed by falling tree branches are a constant threat in this part of the country, and Big Rivers has risen to the challenge with a multimillion dollar initiative begun in 2006. Reliability and safety are at the heart of a program to keep trees and other vegetation clear of power lines throughout the Big Rivers region.

The system operations departments of Big Rivers and its member-systems have enacted vegetation management plans aimed at providing maximum reliability in preparation for severe storms, which are always a potential for power outages year-round.

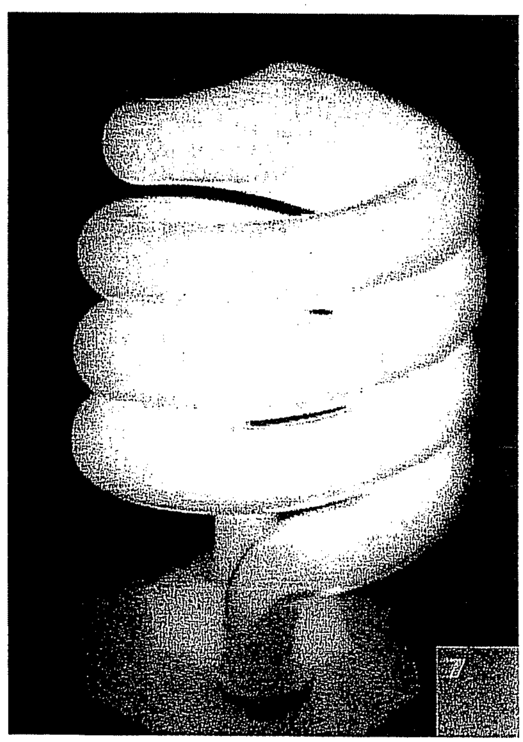


Energy Efficiency Programs and Partnerships

Big Rivers partnered with its member-systems in a comprehensive, educational campaign that included energy audits, educational workshops, energy efficiency incentives and other programs designed to provide member-consumers with the general "know-how" to make decisions that improve their efficiency.

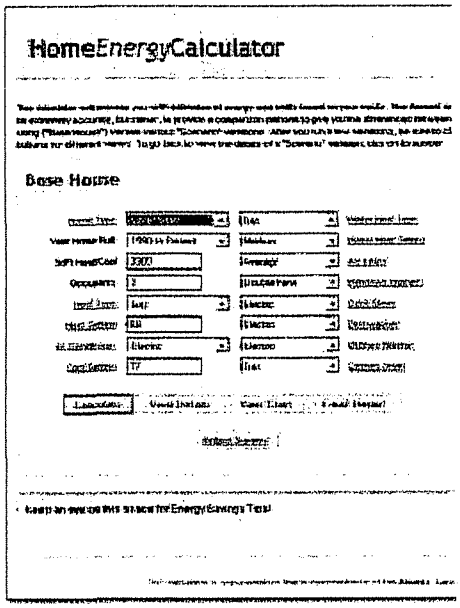
Big Rivers partnered with the Governor's Office of Energy Policy, the Department of Energy and other agencies to bring the High Performance Schools program to its service region. This partnership resulted in new and more efficient school buildings for both Hancock and Meade counties. Three Hancock County schools were renovated with high efficiency lighting, heating and cooling. A newly constructed school is a showcase of daylighting and high efficiency heating and cooling.

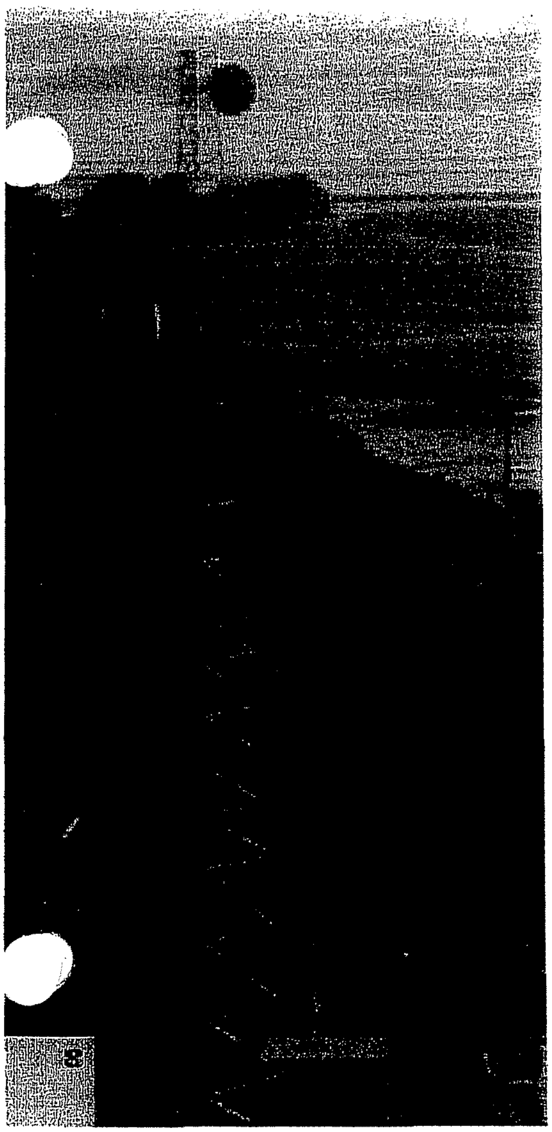
Meade County schools incorporated the highest efficiency heating and cooling system available today and used a composite concrete foam wall system that is both tight and highly insulated. Cooperative staff assisted the school system management through education, demonstration and analysis.



Industrial members benefited from the combined expertise of Big Rivers, its member-systems, and two governmental agencies—The Kentucky Pollution Prevention Center and the Kentucky Industrial Assessment Center. This combined effort helped evaluate energy consumption and provided member-consumers with recommendations on how to save money by reducing energy needs.

Big Rivers and its three member-systems distributed thousands of compact fluorescent light bulbs (CFLs) to residential member-consumers in 2006. CFLs provide the same output as conventional bulbs, but require only a quarter of the energy.





This program benefits the member-consumer financially and also serves as a tangible demonstration of energy efficiency.

Members and member-consumers now have a powerful information resource at their fingertips. Big Rivers redesigned its Web site in 2006 to incorporate educational resources and detailed energy saving recommendations.

Plans for 2007 call for an even more robust energy efficiency program, with particular emphasis placed on education for all—from the largest industrial to the smallest residential member.

Metering and Communications Upgrades

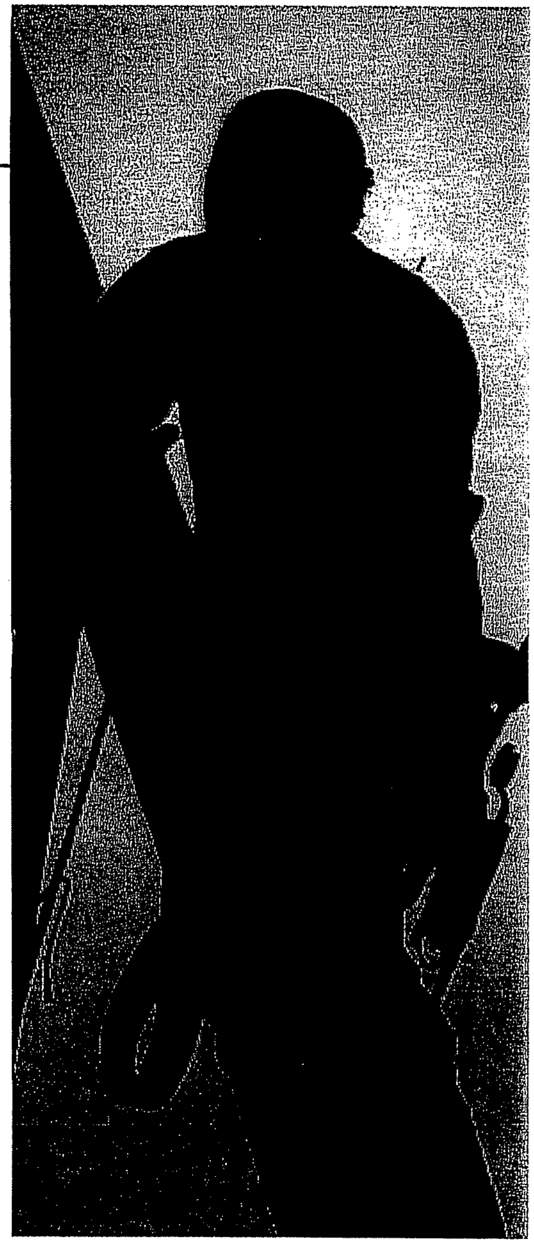
Big Rivers improved its forecasting capabilities by replacing all substation meters and upgrading cell phone communications, making it possible to receive hourly remote readings with faster speed. This increase in productivity will allow the company to be more accurate in its projections and more efficient in power utilization.

Big Rivers provided support to member-systems for the installation of tracking and identification systems designed to improve response time when a power outage takes place. The subsequent reduction in restoration time will help circumvent much of the downtime that member-consumers experience in the wake of violent weather.

Improving the two-way radio system to improve communications between Big Rivers and its three member-systems is the focus of an engineering study begun in 2006. The objective is high-speed communication services between member-system facilities to improve service and reliability.

Member Discount Adjustment Renewed

In 2000, Big Rivers' creditors and the Kentucky Public Service Commission approved a request for a $3.68 million annual discount adjustment for Big Rivers' members. In 2006, the company's Board of Directors gave its assent to a request for renewal, which would continue the revenue discount adjustment through August 31, 2008.



These adjustments pass savings along to members, which the company realizes as a benefit from the leveraged lease of three of its generating units. Big Rivers will continue to act as an advocate for its members when opportunities arise to pass along savings.

Employee Benefits and Personnel Development

Moving to a new health care plan is expected to help the company achieve greater operational efficiency. Better health care for employees and lower costs for the company are the anticipated outcome of the new preferred provider organization (PPO).

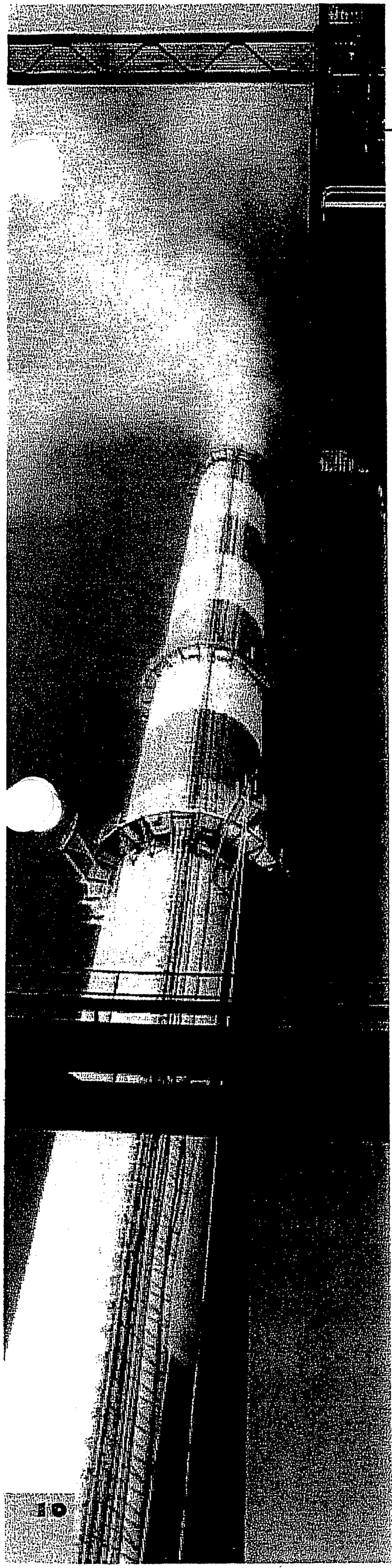
The company renewed its commitment to long-term care for its employees by increasing funding of its retirement benefit plans in 2006. Recent legislation, which permits accelerated funding, cleared the way for Big Rivers to extend this benefit, which will reduce future funding requirements and pension expenses.

Big Rivers took a step forward in personnel development, instituting an apprentice lineman program aimed at strengthening productivity and maintaining the company's high level of service.

Humanitarian Projects

For the past seven years, Big Rivers has lent its support to the Philippine Project, which brings electric power and economic development to some of the most remote locations in the island archipelago, where multiple families living under one roof is the rule rather than the exception.

Villages tabbed for the project receive low-interest bank loans. Donated equipment is refurbished and installed, and the cost of connecting the village to the power grid is fully covered. Sewing machines, computers and other equipment have been donated to help villages establish local businesses, which in turn help pay for electricity. To date, the Philippine Project has impacted the lives of more than 7,200 people.



Big Rivers Continues To Move Toward Termination Of Lease Agreements With E.ON U.S.

Big Rivers continues to move forward with the letter of intent with E.ON U.S., LLC, formerly known as LG&E Energy LLC, to pursue terminating the various agreements in place since 1998 that gave certain E.ON U.S. subsidiaries operational control of Big Rivers' power plants and ownership of the electricity generated by them. Although the agreements were to run through 2023, the companies are working toward ending the arrangement, with Big Rivers resuming control of its generation facilities and its future.

In a related development, a memorandum of understanding was reached by Big Rivers, one of its member-systems Kenergy Corp. (Kenergy), and two aluminum smelters, Century Aluminum of Kentucky, LLC (Century) in Hawesville, Ky. and Alcan Primary Products Corporation (Alcan) in Sebree, Ky., on pursuing critical long-term arrangements to provide electricity to the smelters that could help protect jobs at the two plants, where some 1,500 people currently are employed. If final agreements are reached and all approvals are received, the smelters would be able to avoid potentially volatile open-market electricity prices when their current power contracts expire in 2010 and 2011, respectively.

Through the lease and related agreements, E.ON U.S. subsidiaries currently operate Big Rivers' facilities at three sites that include eight generating units owned by Big Rivers and two additional units owned by HMP&L. Power is purchased from an E.ON U.S. affiliate and distributed by Big Rivers as wholesale electricity to its three member-systems serving a large area of western Kentucky. In a separate agreement, the same E.ON U.S. subsidiary provides power through Kenergy to the aluminum smelters. If the 1998 agreements eventually are terminated and a number of related agreements are reached, Big Rivers would resume responsibility for power generation at all units, including the HMP&L plant, and would continue to supply wholesale electricity over its transmission system to its three member-systems, including power for Kenergy's service to the smelters.

Key Activities in 2006

Benefits and Retirement

- Management and the union negotiated renewal of the labor agreement that was due to expire on October 14, 2006. The new agreement renews the employee health plan, which moves from an indemnity plan to a PPO. The resulting reduction in overall cost of providing health care was recognized as beneficial to both the company and the employees.

- Big Rivers chose to increase funding of its defined benefit retirement plans in 2006. This action takes advantage of recent legislation permitting accelerated funding and will reduce future funding requirements and pension expense.

- Benefit program review and design, which began in 2006, will continue into 2007.

Energy Efficiency Programs

- 4,000 compact fluorescent lamps (CFLs) were distributed in 2006 to member-consumers at our distribution systems' annual meetings. CFL distribution in 2007 will increase ten-fold.

- $85,000 in incentives payments were made to member-consumers who installed energy efficient equipment or constructed energy efficient homes.

Energy Efficiency Partnerships

- Provided energy saving analyses to industrial and large commercial members by combining efforts with the member-systems, the U.S. Department of Energy, the Kentucky Governor's Office of Energy Policy and the Kentucky Pollution Prevention Center, located at the University of Louisville.

- Provided support to member-system school districts to promote the construction of high performance schools. Hancock County school district renovated three older schools, with a focus on energy efficiency, and completed a new high performance school in 2006. Meade County school district began construction of a high performance school in 2006.

Health and Safety Programs

- Big Rivers and its member-systems provided safety education to more than 8,000 school children, 180 firemen at 15 volunteer fire departments, and 300 Job Corps participants.

- Big Rivers enacted programs in 2006 promoting health and safety in the work force, part of a company-wide policy to achieve operational efficiency and promote social responsibility.

- Programs in 2006 included:

  - High-voltage demonstrations in electrical safety for member-consumers

  - Employee training sessions on chain saw safety, grounding, driving, fall protection, accident investigation, transformer connections, rubber gloving, underground systems, right-of-way maintenance, and others

  - Wellness programs, including back safety, cholesterol and blood pressure screenings, and health risk appraisals.

Humanitarian Efforts

- Progress continues with the Philippine Project, an NRECA International Foundation village development project in the Philippines. Five villages were energized in 2006, bringing the total to 29 villages energized to date. This represents a positive impact in the lives of at least 7,250 individuals.

- Worked with Habitat for Humanity affiliates in western Kentucky to provide education and other resources aimed at achieving energy efficiency.

Information Systems

- Big Rivers staff assisted its member-systems in designing and launching consumer friendly interactive web sites, which strongly emphasize energy efficiency and provide energy use data for all members.

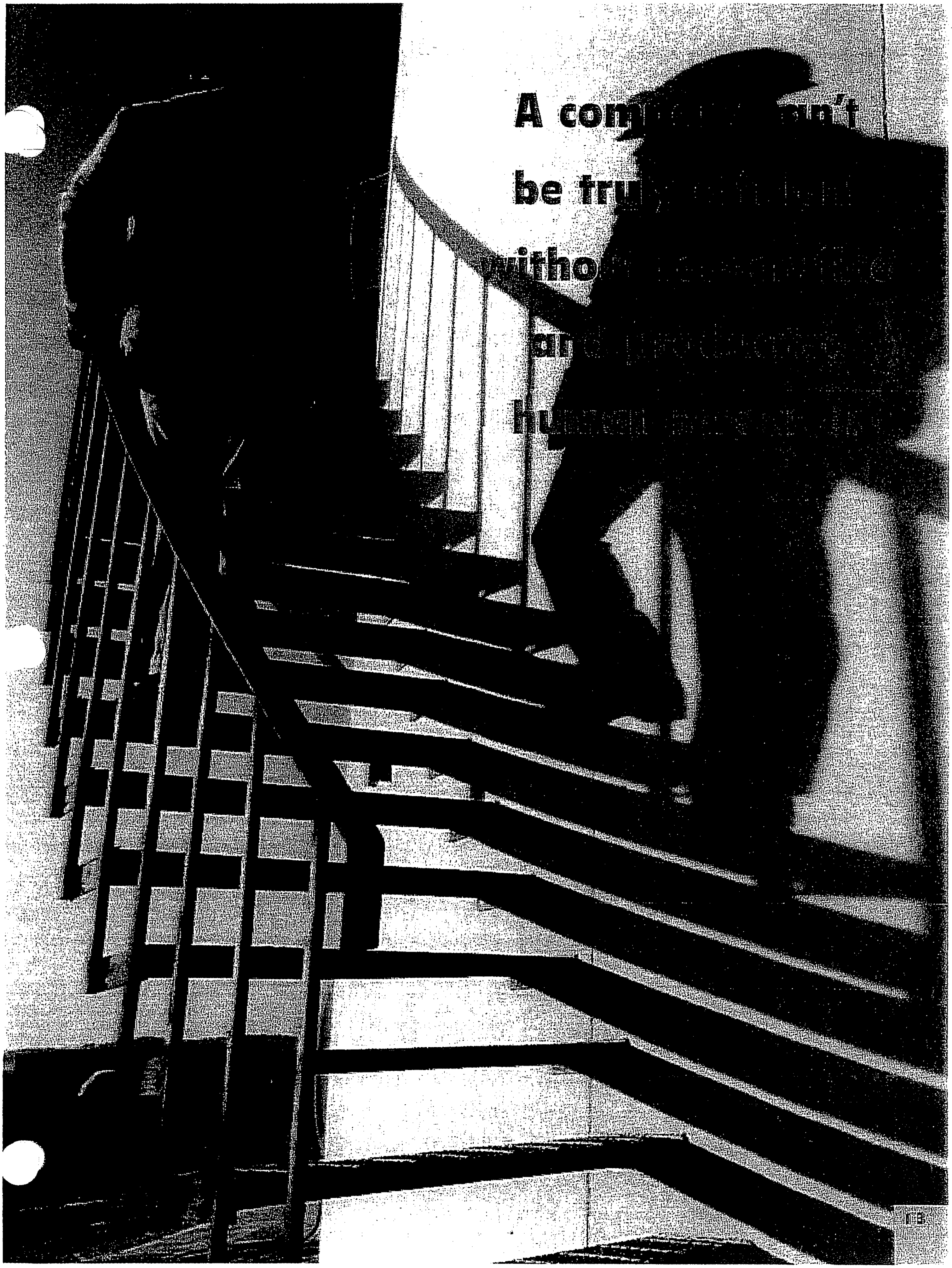
- Big Rivers tested the Disaster Recovery Center in 2006, and will continue to do so annually. Commercial computers of its member-systems' financial and operational systems have been upgraded and will be used in disaster recovery.

- Continued fine-tuning the geo information system (GIS), which was installed in 2005 to help locate power outages.

- Installed the outage management system utilizing GIS information to reduce restoration time after storms. An integrated voice recorder was interfaced to the GIS and customer information system to automatically handle member outage calls.

Staffing and Labor Relations

- Faced with an aging work force and a shortage of experienced line workers nationwide, the company and the union worked to develop an apprentice lineman program. It was registered with the Kentucky Department of Labor in December 2006. Having the program in place improves the company's ability to maintain productivity.




Energy efficiency is
not only good for
the environment
– it's good for our
members

- Additional full-time employees were hired in 2006 to enhance Big Rivers' ability to meet future needs of the corporation.

Regulatory Affairs

- In 2006, the sulfur dioxide (SO_2) scrubbers at Big Rivers' Coleman Station became operational. This will reduce sulfur emissions at the plant by 95 percent. The facility also produces commercial grade gypsum.

- Big Rivers retained Stanley Consultants, Inc. to complete its fifth review of the condition and operation of its owned and leased electric generating units. Results of these analyses are communicated annually to Western Kentucky Energy Corp. (WKE) which is responsible for operating and maintaining the Big Rivers units and the HMP&L Station Two units. Annual reviews will continue.

- Several regulatory issues which could affect Big Rivers were monitored. The Clean Air Mercury Rule (CAMR) and the Clean Air Interstate Rule (CAIR) may require additional control equipment be installed to comply with reduced emissions. When fully implemented in 2015, CAIR is projected to reduce nitrogen oxide (NOx) emissions by more than 60 percent from 2003 levels, and SO_2 levels by more than 70 percent.

- Big Rivers continued a $3.68 million annual revenue discount adjustment to its members. After reviewing Big Rivers' financial requirements, the Board of Directors authorized the company to request the discount adjustment through August 31, 2008.

Resource Planning and Power Supply

- Utilizing cell phone technology, data is now being retrieved hourly from revenue meters. This will help Big Rivers gauge its member-systems' electric loads, resulting in more effective surplus power sales.

- Arbitrage margins were a record $35.5 million, which exceeded the previous record by 36 percent.

- MetrixIDR software was implemented for day-ahead load forecasting and work was begun on the 2007 Load Forecast.

- Big Rivers and Kenergy assisted Alcan and Century with their power needs. Smelter contracts were negotiated and additional power for the smelters was purchased on the open market.

System Operations

- Completed technical upgrade of revenue meters and improved cell phone communication to allow for hourly remote reading. This upgrade results in faster and more accurate load forecasting.

- Completed development of Alternate Control Center emergency power supply and microwave system communications.

- Completed construction on 69 kV lines to Jackson Purchase Energy's Possum Trot and Cumberland Resources substations and Kenergy's Madisonville substations.

- Continued construction on the Meade County station second 161 kV line and began construction on the station line terminal.

- Worked with Kentucky Utilities (KU) on development of a revised Interconnection Agreement to add a 345 kV tie between Big Rivers and KU in eastern Daviess County.

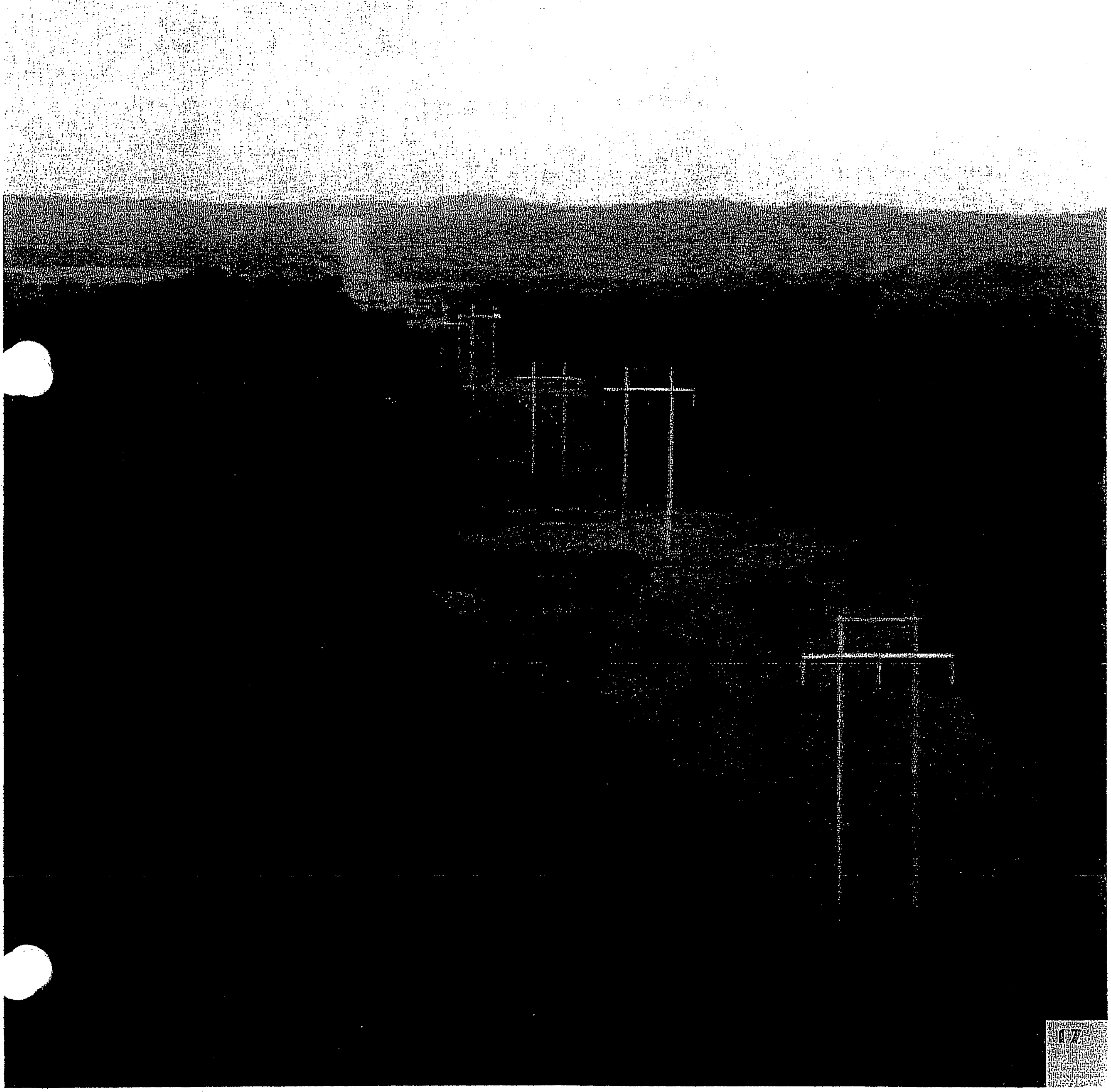
- Completed the transition to a digital microwave communication system and performed engineering studies to develop a system expansion plan to the west into the Jackson Purchase service area and to the east into the Meade County service area. This project will move into the construction phase in 2007.

- Replaced static relaying systems at Wilson, Reid, and Coleman EHV stations protecting the 345 kV lines.

- Began new brush control and tree clearing program to improve service reliability to member-systems through reduction in tree-related outages. This was the first year of a multi-year Vegetation Management Plan filed with the Federal Energy Regulatory Commission (FERC.)

- Completed maintenance activities on transmission system scheduled for 2006, including inspection and treatment of 2,862 poles and replacement of 93 poles.

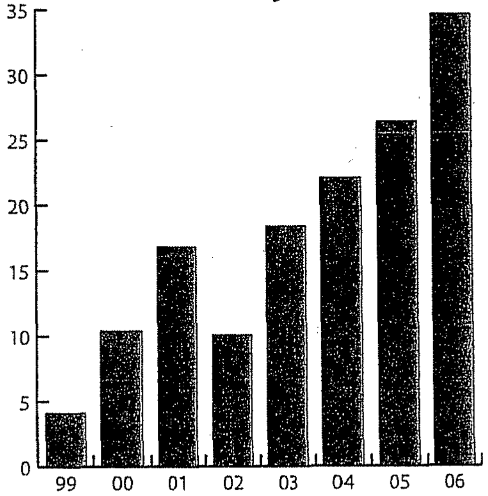
The effective delivery of energy requires reliability and efficiency in every phase of the process



Financial Review : 2006

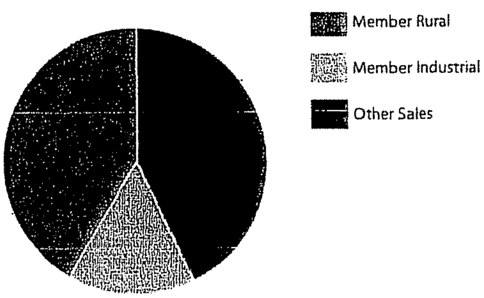
Net Margins

in millions of dollars



Revenue Sources

as a percentage



Big Rivers Records Strong 2006

Big Rivers' commitment to efficient operations and careful management of resources produced a strong financial performance in 2006. Record margins were established as the company significantly improved its revenue-to-power cost ratio, an important measurement of efficiency.

Record arbitrage sales, voluntary debt pre-payments and other key factors resulted in a more than 30 percent increase in net margins over 2005, enabling Big Rivers to continue to improve its cash position. The company ended 2006 with a notable increase in its overall "cushion" status and improved its negative equity position over the previous fiscal year.

FINANCIAL HIGHLIGHTS	2006	2005
Years ended December 31 | (Dollars in thousands)		
Margins	34,542	26,343
Equity	(217,370)	(251,913)
Capital Expenditures*	13,189	12,904
Cash & Cash Equivalents	96,143	67,264
New RUS Note Voluntary Prepayment Status	34,995	55,357
Times Interest Earned Ratio	1.47	1.37
Debt Service Coverage Ratio	1.86	1.79
Cost of Debt	5.83%	5.57%
Cost of Capital	7.82%	7.58%

** Big Rivers' share only.*

Net Margins

Big Rivers ended 2006 with net margins of $34.5 million, an $8.2 million increase over 2005. Arbitrage sales, which included the aluminum smelter Tier 3 and an industrial co-generator backup sales, reached record levels and led to a $9.4 million increase in sales margins as compared to 2005. Record power sales reflect Big Rivers' efficiency in utilization of available power and the development of marketing strategies designed to take advantage of market opportunities to improve its revenue-to-power cost ratio.

Operating Revenue

The upward trend in power revenue continued in 2006 with Big Rivers reporting $200.7 million compared to $191.3 million in 2005 (up from $175.8 million in 2004). The lease revenue for 2006 was $57.9 million with total operating revenue for 2006 at $258.6 million, an increase of approximately $10 million over 2005.

Arbitrage Sales

Big Rivers exceeded its previous year arbitrage margins record by 36 percent, reporting $35.5 million in 2006. The average price for 2.1 million MWh of surplus power was $39.81 per MWh in 2006, compared to a rate of $35.58 per MWh for 2 million MWh in 2005.

Wholesale Member Sales

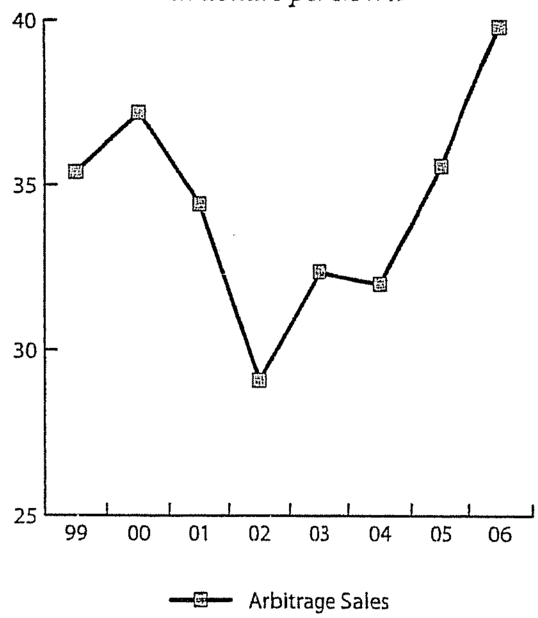
The average price for 3.2 million MWh of member power increased to $34.11 per MWh in 2006 from $33.84 per MWh in 2005. Member sales to rural loads were $35.58 per MWh in 2006, up from $35.19 in 2005. Large industrial sales reflected a slight decrease from the previous year. Big Rivers continued the 3.3 percent revenue discount during 2006 that resulted in the benefits of the April 2000 sale-leaseback being passed through to its members.

The slight decrease in member tariff load growth, -1.42 percent for 2006 vs. 3.32 percent in 2005, was due largely to more temperate weather conditions in 2006 and the closing of a small industrial customer. Heating and cooling degree-days for 2006 decreased by 3.6 percent and 13.1 percent, respectively, as compared to 2005.

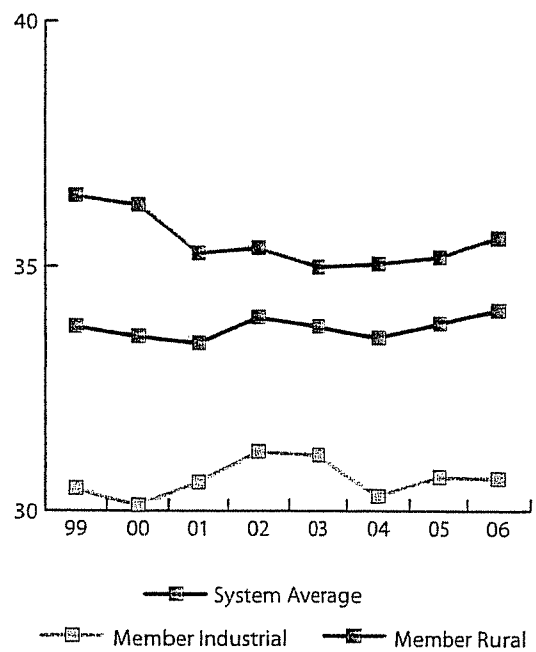
Equity

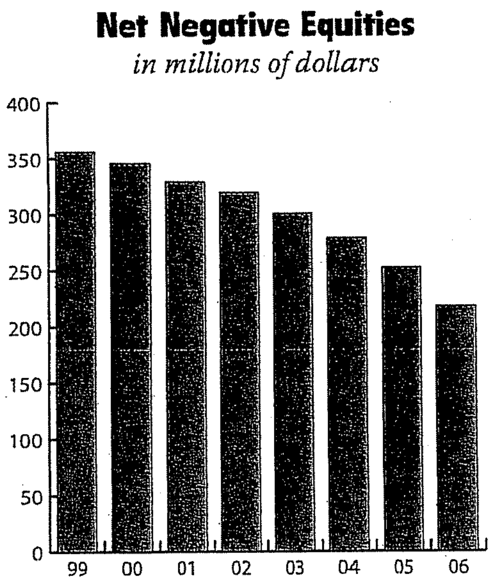
Big Rivers reduced its total net negative equity from $251.9 million in 2005 to $217.4 million, a direct benefit of its record net margins recorded in 2006. Net utility plant decreased $11.2 million, with net plant additions at $20.9 million and depreciation and amortization of $32.1 million.

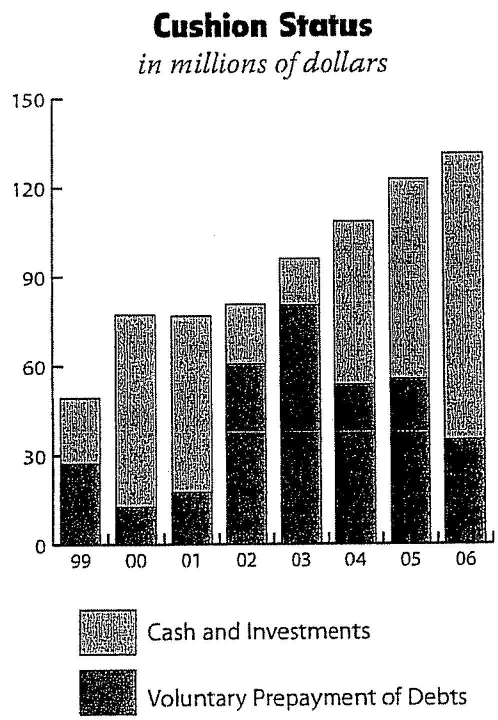
Arbitrage Sales
in dollars per MWh



Wholesale Member Sales
in dollars per MWh







Long-Term Debt

Voluntary prepayments on the Rural Utilities Service (RUS) promissory note led to a $1.7 million decrease in interest expense for 2006, compared to 2005. Pollution Control Bond interest expense reflects a $1.5 million increase over 2005 due to higher interest rates (3.50 percent for 2006 vs. 2.46 percent for 2005).

Big Rivers holds a line of credit with National Rural Utilities Cooperative Finance Corporation for $15 million as of Dec. 31, 2006. This line of credit has an underlying $15 million master letter of credit facility for supporting off-system sales.

As of December 31, 2006, there was $5.95 million outstanding under the master letter of credit facility. Participation in the Midwest Independent System Operator Energy Market required a letter of credit in the amount of $1.0 million. Forward sales to Morgan Stanley, Fortis Energy Marketing and Constellation Energy required letters of credit in the amounts of $2.2 million, $2.5 million and $0.25 million, respectively.

Cash Flow

Higher net margins and efficient management of resources aided Big Rivers' cash flow status in 2006. As of December 31, 2006, the company's overall cushion stood at $130.9 million, an increase of more than $8 million over 2005. Cash and investments amounted to $95.9 million, while voluntary prepayment of debt on the RUS notes totaled $35 million.

Focused Audits

In an effort to ensure that proper internal controls are maintained, the Big Rivers' Board of Directors engaged the services of an outside auditor to perform a series of focused audits. The audits conducted in 2006 included purchasing and payroll cycles; cash management, debt and debt-related covenants; and power sales and load forecasting.

Audit results indicated that proper internal controls were established and no irregularities were found to exist in those areas audited.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Big Rivers Electric Corporation:

We have audited the accompanying balance sheets of Big Rivers Electric Corporation (the "Company") as of December 31, 2006 and 2005, and the related statements of operations, equities (deficit), and of cash flows for each of the three years in the period ended December 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2006 and 2005, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 14, 2007, on our consideration of the Company's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Deloitte & Touche LLP

March 14, 2007

Balance Sheets

As of December 31, 2006 and 2005 | (Dollars in thousands)

ASSETS	2006	2005
UTILITY PLANT – Net	$ 917,668	$ 928,872
RESTRICTED INVESTMENTS UNDER LONG-TERM LEASE	186,690	180,650
OTHER DEPOSITS AND INVESTMENTS – At cost	3,816	3,397
CURRENT ASSETS:		
Cash and cash equivalents	96,143	67,264
Accounts receivable	17,748	16,350
Materials and supplies inventory	811	667
Prepaid expenses	3,608	91
Total current assets	118,310	84,372
DEFERRED CHARGES AND OTHER	27,905	28,689
TOTAL	$ 1,254,389	$ 1,225,980

EQUITIES (DEFICIT) AND LIABILITIES

CAPITALIZATION:		
Equities (deficit)	$ (217,371)	$ (251,913)
Long-term debt	1,041,075	1,046,846
Obligations related to long-term lease	177,310	170,954
Other long-term obligations	45	92
Total capitalization	1,001,059	965,979
CURRENT LIABILITIES:		
Current maturities of long-term obligations	11,959	810
Voluntary prepayment of long-term debt	-	10,403
Purchased power payable	9,219	10,732
Accounts payable	3,366	2,394
Accrued expenses	2,164	2,172
Accrued interest	7,631	7,542
Total current liabilities	34,339	34,053
DEFERRED CREDITS AND OTHER:		
Deferred lease revenue	17,316	21,755
Deferred gain on sale-leaseback	56,380	59,262
Residual value payments obligation	140,744	139,710
Other	4,551	5,221
Total deferred credits and other	218,991	225,948
COMMITMENTS AND CONTINGENCIES	–	–
TOTAL	$ 1,254,389	$ 1,225,980

See notes to financial statements.

Statements of Operations

Big Rivers Electric Corporation

For the years ended December 31, 2006, 2005 and 2004 | (Dollars in thousands)

	2006	2005	2004
POWER CONTRACTS REVENUE	$ 200,692	$ 191,280	$ 175,777
LEASE REVENUE	57,896	57,675	56,753
Total operating revenue	**258,588**	**248,955**	**232,530**
OPERATING EXPENSES:			
Operations:			
Power purchased and interchanged	114,516	114,500	106,099
Transmission and other	21,684	20,309	18,674
Maintenance	3,652	3,195	2,597
Depreciation	30,408	30,192	29,732
Total operating expenses	**170,260**	**168,196**	**157,102**
ELECTRIC OPERATING MARGIN	88,328	80,759	75,428
INTEREST EXPENSE AND OTHER:			
Interest	60,754	59,639	56,923
Interest on obligations related to long-term lease	9,505	9,109	8,725
Other – net	111	124	158
Total interest expense and other	**70,370**	**68,872**	**65,806**
OPERATING MARGIN	17,958	11,887	9,622
NON-OPERATING MARGIN:			
Interest income on restricted investments under long-term lease	12,069	11,670	11,278
Interest income and other	4,515	2,786	1,125
Total non-operating margin	**16,584**	**14,456**	**12,403**
NET MARGIN	**$ 34,542**	**$ 26,343**	**$ 22,025**

See notes to financial statements.

Statements of Equities (Deficit)

For the years ended December 31, 2006, 2005 and 2004 | (Dollars in thousands)

	Total Equities (Deficit)	Accumulated Deficit	Other Equities: Donated Capital and Memberships	Other Equities: Consumers' Contributions to Debt Service
BALANCE – January 1, 2004	$ (300,281)	$ (304,726)	$ 764	$ 3,681
Net margin	22,025	22,025	-	-
BALANCE – December 31, 2004	(278,256)	(282,701)	764	3,681
Net margin	26,343	26,343	-	-
BALANCE – December 31, 2005	(251,913)	(256,358)	764	3,681
Net margin	34,542	34,542	-	-
BALANCE – December 31, 2006	$ (217,371)	$ (221,816)	$ 764	$ 3,681

See notes to financial statements.

Statements of Cash Flows

Big Rivers Electric Corporation

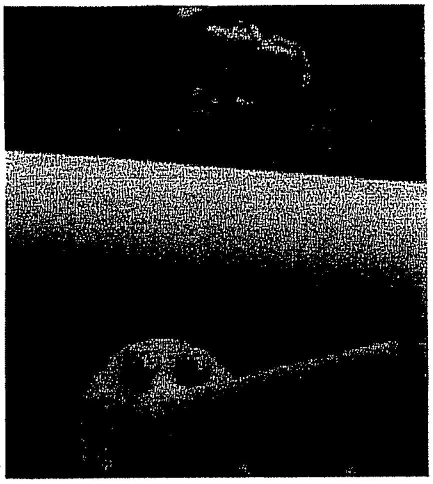
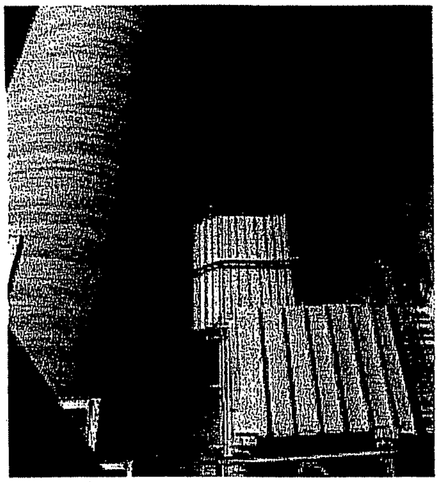
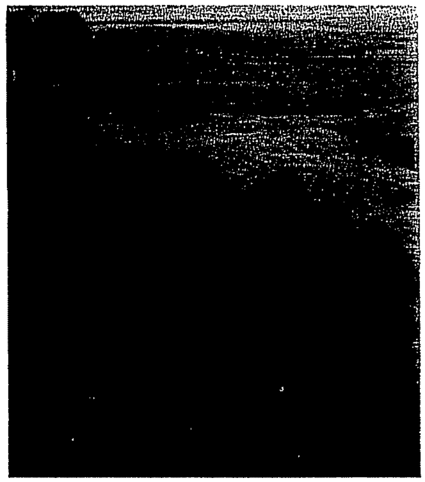
For the years ended December 31, 2006, 2005 and 2004 | (Dollars in thousands)

	2006	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net margin	$ 34,542	$ 26,343	$ 22,025
Adjustments to reconcile net margin to net cash provided by operating activities:			
Depreciation and amortization	33,592	33,386	32,625
Increase in restricted investments under long-term lease	(6,040)	(5,955)	(5,836)
Amortization of deferred gain on sale-leaseback	(2,882)	(2,856)	(2,823)
Deferred lease revenue	(4,439)	(4,335)	(4,267)
Residual value payments obligation	(6,187)	(5,969)	(5,077)
Increase in RUS ARVP Note	5,313	5,077	4,807
Increase in New RUS Promissory Note	13,889	8,205	21,849
Increase in obligations under long-term lease	6,356	6,250	6,107
Changes in certain assets and liabilities:			
Accounts receivable	(1,398)	(741)	(261)
Materials and supplies inventory	(144)	(112)	33
Prepaid expenses	(3,517)	257	226
Deferred charges	(694)	480	(368)
Purchased power payable	(1,513)	1,528	550
Accounts payable	972	(516)	(87)
Accrued expenses	81	72	1,459
Other – net	(1,170)	351	(104)
Net cash provided by operating activities	66,761	61,465	70,858
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(13,189)	(12,904)	(12,203)
Other deposits and investments	(419)	(151)	(277)
Net cash used in investing activities	(13,608)	(13,055)	(12,480)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Principal payments on long-term obligations	(24,274)	(36,037)	(9,289)
Principal payments on short-term notes payable	-	-	(10,000)
Net cash used in financing activities	(24,274)	(36,037)	(19,289)
NET INCREASE IN CASH AND CASH EQUIVALENTS	28,879	12,373	39,089
CASH AND CASH EQUIVALENTS – Beginning of year	67,264	54,891	15,802
CASH AND CASH EQUIVALENTS – End of year	$ 96,143	$ 67,264	$ 54,891
SUPPLEMENTAL CASH FLOW INFORMATION:			
Cash paid for interest	$ 47,277	$ 46,534	$ 28,485
Cash paid for taxes	$ 375	$ 271	$ 270

See notes to financial statements.

Notes to Financial Statements

Years Ended December 31, 2006, 2005, and 2004 | (Dollars in thousands)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information— Big Rivers Electric Corporation ("Big Rivers" or the "Company"), an electric generation and transmission cooperative, supplies wholesale power to its three member distribution cooperatives (Kenergy Corp., Jackson Purchase Energy Corporation, and Meade County Rural Electric Cooperative Corporation) under all requirements contracts, excluding the power needs of two large aluminum smelters (the "Aluminum Smelters"), sells surplus power under separate contracts to Kenergy Corp. for a portion of the Aluminum Smelters load, and markets power to nonmember utilities and power marketers. The members provide electric power and energy to industrial, residential, and commercial customers located in portions of 22 western Kentucky counties. The wholesale power contracts with the members extend to January 1, 2023. Rates to Big Rivers' members are established by the Kentucky Public Service Commission ("KPSC") and are subject to approval by the Rural Utilities Service ("RUS"). The financial statements of Big Rivers include the provisions of Statement of Financial Accounting Standards ("SFAS") No. 71, *Accounting for the Effects of Certain Types of Regulation*, which was adopted by the Company in 2003, and gives recognition to the ratemaking and accounting practices of these agencies.

In 1999, Big Rivers Leasing Corporation ("BRLC") was formed as a wholly-owned subsidiary of Big Rivers. BRLC's principal assets are the restricted investments acquired in connection with the 2000 sale leaseback transaction discussed in Note 4.

Principles of Consolidation— The financial statements of Big Rivers include the accounts of Big Rivers and its wholly owned subsidiary, BRLC. All significant intercompany transactions have been eliminated.

Estimates— The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from those estimates.

System of Accounts— Big Rivers' accrual basis accounting policies follow the Uniform System of Accounts as prescribed by the RUS Bulletin 1767B-1, as adopted by the KPSC. The regulatory agencies retain authority and periodically issue orders on various accounting and ratemaking matters.

Revenue recognition— Revenues generated from the Company's wholesale power contracts are based on month-end meter readings and are recognized as earned. In accordance with SFAS No. 13, *Accounting for Leases*, Big Rivers' revenue from the Lease Agreement is recognized on a straight-line basis over the term of the lease. The major components of this lease revenue include the annual lease payments and the Monthly Margin Payments (described in Note 2).

In conjunction with the Lease Agreement, Big Rivers expects to realize the minimum lease revenue for the years ending December 31, as follows:

Year	*Amount*
2007	$ 52,332
2008	52,332
2009	52,332
2010	52,332
2011	41,291
Thereafter	420,908
	$ 671,527

Utility Plant and Depreciation— Utility plant is recorded at original cost, which includes the cost of contracted services, materials, labor, overhead, and an allowance for borrowed funds used during construction. Replacements of depreciable property units, except minor replacements, are charged to utility plant.

Allowance for borrowed funds used during construction is included on projects with an estimated total cost of $250 or more before consideration of such allowance. The interest capitalized is determined by applying the effective rate of Big Rivers' weighted-average debt to the accumulated expenditures for qualifying projects included in construction in progress.

In accordance with the terms of the Lease Agreement, the Company generally records capital additions for Incremental Capital Costs and Nonincremental Capital Costs expenditures funded by E.ON U.S. (formerly LG&E Energy Corporation) as utility plant to which the Company maintains title. A corresponding obligation to E.ON U.S. is recorded for the estimated portion of these additions attributable to the Residual Value Payments (see Note 2). A portion of this obligation is amortized to lease revenue over the useful life of those assets during the remaining lease term. For the years ended December 31, 2006 and 2005, the Company has recorded $7,221 and $6,986, respectively, for such additions in utility plant. The Company has recorded $6,187, $5,969, and $5,077 in 2006, 2005, and 2004, respectively, as related lease revenue in the accompanying financial statements.

In accordance with the Lease Agreement, and in addition to the capital costs funded by E.ON U.S (see Note 2) that are recorded by the Company as utility plant and lease revenue, E.ON U.S also incurs certain Nonincremental Capital Costs and Major Capital Improvements (as defined in the Lease Agreement) for which they forego a Residual Value Payment by Big Rivers upon lease termination. Such amounts are not recorded as utility plant or lease revenue by the Company. At December 31, 2006, the cumulative Nonincremental Capital Costs amounted to $6,618 (unaudited).

E.ON U.S is also in the process of constructing a scrubber (Major Capital Improvement) on Big Rivers' Coleman plant. First operation at the Coleman units occurred in February 2006, while commercial acceptance is anticipated to occur in March 2007. The project is expected to be completed in the third quarter of 2007 at a cost of $98,000 (unaudited), none of which is expected to be recorded as utility plant or lease revenue.

Depreciation of utility plant in service is recorded using the straight-line method over the estimated remaining service lives, as approved by the RUS and KPSC. The annual composite depreciation rates used to compute depreciation expense were as follows:

Electric plant-leased	1.60%–2.47%
Transmission plant	1.76%–3.24%
General plant	1.11%–5.62%

For 2006, 2005, and 2004, the average composite depreciation rates were 1.86%, respectively. At the time plant is disposed of, the original cost plus cost of removal less salvage value of such plant is charged to accumulated depreciation, as required by the RUS.

Impairment Review of Long-Lived Assets— Long-lived assets are reviewed as facts and circumstances indicate that the carrying amount may be impaired. This review is performed in accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets.* SFAS No. 144 establishes one accounting model for all impaired long-lived assets and long-lived assets to be disposed of by sale or otherwise. SFAS No. 144 requires the evaluation for impairment involve the comparison of an asset's carrying value to the estimated future cash flows the asset is expected to generate over its remaining life. If this evaluation were to conclude that the carrying value of the asset is impaired, an impairment charge would be recorded based on the difference between the asset's carrying amount and its fair value (less costs to sell for assets to be disposed of by sale) as a charge to operations or discontinued operations.

Restricted Investments— Investments are restricted under contractual provisions related to the sale-leaseback transaction discussed in Note 4. These investments have been classified as held-to-maturity and are carried at amortized cost.

Cash and Cash Equivalents— Big Rivers considers all short-term, highly-liquid investments with original maturities of three months or less to be cash equivalents.

Income Taxes— As a taxable cooperative, Big Rivers is entitled to exclude the amount of patronage allocations to members from taxable income. Income and expenses related to nonmember operations are taxable to Big Rivers. Big Rivers and BRLC file a consolidated Federal income tax return and Big Rivers files a separate Kentucky income tax return.

Patronage Capital— As provided in the bylaws, Big Rivers accounts for each year's patronage-sourced income, both operating and nonoperating, on a patronage basis. Notwithstanding any other provision of the bylaws, the amount to be allocated as patronage capital for a given year shall not be less than the greater of regular taxable patronage-sourced income or alternative minimum taxable patronage-sourced income. During 2006, the Company made a patronage allocation to its three member distribution cooperatives in accordance with its bylaws of $8,602. During 2005, the Company was not required to make a patronage allocation to its three member cooperatives in accordance with its bylaws. In 2007, the Company anticipates making a patronage allocation to its members based on such calculations for tax year 2006 of approximately $27,760.

Derivatives— Management has reviewed the requirements of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended and interpreted, and has determined that all contracts meeting the definition of a derivative also qualify for the normal purchases and sales exception under SFAS No. 133. The Company has elected the Normal Purchase and Normal Sale exception for these contracts and, therefore, the contracts are not required to be recognized at fair value in the financial statements.

New Accounting Pronouncements— In June 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, an Interpretation of FASB Statement No. 109 ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the financial statements. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosures and transition. The cumulative effects, if any, of applying FIN 48 will be recorded as an adjustment to retained earnings as of the beginning of the period of adoption. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company is currently evaluating the effect that the adoption of FIN 48 will have on its results of operations and financial condition but has not yet determined the impact the adoption will have on the Company.

In September 2006, the FASB issued FASB Statement No. 157, *Fair Value Measurements* ("SFAS No. 157"). SFAS No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measures. It applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the effect that the adoption of SFAS No. 157 will have on its results of operations and financial condition and does not expect the adoption will have a significant impact on the Company.

In September 2006, the FASB issued FASB Statement No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* ("SFAS No. 158"). SFAS No. 158 improves financial reporting by requiring an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position and to recognize changes in the funded status in the year in which the change occurs through comprehensive income of a business entity. It also requires an employer to measure the funded status of a plan as of its year-end statement of financial position, with limited exceptions. SFAS No. 158 is effective for fiscal years ending after June 15, 2007. The Company is currently evaluating the effect that the adoption of SFAS No. 158 will have on its results of operations and financial condition but cannot readily determine whether the adoption will have a significant impact on the Company.

2. LG&E LEASE AGREEMENT

On July 15, 1998 ("Effective Date"), a lease was consummated ("Lease Agreement"), whereby Big Rivers leased its generating facilities to Western Kentucky Energy Corporation ("WKEC"), a wholly owned subsidiary of E.ON U.S. Pursuant to the Lease Agreement, WKEC operates the generating facilities and maintains title to all energy produced. Throughout the lease term, in order for Big Rivers to fulfill its obligation to supply power to its members, the Company purchases substantially all of its power requirements from LG&E Energy Marketing Corporation ("LEM"), a wholly owned subsidiary of E.ON U.S., pursuant to a power purchase agreement.

Big Rivers continues to operate its transmission facilities and charges LEM tariff rates for delivery of the energy produced by WKEC and consumed by LEM's customers. The significant terms of the Lease Agreement are as follows:

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

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

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

IV. On the Effective Date, Big Rivers received $69,100 representing certain closing payments and the first two years of the annual lease payments. In accordance with SFAS No. 13, *Accounting for Leases*, the Company amortizes these payments to revenue on a straight-line basis over the life of the lease.

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

VI. LEM will reimburse Big Rivers an additional $75,870 for the margins expected from the Aluminum Smelters through 2011, being defined as the net cash flows that Big Rivers anticipated receiving if the Company had continued to serve the Aluminum Smelters' load, as filed in the Rate Hearing (the "Monthly Margin Payments").

VII. WKEC is responsible for the operating costs of the generation facilities; however, Big Rivers is partially responsible for ordinary capital expenditures ("Nonincremental Capital Costs") for the generation facilities over the term of the Lease Agreement, generally up to predetermined annual amounts. This cumulative amount is not expected to exceed $148,000 over the entire 25 1/2 year Lease Agreement. At the end of the lease term, Big Rivers is obligated to fund a "Residual Value Payment" to E.ON U.S. for such capital additions during the lease, currently estimated to be $125,880 (see Note 1). Adjustments to the Residual Value Payment will be made based upon actual capital expenditures. Additionally, WKEC will make required capital improvements to the facilities to comply with a new law or a change to existing law ("Incremental Capital Costs") over the lease life (the Company is partially responsible for such costs: 20% through 2010) and the Company will be required to submit another Residual Value Payment to LEC for the undepreciated value of WKEC's 80% share of these costs, at the end of the lease, currently estimated to be $15,677. The Company will have title to these assets during the lease and upon lease termination.

VIII. Big Rivers entered into a note payable with LEM for $19,676 (the "LEM Settlement Note") to be repaid over the term of the Lease Agreement, which bears interest at 8% per annum, in consideration for LEM's assumption of the risk related to unforeseen costs with respect to power to be supplied to the Aluminum Smelters and the increased responsibility for financing capital improvements. The Company recorded this obligation as a component of deferred charges with the related payable recorded as long-term debt in the accompanying balance sheets. This deferred charge is being amortized on a straight-line basis over the lease term.

IX. On the Effective Date, Big Rivers paid a non-refundable marketing payment of $5,933 to LEM, which has been recorded as a component of deferred charges. This amount is being amortized on a straight-line basis over the lease term.

X. During the lease term, Big Rivers will be entitled to certain "billing credits" against amounts the Company owes LEM under the power purchase agreement. Each month during the first 55 months of the lease term, Big Rivers received a credit of $89. For the year 2011, Big Rivers will receive a credit of $2,611 and for the years 2012 through 2023, the Company will receive a credit of $4,111 annually.

In accordance with the power purchase agreement with LEM, the Company is allowed to purchase power in the open market rather than from LEM, incurring penalties when the power purchased from LEM does not meet certain minimum levels, and to sell excess power (power not needed to supply its jurisdictional load) in the open market (collectively referred to as "Arbitrage"). Pursuant to the New RUS Promissory Note and the RUS ARVP Note, the benefit, net of tax, as defined, derived from Arbitrage must be divided as follows: one-third, adjusted for capital expenditures, will be used to make principal payments on the New RUS Promissory Note; one-third will be used to make principal payments on the RUS ARVP Note; and the remaining value may be retained by the Company.

Management is of the opinion that the Company is in compliance with all covenants of the Lease Agreement.

3. UTILITY PLANT

At December 31, 2006 and 2005, utility plant is summarized as follows:

	2006	2005
Classified plant in service:		
Electric plant – leased	$ 1,506,822	$ 1,497,039
Transmission plant	208,760	202,925
General plant	15,581	14,819
Other	67	67
	1,731,230	1,714,850
Less accumulated depreciation	826,647	798,684
	904,583	916,166
Construction in progress	13,085	12,706
Utility plant - net	$ 917,668	$ 928,872

Interest capitalized for the years ended December 31, 2006, 2005, and 2004 was $236, $160, and $221, respectively.

The Company has not identified any material legal obligations, as defined in SFAS No. 143, *Accounting for Asset Retirement Obligations*, which was further interpreted by FASB Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations*. In accordance with regulatory treatment, the Company records an estimated net cost of removal of its utility plant through normal depreciation. As of December 31, 2006 and 2005, the Company had a regulatory liability of approximately $26,670 and $23,619, respectively, related to nonlegal removal costs included in accumulated depreciation.

4. SALE-LEASEBACK

On April 18, 2000, the Company completed a sale-leaseback of two of its utility plants, including the related facilities and equipment. The sale-leaseback provides Big Rivers a $1,089,000 fixed price purchase option, at the end of each lease term (25 and 27 years), which, together with future contractual interest receipts, will be fully funded.

This transaction has been recorded as a financing for financial reporting purposes and a sale for Federal income tax purposes. In connection therewith, Big Rivers received $866,676 of proceeds and incurred $791,626 of related obligations. Pursuant to a payment undertaking agreement with a financial institution, Big Rivers effectively extinguished $656,029 of these obligations with an equivalent portion of the proceeds. The Company also purchased investments with an initial value of $146,647 to fund the remaining $135,597 of the obligations. These amounts are reflected as restricted investments under long-term lease and obligations related to long-term lease in the accompanying balance sheets. Interest received and paid will be recorded to these accounts over the life of the lease. Currently, the Company is paying 7.57% interest on its obligations related to long-term lease and receiving 6.89% on its related investments. The Company made a $64,000 principal payment on the New RUS Promissory Note with the remaining proceeds. The $75,050 gain was deferred and will be amortized over the respective lease terms, of which the Company recognized $2,881, $2,856, and $2,824, in 2006, 2005, and 2004, respectively. Principal payments begin in 2009.

Amounts recognized in the statement of financial position related to the sale-leaseback as of December 31, 2006 and 2005, are as follows:

	2006	2005
Restricted investments under long-term lease	$ 186,690	$ 180,650
Obligations related to long-term lease	177,310	170,954
Deferred gain on sale-leaseback	56,380	59,262

Amounts recognized in the statement of operations related to the sale-leaseback for the years ended December 31, 2006, 2005, and 2004, are as follows:

	2006	2005	2004
Power contracts revenue (revenue discount adjustment, see Note 6)	$(3,680)	$(3,680)	$(3,680)
Interest on obligations related to long-term lease:			
Interest expense	12,386	11,965	11,548
Amortize gain on sale-leaseback	(2,881)	(2,856)	(2,823)
Net interest on obligations related to long-term lease	9,505	9,109	8,725
Interest income on restricted investments under long-term lease	12,069	11,670	11,278
Interest income and other (CoBank patronage allocation)	777	772	661

5. DEBT AND OTHER LONG-TERM OBLIGATIONS

A detail of long-term debt at December 31, 2006 and 2005, is as follows:

	2006	*2005*
New RUS Promissory Note, stated amount of $803,601, stated interest rate of 5.75%, with an interest rate of 5.81%, maturing July 2021	$ 799,789	$ 808,094
RUS ARVP Note, stated amount of $251,215, no stated interest rate, with interest imputed at 5.81%, maturing December 2023	94,391	90,347
LEM Settlement Note, interest rate of 8.0%, payable in monthly installments through July 2023	16,707	17,173
County of Ohio, Kentucky, promissory note, variable interest rate (average interest rate of 3.49% and 2.46% in 2006 and 2005 respectively), maturing in October 2022	83,300	83,300
County of Ohio, Kentucky, promissory note, variable interest rate (average interest rate of 3.49% and 2.46% in 2006 and 2005 respectively), maturing in June 2013	58,800	58,800
Total long-term debt	1,052,987	1,057,714
Current maturities	11,912	465
Voluntary prepayment	-	10,403
Total long-term debt – net of current maturities and prepayment	$1,041,075	$1,046,846

The following are scheduled maturities of long-term debt at December 31:

Year	*Amount*
2007	$ 11,912
2008	39,178
2009	39,230
2010	41,286
2011	47,345
Thereafter	874,036
	$ 1,052,987

RUS Notes— On July 15, 1998, Big Rivers recorded the New RUS Promissory Note and the RUS ARVP Note at fair value using the applicable market rate of 5.81%. The RUS Notes are collateralized by substantially all assets of the Company.

Pollution Control Bonds— The County of Ohio, Kentucky, issued $83,300 of Pollution Control Periodic Auction Rate Securities, Series 2001, the proceeds of which are supported by a promissory note from Big Rivers, which bears the same interest rate. These bonds bear interest at a variable rate and mature in October 2022.

The County of Ohio, Kentucky, issued $58,800 of Pollution Control Variable Rate Demand Bonds, Series 1983, the proceeds of which are supported by a promissory note from Big Rivers, which bears the same interest rate as the bonds. These bonds bear interest at a variable rate and mature in June 2013.

The Series 1983 bonds are supported by a liquidity facility issued by Credit Suisse First Boston, which was assigned to Dexia Credit in 2006. Both Series are supported by municipal bond insurance and surety policies issued by Ambac Assurance Corporation. Big Rivers has agreed to reimburse Ambac Assurance Corporation for any payments under the municipal bond insurance policies or the surety policies.

LEM Settlement Note— On the Effective Date, Big Rivers executed the Settlement Note with LEM. The Settlement Note requires Big Rivers to pay to LEM $19,676, plus interest at 8% per annum over the lease term. The principal and interest payment is approximately $1,822 annually. This payment is consideration for LEM's assumption of the risk related to unforeseen costs with respect to power to be supplied to the Aluminum Smelters and the increased responsibility for financing capital improvements.

Other Long-Term Obligations— During 1997, Big Rivers terminated two unfavorable coal contracts. In connection with that settlement, the Company paid $345, $351, and $351 during 2006, 2005, and 2004, respectively. At December 31, 2006, the Company has a remaining liability of $92 payable over the next two years, of which $47 is included in current maturities of long-term obligations.

Notes Payable— Notes payable represent the Company's borrowing on its line of credit with the National Rural Utilities Cooperative Finance Corporation. The maximum borrowing capacity on the line of credit is $15,000. There were no amounts outstanding on the line of credit at December 31, 2006. The line of credit bears interest at a variable rate. Each advance on the line of credit is payable within one year.

6. RATE MATTERS

The rates charged to Big Rivers' members consist of a demand charge per kW and an energy charge per kWh consumed as approved by the KPSC. The rates include specific rate designs for its members' two classes of customers, the large industrial customers and the rural customers under its jurisdiction. For the large industrial customers, the demand charge is generally based on each customer's maximum demand during the current month. The remaining customers demand charge is based upon the maximum coincident demand of each member's delivery points. The demand and energy charges are not subject to adjustments for increases or decreases in fuel or environmental costs. Big Rivers' current rates will remain in effect until changed by the KPSC.

Effective since September 1, 2000, the KPSC has approved Big Rivers' request for a $3,680 annual revenue discount adjustment for its members through August 31, 2006, effectively passing the benefit of the sale-leaseback transaction (see Note 4) to them. The extent to which Big Rivers requests KPSC approval to continue the adjustment depends upon its planned environmental compliance costs and its overall financial condition. In March 2007, Big Rivers plans to request the KPSC's approval to extend the adjustment through August 31, 2008.

7. INCOME TAXES

The components of the net deferred tax assets as of December 31, 2006 and 2005, were as follows:

	2006	*2005*
Deferred tax assets:		
Net operating loss carryforward	$68,696	$80,769
Alternative minimum tax credit carryforwards	4,790	4,283
Sale-leaseback	136,598	130,568
Other accruals	2,465	2,066
Total deferred tax assets	212,549	217,686
Deferred tax liabilities:		
Lease agreement	(21,270)	(15,395)
Fixed asset basis difference	(827)	(10,178)
Total deferred tax liabilities	(22,097)	(25,573)
Net deferred tax asset (pre-valuation allowance)	190,452	192,113
Valuation allowance	(185,662)	(187,830)
Net deferred tax asset	$4,790	$4,283

Big Rivers was formed as a tax-exempt cooperative organization described in Internal Revenue Code Section 501(c)(12). To retain tax-exempt status under this section, at least 85% of the Big Rivers' receipts must be generated from transactions with the Company's members. In 1983, sales to nonmembers resulted in Big Rivers failing to meet the 85% requirement. Until Big Rivers can meet the 85% member income requirement, the Company is a taxable cooperative. Big Rivers is also subject to Kentucky income tax.

Under the provisions of SFAS No. 109, *Accounting for Income Taxes*, Big Rivers is required to record deferred tax assets and liabilities for temporary differences between amounts reported for financial reporting purposes and amounts reported for income tax purposes. The Company has not recorded any income tax expense for the years ended December 31, 2006, 2005 and 2004 as the Company has utilized federal net operating losses to offset any taxable income during those years. Had the Company not had the benefit of a net operating loss carryforward, the Company would have recorded $10,599, $7,995, and $6,759 in current tax expense for the years ended December 31, 2006, 2005 and 2004, respectively. Deferred tax assets and liabilities are determined based upon these temporary differences using enacted tax rates for the year in which these differences are expected to reverse. Deferred income tax expense or benefit is based on the change in assets and liabilities from period to period, subject to an ongoing assessment of realization.

At December 31, 2006 and 2005, Big Rivers had a nonpatron net operating loss carryforward of approximately $167,551 and $196,998, respectively, for tax reporting purposes expiring through 2013, and an alternative minimum tax credit carryforward at December 31, 2006 and 2005, of approximately $4,790 and $4,283, respectively, which carries forward indefinitely.

Big Rivers has a net deferred tax asset, against which a valuation allowance has been provided, in part, based upon the fact that it is presently uncertain whether such asset will be realized. The resulting net deferred tax asset at December 31, 2006 and 2005, is approximately $4,790 and $4,283, respectively, which represents the alternative minimum tax credit carryforward, against which no allowance has been provided.

8. POWER PURCHASED

In accordance with the Lease Agreement, Big Rivers supplies all of the members' requirements for power to serve their customers, other than the Aluminum Smelters. Contract limits were established in the Lease Agreement and include minimum and maximum hourly and annual power purchase amounts. Big Rivers cannot reduce the contract limits by more than 12 MW in any year or by more than a total of 72 MW over the lease term. In the event Big Rivers fails to take the minimum requirement during any hour or year, Big Rivers is liable to LEM for a certain percentage of the difference between the amount of power actually taken and the applicable minimum requirement.

Although Big Rivers will be required by the Lease Agreement to purchase minimum hourly and annual amounts of power from LEM, the lease does not prevent Big Rivers from paying the associated penalty in certain hours to purchase lower cost power, if available, in the open market or reselling a portion of its purchased power to a third party. The power purchases made under this agreement for the years ended December 31, 2006, 2005, and 2004, were $97,999, $96,795, and $89,696, respectively, and are included in power purchased and interchanged on the statement of operations.

9. PENSION PLANS

Big Rivers has noncontributory defined benefit pension plans covering substantially all employees who meet minimum age and service requirements. The plans provide benefits based on the participants' years of service and the five highest consecutive years' compensation during the last ten years of employment. Big Rivers' policy is to fund such plans in accordance with the requirements of the Employee Retirement Income Security Act of 1974. The plans are measured as of December 31, 2006 and 2005.

At December 31, 2006 and 2005, the following is an assessment of the Company's noncontributory defined benefit pension plans:

	2006	*2005*
Projected benefit obligation	$(17,464)	$(16,550)
Fair value of plan assets	16,416	11,868
Funded status	$(1,048)	$(4,682)

The accumulated benefit obligation for all defined benefit pension plans was $12,421 and $11,426 at December 31, 2006 and 2005, respectively.

At December 31, 2006 and 2005, amounts recognized in the statement of financial position are as follows:

	2006	*2005*
Prepaid benefit cost	$3,520	$110
Accrued benefit liability	-	(108)
Net amount recognized	$ 3,520	$ 2

Net periodic pension costs, which are calculated based on actuarial assumptions at January 1, for the years ended December 31, 2006, 2005, and 2004, were as follows:

	2006	*2005*	*2004*
Benefit cost	$1,167	$1,158	$954
Employer contribution	4,684	921	843
Benefits paid or transferred	852	1,757	103

Assumptions used to develop the projected benefit obligation were as follows:

	2006	*2005*	*2004*
Discount rates	5.75 %	5.75 %	5.75 %
Rates of increase in compensation levels	4.00	4.00	4.00
Expected long-term rate of return on assets	7.25	7.25	7.50

The expected long-term rate of return on plan assets for determining net periodic pension cost for each fiscal year is chosen by the Company from a best estimate range determined by applying anticipated long-term returns and long-term volatility for various asset categories to the target asset allocation of the plans, as well as taking into account historical returns.

Using the asset allocation policy adopted by the Company noted in the paragraph below, we determined the expected rate of return at a 50% probability of achievement level based on (a) forward-looking rate of return expectations for passively-managed asset categories over a 20 year time horizon and (b) historical rates of return for passively-managed asset categories. Applying an approximately 80%/20% weighting to the rates determined in (a) and (b), respectively, produced an expected rate of return of 7.28%, which was rounded to 7.25%.

The general investment objectives are to invest in a diversified portfolio, comprised of both equity and fixed income investments, which are further diversified among various asset classes. The diversification is designed to minimize the risk of large losses while maximizing total return within reasonable and prudent levels of risk. The investment objectives specify a targeted investment allocation for the pension plans of up to 55% equities. The remaining 45% may be allocated among fixed income or cash equivalent investments. Objectives do not target a specific return by asset class. These investment objectives are long-term in nature. As of December 31, 2006 and 2005, the investment allocation was 0% and 56%, respectively, in equities and 100% and 44%, respectively, in fixed income. This temporary departure from the above investment objectives reflects the process of transferring to a new investment advisor.

Expected retiree pension benefit payments projected to be required during the years following 2006 are as follows:

Years ending December 31	*Amount*
2007	$ 488
2008	1,104
2009	803
2010	1,346
2011	1,220
2012-2016	12,343
	$ 17,304

In 2007, the Company expects to contribute $1,111 to its pension plan trusts.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of cash and cash equivalents, accounts receivable, and accounts payable approximate fair value due to their short maturity.

The fair value of restricted investments is determined based upon quoted market prices and rates. The carrying value of the investments is recorded at accreted value and the terms of the investment are within Note 4. The estimated fair values of the restricted investments are as follows:

	2006		*2005*	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Restricted investments	$186,690	$233,418	$180,650	$236,571

It was not practical to estimate the fair value of patronage capital included within other deposits and investments due to these being untraded companies.

It was not practical to estimate the fair value of long-term debt due to Big Rivers' inability to obtain long-term debt from outside parties.

11. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

Big Rivers provides certain postretirement medical benefits for retired employees and their spouses. As of July 1, 2001, Big Rivers pays 85% of the cost from age 62 to 65 for all retirees. For salaried employees who retired prior to December 31, 1993, Big Rivers pays 100% of Medicare supplemental costs. For salaried employees who retire after December 31, 1993, Big Rivers pays 25% plus $25 per month of the Medicare supplemental costs.

On December 8, 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Medicare Act") was enacted. The Medicare Act created Medicare Part D, a new prescription drug benefit that is available to all Medicare-eligible individuals, effective January 1, 2006. National Rural Electric Cooperative Association ("NRECA"), the provider of Big Rivers' health plan coverage through the NRECA Group Benefits Trust, chose to become a Medicare Part D provider. Effective January 1, 2006, Part D coverage is the only drug coverage available to Big Rivers' Medicare-eligible retirees.

The discount rate used in computing the postretirement obligation was 5.75% for 2006 and 2005. A health care cost trend rate of 9% in 2006 declining to 5.5% in 2011 was utilized.

An assessment of the Company's postretirement plan at December 31, 2006 and 2005, is as follows:

	2006	*2005*
Total benefit obligation	$ (2,695)	$ (3,339)
Unfunded accrued postretirement cost	(3,787)	(3,755)

The components of net periodic postretirement benefit costs for the years ended December 31, 2006, 2005, and 2004, which are calculated based on actuarial assumptions at January 1, were as follows:

	2006	*2005*	*2004*
Benefit cost	$ 241	$ 286	$ 310
Benefits paid	171	216	188

Expected retiree benefit payments projected to be required during the years following 2006 are as follows:

Year	*Amount*
2007	$ 153
2008	142
2009	162
2010	184
2011	199
2012-2016	1,246
	$ 2,086

In addition to the postretirement plan discussed above, in 1992 Big Rivers began a postretirement benefit plan which vests a portion of accrued sick leave benefits to salaried employees upon retirement or death. To the extent an employee's sick leave hour balance exceeds 480 hours, such excess hours are paid at 20% of the employee's base hourly rate at the time of retirement or death. The accumulated obligation recorded for the postretirement sick leave benefit is $294 and $270 at December 31, 2006 and 2005, respectively. The postretirement expense recorded was $44, $27, and $28 for 2006, 2005, and 2004, respectively, and the benefits paid were $20, $16, and $-0- for 2006, 2005, and 2004 respectively.

12. BENEFIT PLAN – 401(K)

Big Rivers has two defined contribution retirement plans covering bargaining and salaried employees. Big Rivers matches up to 60% of the first 6% of eligible employees' wages contributed. Employees generally become vested in Company matching contributions based upon years of service as follows:

Years of Vesting Service	*Vested Percentage*
1	20%
2	.40
3	.60
4	.80
5 or more	100

Employees are also permitted to make pre-tax contributions of up to 75% of eligible wages. Big Rivers' expense under this plan was $193, $178, and $168 for the years ended December 31, 2006, 2005, and 2004, respectively.

13. RELATED-PARTIES

For the years ended December 31, 2006, 2005, and 2004 Big Rivers had tariff sales to its members of $108,737, $109,439, and $105,004, respectively. In addition, for the years ended December 31, 2006, 2005, and 2004, Big Rivers had certain sales to Kenergy for the Aluminum Smelters and Weyerhaeuser loads of $57,374, $46,372, and $43,017, respectively.

At December 31, 2006 and 2005, Big Rivers had accounts receivable from its members of $13,015 and $12,872, respectively.

In October 2005, Big Rivers made a lump sum payment of $221 to Kenergy for the lease of office space in a building owned by Kenergy. The charge for the lump sum payment was deferred and is being amortized over the life of the agreement.

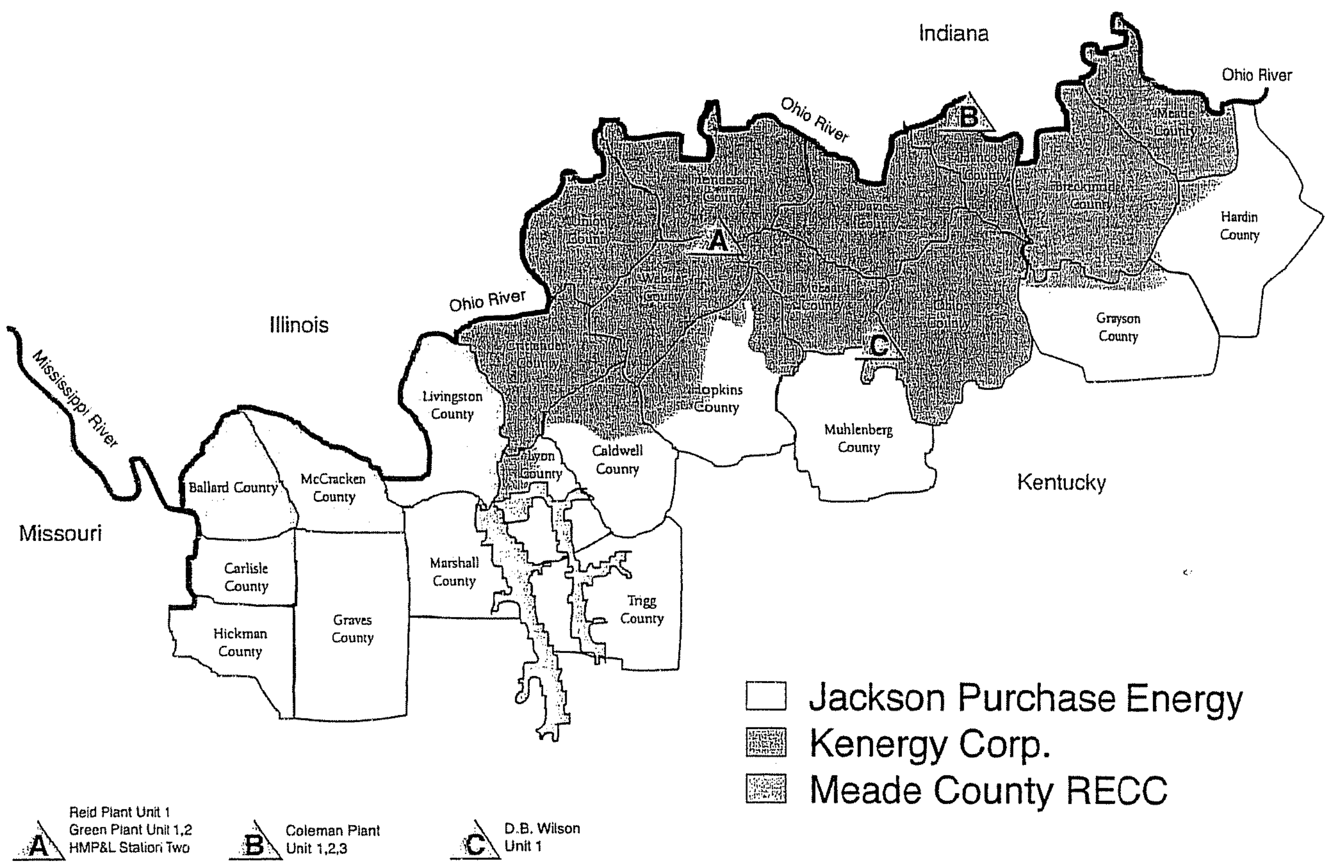
14. COMMITMENTS AND CONTINGENCIES

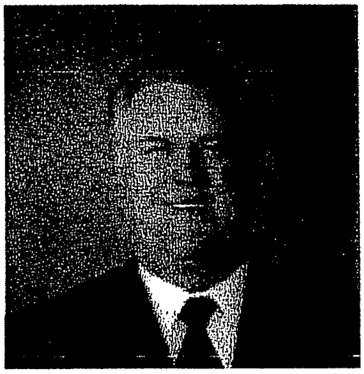
Big Rivers is involved in litigation arising in the normal course of business. While the results of such litigation cannot be predicted with certainty, management, based upon advice of counsel, believes that the final outcome will not have a material adverse effect on the financial statements.

14. SUBSEQUENT EVENT

The Big Rivers board of directors adopted resolutions on February 23, 2007, authorizing management, among other things, to execute a Transaction Termination Agreement Among Big Rivers Electric Corporation, LG&E Energy Marketing Inc., and Western Kentucky Energy Corp. (the "Termination Agreement"). The Termination Agreement establishes the terms on which Big Rivers, on the one hand, and LG&E Energy Marketing Inc. and Western Kentucky Energy Corp. on the other hand, agree to terminate a series of contractual relationships established in 1998 under which, among other things, LG&E Energy Marketing Inc. and Western Kentucky Energy Corp. currently lease and operate the generating units owned or previously operated by Big Rivers, and sell power to Big Rivers to use in meeting the requirements of its system. Those resolutions additionally authorize management to sign various agreements under which Big Rivers agrees to sell its member, Kenergy Corp., 850 MW in the aggregate for resale to Alcan Primary Products Corporation and Century Aluminum of Kentucky General Partnership, contingent upon the closing of the transaction contemplated in the Termination Agreement.

System Map





Kelly Nuckols, President & CEO
Jackson Purchase Energy Corporation

JACKSON PURCHASE ENERGY CORPORATION

(270) 442-7321
www.JPEnergy.com

Serves: Ballard, Carlisle, Graves, Livingston, Marshall and McCracken

Headquartered:	Paducah, KY
Number of members:	28,569
Miles of Line:	3,221

Mark Bailey, President & CEO
Kenergy Corp.

KENERGY CORP.

(270) 826-3991
www.kenergycorp.com

Serves: Breckinridge, Daviess, Caldwell, Crittenden, Hancock, Henderson, Hopkins, Livingston, Lyon, McLean, Muhlenberg, Ohio, Union and Webster

Headquartered:	Henderson, KY
Number of Members:	54,252
Miles of Line:	6,915

Burns Mercer, President & CEO
Meade County RECC

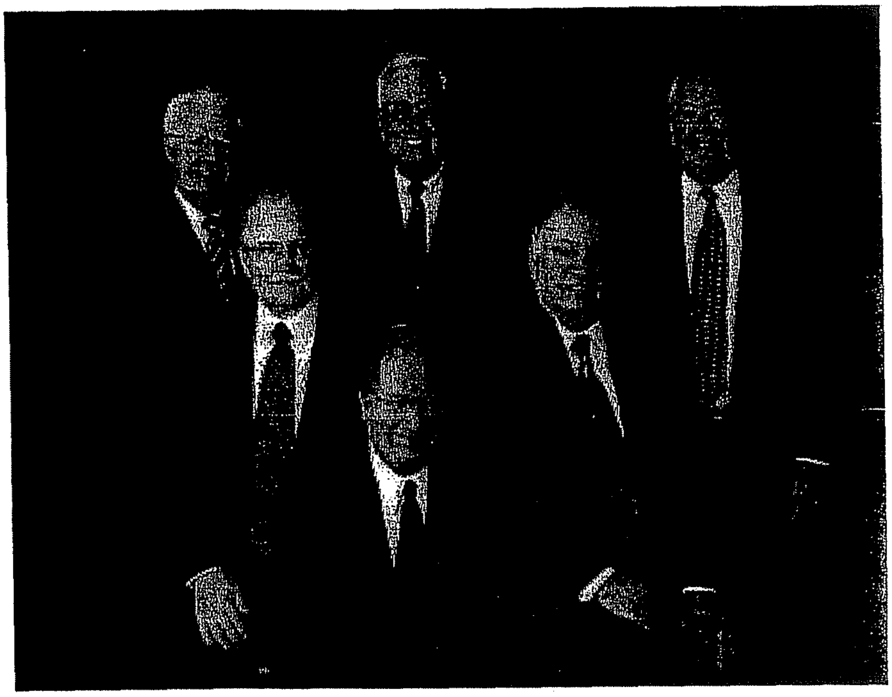
MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

(270) 422-2162
www.mcrecc.coop

Serves: Breckinridge, Grayson, Hancock, Hardin, Meade and Ohio

Headquartered:	Brandenburg, KY
Number of Members:	27,500
Miles of Line:	2,914

Board of Directors



Standing (left to right):

- Paul Edd Butler
  Meade Co RECC
- John Myers, Secretary-Treasurer
  Jackson Purchase Energy
- Dr. James Sills, Vice-Chair
  Meade Co RECC

Seated (left to right):

- Lee Bearden
  Jackson Purchase Energy
- William Denton, Chair
  Kenergy Corp.
- Larry Elder
  Kenergy Corp.

Management Team

Standing (left to right):

- James Miller
  Corporate Counsel
- Travis Housley
  V.P. Special Projects
- David Crockett
  V.P. System Operations
- James Haner
  V.P. Administrative Services
- C. William Blackburn
  V.P. Financial Services
  Chief Financial Officer
  Acting V.P. Power Supply

Seated (left to right):

- David Spainhoward
  V.P. External Relations
  Interim Chief Production Officer
- Michael Core
  President & CEO
- Paula Mitchell
  Executive Assistant

Corporate Directory

PRESIDENT'S OFFICE

- **Mike Core, President & CEO**

ADMINISTRATIVE SERVICES

- **James Haner, Vice President**

CORPORATE COUNSEL

- **James Miller**

EXTERNAL RELATIONS

- **David Spainhoward, Vice President and Interim Chief Production Officer**
- Russ Pogue, Manager Marketing & Member Relations
- Mike Thompson, Manager Technical Support: Power Production

FINANCIAL SERVICES

- **Bill Blackburn, Vice President and Chief Financial Officer**
- Ralph Ashworth, Manager Accounting
- Dave Titzer, Manager Information Systems

POWER SUPPLY

- **Bill Blackburn, Acting Vice President**
- Michael Mattox, Manager Resource Plannning
- Bill Yeary, Manager Energy Marketing

SYSTEM OPERATIONS

- **David Crockett, Vice President**
- Tim Tapp, Manager Transmission System
- Glen Thweatt, Manager Engineering & Energy Control

SPECIAL PROJECTS

- **Travis Housley, Vice President**

Five Year Review

Big Rivers Electric Corporation

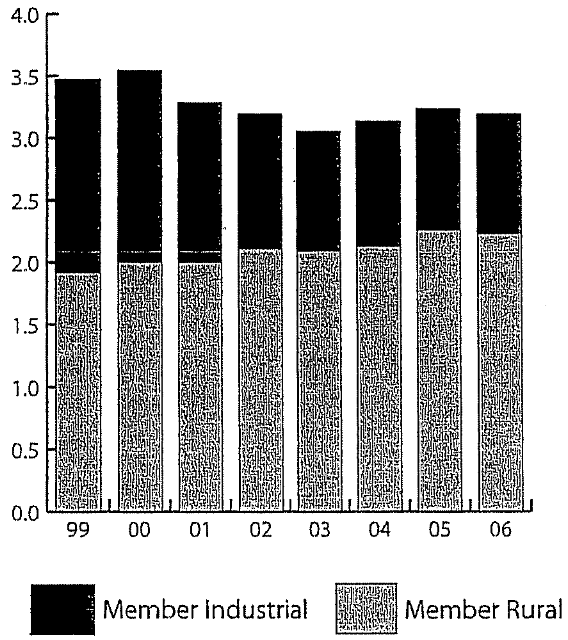
Years Ended December 31 | (Dollars in thousands)

	2006	2005	2004	2003	2002
SUMMARY OF OPERATIONS					
Operating Revenue:					
Power Contracts Revenue	$ 200,692	$ 191,280	$ 175,777	$ 162,432	$ 146,548
Lease Revenue	57,896	57,675	56,753	53,040	51,094
Total Operating Revenue	258,588	248,955	232,530	215,472	197,642
Operating Expenses:					
Power Purchased	114,516	114,500	106,099	96,577	85,722
Transmission and Other	21,684	20,309	18,674	17,383	14,669
Maintenance	3,652	3,195	2,597	2,617	3,100
Depreciation	30,408	30,192	29,732	28,257	27,745
Total Operating Expenses	170,260	168,196	157,102	144,834	131,236
Interest Expense and Other:					
Interest	60,754	59,639	56,923	57,645	59,801
Interest on Obligations Related to Long-Term Lease	9,505	9,109	8,725	8,355	8,003
Other-net	111	124	158	136	147
Total Interest Expense & Other	70,370	68,872	65,806	66,136	67,951
Operating Margin	17,958	11,887	9,622	4,502	(1,545)
Non-Operating Margin	16,584	14,456	12,403	13,847	11,600
NET MARGIN	$ 34,542	$ 26,343	$ 22,025	$ 18,349	$ 10,055
SUMMARY OF ASSETS					
Utility Plant in Service	$1,731,229	$1,714,850	$1,698,519	$1,639,755	$1,551,313
Construction Work in Progress	13,085	12,706	15,068	61,504	104,898
Total Utility Plant	1,744,314	1,727,556	1,713,587	1,701,259	1,656,211
Accumulated Depreciation	826,646	798,684	772,938	754,301	734,076
Net Utility Plant	$ 917,668	$ 928,872	$ 940,649	$ 946,958	$ 922,135
TOTAL ASSETS	$1,254,389	$1,225,980	$1,220,640	$1,182,856	$1,164,532
ENERGY SALES - MWh					
Member Rural	2,231,554	2,262,698	2,132,801	2,089,688	2,114,691
Member Large Industrial	956,502	971,243	997,202	962,670	1,077,322
Other	2,062,286	2,021,365	1,868,657	1,508,516	1,042,496
Total Energy Sales	5,250,342	5,255,306	4,998,660	4,560,874	4,234,509
PURCHASED ENERGY - MWh					
LG&E Energy Marketing	4,980,506	4,947,727	4,623,620	4,106,024	3,862,970
Southeastern Power Administration	242,099	296,982	270,762	250,043	287,318
Other	71,533	60,169	156,665	260,474	139,591
Total Energy Purchased	5,294,138	5,304,878	5,051,047	4,616,541	4,289,879
NET CAPACITY - MW					
Net Generating Capacity Owned*	1,459	1,459	1,459	1,459	1,459
Rights to HMP&L Station Two*	217	217	217	217	218
Other Net Capacity Available	178	178	178	178	178

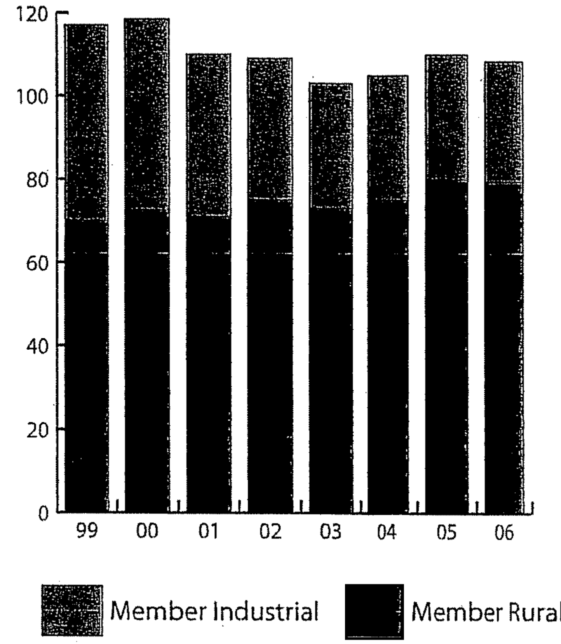
**Big Rivers owns its 1,459 megawatts of electric generating facilities and it has rights to the HMP&L Station Two facility. All of these facilities and rights have been leased to certain affiliates of the E.ON U.S. Parties.*

Energy Sales and Revenue

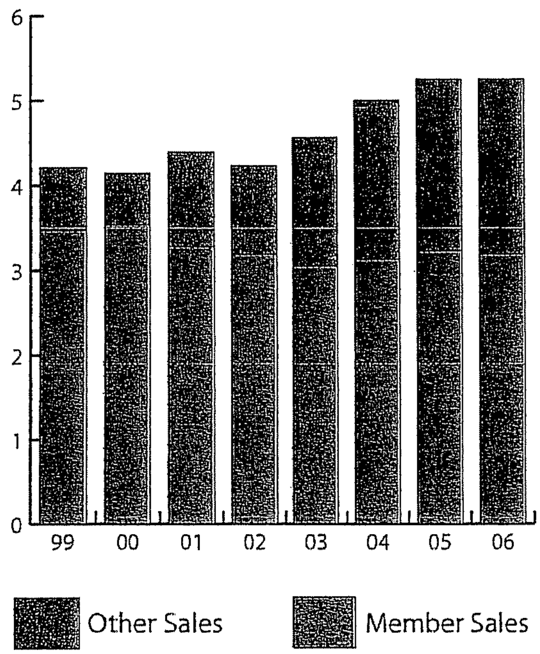
Energy Sales to Members
in millions of MWhs



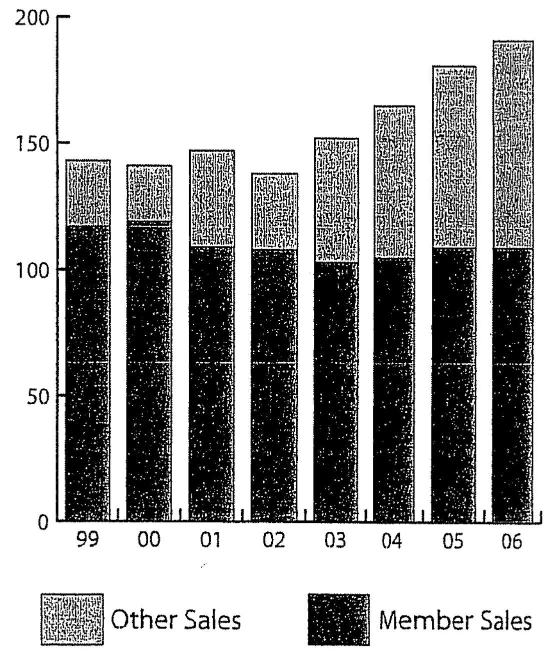
Energy Revenue from Members
in millions of dollars

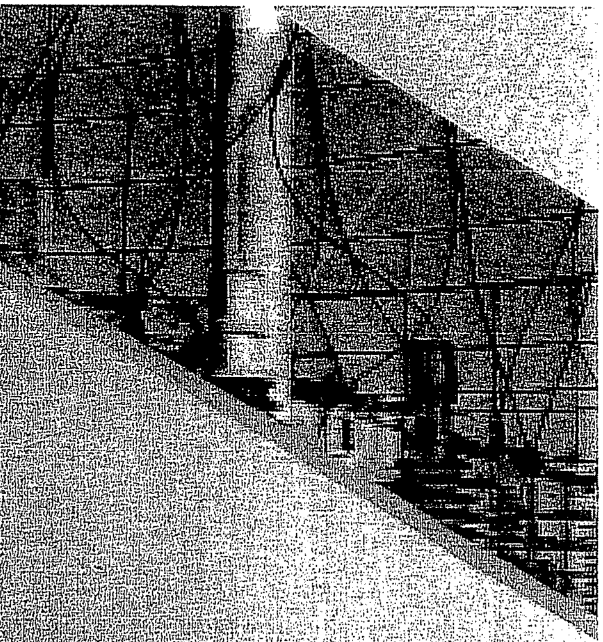


Total Energy Sales
in millions of MWhs



Total Energy Revenue
in millions of dollars





Big Rivers Electric Corporation

Your Touchstone Energy® Cooperative

201 Third Street
Henderson, KY 42420
(270) 827-2561
www.bigrivers.com

Big Rivers Electric Corporation
Case No. 2009-00040
Historical Test Period Filing Requirements

EXHIBIT 35

Filing Requirement
807 KAR 5:001 Section 10(6)(r)
Sponsoring Witness: C. William Blackburn

Description of Filing Requirement:

The monthly managerial reports providing financial results of operations for the twelve (12) months in the test period.

Response:

See attached.

RUS FORM 12

MONTH ENDING

NOVEMBER 30, 2008

1 OF 13

Big Rivers
Electric Corporation

201 Third Street
P.O. Box 24
Henderson, KY 42419-0024
270-827-2561
www.bigrivers.com

December 22, 2008

Mr. Victor T. Vu
Director, Power Supply Division
USDA/RUS
1400 Independence Avenue, SW, Stop 1568
Washington, DC 20250 1568

RE: RUS Form 12

Dear Mr. Vu:

At this time, Big Rivers is encountering difficulties with submitting its electronic filing of the RUS Form 12 via the RDUP Data Collection System (DCS).

Big Rivers has been instructed to provide RUS with a manually prepared Form 12 until the DCS can allow the Form 12b, c, and i to be filed electronically. Therefore, please find enclosed the printed Form 12 for the month ending November 30, 2008.

In addition, a copy of this Form 12 filing has been mailed to each of the parties listed below.

If you have any questions, please contact Ralph A. Ashworth, Manager of Accounting, at (270) 827-2561.

Sincerely,
BIG RIVERS ELECTRIC CORPORATION

C. William Blackburn

C. William Blackburn
Vice President and CFO

ems
Enclosures

C: Big Rivers' Board of Directors
Chairman – Kentucky Public Service Commission
Ms. Joyce Spear – Kentucky Public Service Commission
James M. Miller, Esq. – Sullivan, Mountjoy, Stainback & Miller, P.S.C.
Mr. Sandy Novick – Kenergy
Mr. Burns Mercer – Meade County R.E.C.C.
Mr. G. Kelly Nuckols – Jackson Purchase Energy Corporation
Ms. Lori J Falconer EP-MN-WS3C – U.S. Bank National Association
Mr. John List - NRUCFC
Mr. Nathan Burns – Reliant Energy
Mr. Mark Glotfelty – Goldman, Sachs & Co.
Vice President, Leasing – Bluegrass Leasing, c/o Philip Morris Capital Corp.
Vice President, Energy & Water Dept. – CoBank, ACB
Mr. Philip G. Kane Jr. – U. S. Bank National Association
Ms. Suk-Ling Ng – U. S. Bank National Association
Ms. Connie Vergara – Dexia Credit Local, New York
Mr. Dennis M. Pidherny – Global Utilities - AMBAC
Mr. Ryan Baynes – Midwest ISO

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 November, 2008
INSTRUCTIONS - Submit an original and two copies to RUS or file electronically. For detailed instructions, see RUS Bulletin 1717B-3.	BORROWER NAME Big Rivers Electric Corporation
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.	

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.

Mark A. Bailey 12/22/08
DATE

RUS Form 12

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **OPERATING REPORT - FINANCIAL**	BORROWER DESIGNATION KY0062 PERIOD ENDED November, 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	240,635,879	187,286,581	171,296,351	15,758,231
2. Income From Leased Property (Net)	27,002,189	26,922,161	26,959,596	2,396,737
3. Other Operating Revenue and Income	8,905,197	9,348,954	8,780,632	888,919
4. **TOTAL OPER. REVENUES & PATRONAGE CAPITAL** *(1 thru 3)*	276,543,265	223,557,696	207,036,579	19,043,887
5. Operating Expense - Production - Excluding Fuel				
6. Operating Expense - Production - Fuel				
7. Operating Expense - Other Power Supply	154,845,829	103,029,745	98,122,910	8,966,831
8. Operating Expense - Transmission	8,491,485	6,576,164	6,390,149	516,808
9. Operating Expense - Distribution				
10. Operating Expense - Customer Accounts				
11. Operating Expense - Customer Service & Information	566,539	627,035	691,354	55,062
12. Operating Expense - Sales	508,777	515,089	753,562	62,129
13. Operating Expense - Administrative & General	12,158,717	15,621,346	13,128,818	1,116,610
14. **TOTAL OPERATION EXPENSE** *(5 thru 13)*	176,571,347	126,369,379	119,086,793	10,717,440
15. Maintenance Expense - Production				
16. Maintenance Expense - Transmission	3,282,916	3,350,340	3,678,551	139,069
17. Maintenance Expense - Distribution				
18. Maintenance Expense - General Plant	379,064	195,445	373,285	5,164
19. **TOTAL MAINTENANCE EXPENSE** *(15 thru 18)*	3,661,980	3,545,785	4,051,836	144,233
20. Depreciation and Amortization Expense	4,642,051	4,702,394	4,932,797	439,806
21. Taxes	989,648	1,023,897	1,020,547	92,777
22. Interest on Long-Term Debt	67,945,519	69,181,973	67,669,607	5,983,223
23. Interest Charged to Construction - Credit	(333,410)	(480,111)	(760,470)	(31,017)
24. Other Interest Expense	25,840	7,457	15,510	330
25. Asset Retirement Obligations				
26. Other Deductions	(2,559,827)	(1,401,620)	(2,425,999)	343,344
27. **TOTAL COST OF ELECTRIC SERVICE** *(14 + 19 thru 26)*	250,943,148	202,949,154	193,590,621	17,690,136
28. **OPERATING MARGINS** *(4 less 27)*	25,600,117	20,608,542	13,445,958	1,353,751
29. Interest Income	17,646,955	11,927,610	17,634,894	67,776
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	786,062	791,430	778,506	1,771
35. Extraordinary Items				
36. **NET PATRONAGE CAPITAL OR MARGINS** (28 thru 35)	44,033,134	33,327,582	31,859,358	1,423,298

RUS Form 12a

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **OPERATING REPORT - FINANCIAL**	BORROWER DESIGNATION KY0062 PERIOD ENDED November, 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	1,763,852,827	32. Memberships	75
2. Construction Work in Progress	24,939,129	33. Patronage Capital	
3. **TOTAL UTILITY PLANT** *(1 + 2)*	1,788,791,956	a Assigned and Assignable	
4. Accum. Provision for Depreciation and Amort.	877,406,098	b Retired This year c Retired Prior years	
5. **NET UTILITY PLANT** *(3 - 4)*	911,385,858	d Net Patronage Capital	
6. Non-Utility Property (Net)		34. Operating Margins - Prior Years	(264,435,083)
7. Investments in Subsidiary Companies		35. Operating Margin - Current Year	21,399,972
8. Invest. in Assoc. Org. - Patronage Capital	3,384,781	36. Non-Operating Margins	97,781,594
9. Invest. in Assoc. Org. - Other - General Funds	684,993	37. Other Margins and Equities	4,444,502
10. Invest. in Assoc. Org. - Other - Nongeneral Funds		38. **TOTAL MARGINS & EQUITIES** *(32 + 33d thru 37)*	(140,808,940)
11. Investments in Economic Development Projects	10,000	39. Long-Term Debt - RUS (Net)	828,691,308
		40. Long-Term Debt - FFB - RUS Guaranteed	
		41. Long-Term Debt - Other - RUS Guaranteed	
12. Other Investements	5,334	42. Long-Term Debt - Other (Net)	169,598,014
13. Special Funds	497,103	43. Long-Term Debt - RUS - Econ. Devel. (Net)	
14. **TOTAL OTHER PROPERTY AND INVESTMENTS** *(6 thru 13)*	4,582,211	44. Payments - Unapplied	
		45. **TOTAL LONG-TERM DEBT** *(39 thru 43 - 44)*	998,289,322
15. Cash - General Funds	52,229	46. Obligations Under Capital Leases - Noncurrent	
16. Cash - Construction Funds - Trustee			
17. Special Deposits	569,779	47. Accumulated Operating Provisions and Asset Retirement Obligations	3,498,828
18. Temporary Investments	34,939,746		
19. Notes Receivable (Net)		48. **TOTAL OTHER NONCURRENT LIABILITIES** *(46 +47)*	3,498,828
20. Accounts Receivable - Sales of Energy (Net)	16,525,975	49. Notes Payable	
21. Accounts Receivable - Other (Net)	2,557,736	50. Accounts Payable	12,699,394
22. Fuel Stock		51. Current Maturities Long-Term Debt	39,387,229
23. Materials and Supplies - Other	685,331	52. Current Maturities Long-Term Debt - Rural Development	
24. Prepayments	3,931,415		
25. Other Current and Accrued Assets	551,014	53. Current Maturities Capital Leases	
26. **TOTAL CURRENT AND ACCRUED ASSESTS** *(15 thru 25)*	59,813,225	54. Taxes Accrued	805,592
		55. Interest Accrued	7,872,071
27. Unamortized Debt Discount & Extraor. Prop. Losses	739,786	56. Other Current and Accrued Liabilities	1,765,587
28. Regulatory Assets		57. **TOTAL CURRENT & ACCRUED LIABILITIES** *(49 thru 56)*	
29. Other Deferred Debits	94,253,483		62,529,873
30. Accumulated Deferred Income Taxes	6,332,491	58. Deferred Credits	153,597,971
31. **TOTAL ASSESTS AND OTHER DEBITS** *(5+14+26 thru 30)*		59. Accumulated Deferred Income Taxes	
	1,077,107,054	60. **TOTAL LIABILITES AND OTHER CREDITS** *(38 + 45 + 48 + 57 thru 59)*	1,077,107,054

USDA-RUS **FINANCIAL AND STATISTICAL REPORT** *INSTRUCTIONS - See RUS Bulletin 1717B-3*	BORROWER DESIGNATION KY0062 PERIOD ENDED November, 2008

SECTION C. Notes to Financial Statements

Footnote to RUS Form 12b

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

RUS Form 12b SE **11/30/08**
Operating Report **Page1**
Sales of Electricity

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	130	142	124
3	Meade County Rural ECC	RQ	KY0018	88	93	86
4	Kenergy Corporation	RQ	KY0065	351	364	352
5	Kenergy Corporation	IF	KY0065			
6	Kenergy Corporation	LF	KY0065			
7						
8	Associated Electric Coop	OS	MO0073			
9	East Kentucky Power Coop	OS	KY0059			
10	Oglethorpe Power	OS	GA0109			
11	PowerSouth Energy Coop	OS	AL0042			
11						
12	Cargill-Alliant	OS				
13	Constellation Power Source	OS				
14	Eagle Energy Partners	OS				
15	LG&E Energy Marketing	OS				
16	Louisville Gas & Electric	OS				
17	Midwest Independent Trans.	OS				
18	Morgan Stanley	OS				
19	PJM Interconnection	OS				
20	Southern Company Services	OS				
21	Tenaska Power Services	OS				
22	Tennessee Valley Authority	OS				
23	The Energy Authority	OS				

Total for Ultimate Consumer(s)			0	0	0
Total for Distribution Borrowers			569	599	562
Total for G&T Borrowers			0	0	0
Total for Others			0	0	0
Grand Total			569	599	562

RUS Form 12b SE **11/30/08**
Operating Report **Page 2**
Sales of Electricity

Sale No.	Electricity Sold (g)	Revenue Demand (h)	Revenue Energy (I)	Revenue Other (j)	Revenue Total (h+I+j+k)
1					
2	642,439	10,177,111	12,983,125		23,160,236
3	424,515	6,769,479	8,660,175		15,429,654
4	1,928,792	30,970,945	33,781,153		64,752,098
5	17,513		907,273		907,273
6	969,150		46,403,210		46,403,210
7					
8	2,394		153,135		153,135
9	5,790		372,612		372,612
10	19,746		1,068,080		1,068,080
11	3,765		141,950		141,950
11					
12	86,827		4,305,631		4,305,631
13	74,942		3,786,694		3,786,694
14	94,990		4,862,944		4,862,944
15	93,123		5,146,499		5,146,499
16	166		14,668		14,668
17	109,269		5,676,354		5,676,354
18	7,050		287,325		287,325
19	73,070		3,267,006		3,267,006
20	104,483		4,763,185		4,763,185
21	227		9,905		9,905
22	33,586		1,998,610		1,998,610
23	16,210		779,512		779,512

	-	-	-	-	-
	3,982,409	47,917,535	102,734,936	-	150,652,471
	31,695	-	1,735,777	-	1,735,777
	693,943	-	34,898,333	-	34,898,333
	4,708,047	47,917,535	139,369,046	-	187,286,581

000009

RUS Form 12b PP
Operating Report
Purchased Power

11/30/08
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	Constellation Energy Commodities	OS				
5	Eagle Energy Partners	OS				
6	Fortis	OS				
7	LG&E Energy Marketing	RQ				
8	Midwest Independent Trans.	OS				
9	Reliant Energy Services, Inc	SF				
10	Southeastern Power Admin	LF		178		
11	Southern Company Services	OS				
12	Southern Illinois Power Coop	OS				
13	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 **11/30/08**
Operating Report **Page 2**
Purchased Power

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	8,041				442,255		442,255
2							
3	2,437				170,880		170,880
4	225				20,025		20,025
5	85				4,755		4,755
6	(25)				(946)		(946)
7	4,514,248				91,180,968		91,180,968
8	571				41,325		41,325
9	7,645				1,590,932		1,590,932
10	204,700			2,792,385	2,492,697		5,285,082
11	35				2,030		2,030
12	20,401				999,649		999,649
13	41				2,740		2,740

	8,041	-	-	-	442,255	-	442,255
	4,750,363	-	-	2,792,385	96,505,055	-	99,297,440
	4,758,404	-	-	2,792,385	96,947,310	-	99,739,695

RUS Form 12c **11/30/08**
Operating Report
Sources and Distribution of Energy

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			4,758,404	99,739,695
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)			4,758,404	
DISTRIBUTION OF ENERGY				
16 TOTAL Sales			4,708,047	
17 Energy Furnished to Others Without Charge				
18 Energy Used by Borrower				
19 TOTAL Energy Accounted For (Sum of lines 16 thru 18)			4,708,047	
LOSSES				
20 Energy Losses - MWh (Line 15 minus 19)			50,357	
21 Energy Losses - Percentage ((Line 20 divided by line 15)*100)			1.06	

RUS Form 12i 11/30/08

OPERATING REPORT - LINES AND STATIONS

SECTION A. EXPENSE AND COSTS

	ITEM	Account Number	LINES (a)	STATIONS (b)
	TRANSMISSION OPERATION			
1	Supervision and Engineering	560	362,124	314,701
2	Load Dispatching	561	1,201,847	
3	Station Expenses	562		868,312
4	Overhead Line Expenses	563	930,147	
5	Underground Line Expenses	564		
6	Miscellaneous Expenses	566	185,604	218,397
7	**SUBTOTAL (1 thru 6)**		2,679,722	1,401,410
8	Transmission of Electricity by Others	565	2,472,389	
9	Rents	567		22,643
10	**TOTAL TRANSMISSION OPERATION (7 THRU 9)**		5,152,111	1,424,053
	TRANSMISSION MAINTENANCE			
11	Supervision and Engineering	568	231,140	267,355
12	Structures	569		35,760
13	Station Equipment	570		1,440,718
14	Overhead Lines	571	1,291,713	
15	Underground Lines	572		
16	Miscellaneous Transmission Plant	573	32,217	51,437
17	**TOTAL TRANSMISSION MAINTENANCE (11 THRU 16)**		1,555,070	1,795,270
18	**TOTAL TRANSMISSION EXPENSE (10 + 17)**		6,707,181	3,219,323
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)**		6,707,181	3,219,323
	FIXED COSTS			
23	Depreciation - Transmission	403.5	2,142,379	2,299,545
24	Depreciation - Distribution	403.6		
25	Interest - Transmission	427	3,414,562	4,125,544
26	Interest - Distribution	427		
27	**TOTAL TRANSMISSION (18 + 23 + 25)**		12,264,122	9,644,412
28	**TOTAL DISTRIBUTION (21 + 24 + 26)**		-	-
29	**TOTAL LINES AND STATIONS (27 + 28)**		12,264,122	9,644,412

SECTION B. FACILITIES IN SERVICE

TRANSMISSION LINES			SUBSTATIONS	
	VOLTAGE (KV)	MILES	TYPE	CAPACITY (kVA)
1	69 KV	825.41	13. Distr. Lines	
2	345 KV	67.40		
3	138 KV	14.40	14. Total (12 + 13)	1,242.61
4	161 KV	335.40		
5			15. Stepup at Generating Plants	1,879,800
6				
7			16. Transmission	3,540,000
8				
9			17. Distribution	
10				
11			18. Total (15 thru 17)	5,419,800
12	TOTAL (1 thru 11	1,242.61		

SECTION C. LABOR AND MATERIAL SUMMARY

1. NUMBER OR EMPLOYEES		48
ITEM	LINES	STATIONS
2. Oper. Labor	1,597,548	765,944
3 Maint Labor	844,184	1,234,077
4. Oper. Material	3,554,563	658,109
5. Maint. Materia	710,886	561,193

SECTION D. OUTAGES

1. TOTAL	417,963.00
2. Avg. No. Dist. Cons. Served	110,585.00
3. Avg No. Hours Out Per Cons.	3.78

RUS FORM 12

MONTH ENDING

OCTOBER 31, 2008

Big Rivers
Electric Corporation

201 Third Street
P.O. Box 24
Henderson, KY 42419-0024
270-827-2561
www.bigrivers.com

November 20, 2008

Mr. Victor T. Vu
Director, Power Supply Division
USDA/RUS
1400 Independence Avenue, SW, Stop 1568
Washington, DC 20250 1568

RE: RUS Form 12

Dear Mr. Vu:

At this time, Big Rivers is encountering difficulties with submitting its electronic filing of the RUS Form 12 via the RDUP Data Collection System (DCS).

Big Rivers has been instructed to provide RUS with a manually prepared Form 12 until the DCS can allow the Form 12b, c, and i to be filed electronically. Therefore, please find enclosed the printed Form 12 for the month ending October 31, 2008.

In addition, a copy of this Form 12 filing has been mailed to each of the parties listed below.

If you have any questions, please contact Ralph A. Ashworth, Manager of Accounting, at (270) 827-2561.

Sincerely,
BIG RIVERS ELECTRIC CORPORATION

C. William Blackburn

C. William Blackburn
Vice President and CFO

ems
Enclosures

000002

C: Big Rivers' Board of Directors
Chairman – Kentucky Public Service Commission
Ms. Joyce Spear – Kentucky Public Service Commission
James M. Miller, Esq. – Sullivan, Mountjoy, Stainback & Miller, P.S.C.
Mr. Sandy Novick – Kenergy
Mr. Burns Mercer – Meade County R.E.C.C.
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Mr. Philip G. Kane Jr. – U. S. Bank National Association
Ms. Suk-Ling Ng – U. S. Bank National Association
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Mr. Dennis M. Pidherny – Global Utilities - AMBAC
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UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE	BORROWER DESIGNATION KY0062
OPERATING REPORT - FINANCIAL	PERIOD ENDED October, 2008
INSTRUCTIONS - Submit an original and two copies to RUS or file electronically. For detailed instructions, see RUS Bulletin 1717B-3.	BORROWER NAME Big Rivers Electric Corporation
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.	

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.

Mark A. Bailey 11/20/08
DATE

RUS Form 12

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **OPERATING REPORT - FINANCIAL**	BORROWER DESIGNATION KY0062 PERIOD ENDED October, 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	219,356,848	171,528,350	156,864,663	16,319,414
2. Income From Leased Property (Net)	24,622,954	24,525,424	24,556,748	2,401,377
3. Other Operating Revenue and Income	8,117,713	8,460,035	7,969,630	907,660
4. **TOTAL OPER. REVENUES & PATRONAGE CAPITAL** *(1 thru 3)*	252,097,515	204,513,809	189,391,041	19,628,451
5. Operating Expense - Production - Excluding Fuel				
6. Operating Expense - Production - Fuel				
7. Operating Expense - Other Power Supply	142,031,449	94,062,914	90,372,991	8,914,991
8. Operating Expense - Transmission	7,546,217	6,059,356	5,849,991	747,736
9. Operating Expense - Distribution				
10. Operating Expense - Customer Accounts				
11. Operating Expense - Customer Service & Information	523,400	571,973	632,268	85,441
12. Operating Expense - Sales	434,762	452,960	696,144	152,682
13. Operating Expense - Administrative & General	11,026,930	14,504,737	12,214,306	1,501,765
14. **TOTAL OPERATION EXPENSE** *(5 thru 13)*	161,562,758	115,651,940	109,765,700	11,402,615
15. Maintenance Expense - Production				
16. Maintenance Expense - Transmission	3,044,512	3,211,271	3,413,488	306,833
17. Maintenance Expense - Distribution				
18. Maintenance Expense - General Plant	369,749	190,280	365,347	13,479
19. **TOTAL MAINTENANCE EXPENSE** *(15 thru 18)*	3,414,261	3,401,551	3,778,835	320,312
20. Depreciation and Amortization Expense	4,178,345	4,262,588	4,463,391	427,312
21. Taxes	899,680	931,120	927,770	92,777
22. Interest on Long-Term Debt	61,841,794	63,198,749	61,414,917	4,893,072
23. Interest Charged to Construction - Credit	(278,682)	(449,094)	(728,520)	(28,256)
24. Other Interest Expense	24,515	7,127	14,090	614
25. Asset Retirement Obligations				
26. Other Deductions	(2,329,739)	(1,744,963)	(2,209,262)	340,618
27. **TOTAL COST OF ELECTRIC SERVICE** *(14 + 19 thru 26)*	229,312,932	185,259,018	177,426,921	17,449,064
28. **OPERATING MARGINS** *(4 less 27)*	22,784,583	19,254,791	11,964,120	2,179,387
29. Interest Income	16,056,724	11,859,835	16,093,003	44,250
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	786,063	789,659	778,506	0
35. Extraordinary Items				
36. **NET PATRONAGE CAPITAL OR MARGINS** (28 thru 35)	39,627,370	31,904,285	28,835,629	2,223,637

RUS Form 12a

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **OPERATING REPORT - FINANCIAL**	BORROWER DESIGNATION KY0062 PERIOD ENDED October, 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	1,763,157,086	32. Memberships	75
2. Construction Work in Progress	25,756,711	33. Patronage Capital	
3. **TOTAL UTILITY PLANT** *(1 + 2)*	1,788,913,797	a Assigned and Assignable	
4. Accum. Provision for Depreciation and Amort.	877,966,966	b Retired This year	
		c Retired Prior years	
5. **NET UTILITY PLANT** *(3 - 4)*	910,946,831	d Net Patronage Capital	
6. Non-Utility Property (Net)		34. Operating Margins - Prior Years	(264,435,083)
7. Investments in Subsidiary Companies		35. Operating Margin - Current Year	20,044,450
8. Invest. in Assoc. Org. - Patronage Capital	3,383,010	36. Non-Operating Margins	97,713,818
9. Invest. in Assoc. Org. - Other - General Funds	684,993	37. Other Margins and Equities	4,444,502
10. Invest. in Assoc. Org. - Other - Nongeneral Funds		38. **TOTAL MARGINS & EQUITIES** *(32 + 33d thru 37)*	(142,232,238)
		39. Long-Term Debt - RUS (Net)	828,794,925
11. Investments in Economic Development Projects	10,000	40. Long-Term Debt - FFB - RUS Guaranteed	
		41. Long-Term Debt - Other - RUS Guaranteed	
12. Other Investements	5,334	42. Long-Term Debt - Other (Net)	169,648,748
13. Special Funds	496,277	43. Long-Term Debt - RUS - Econ. Devel. (Net)	
14. **TOTAL OTHER PROPERTY AND INVESTMENTS** *(6 thru 13)*	4,579,614	44. Payments - Unapplied	
		45. **TOTAL LONG-TERM DEBT** *(39 thru 43 - 44)*	998,443,673
15. Cash - General Funds	6,066	46. Obligations Under Capital Leases - Noncurrent	
16. Cash - Construction Funds - Trustee			
17. Special Deposits	568,950	47. Accumulated Operating Provisions and Asset Retirement Obligations	3,488,902
18. Temporary Investments	31,938,313		
19. Notes Receivable (Net)		48. **TOTAL OTHER NONCURRENT LIABILITIES** *(46 + 47)*	3,488,902
20. Accounts Receivable - Sales of Energy (Net)	17,061,673	49. Notes Payable	
21. Accounts Receivable - Other (Net)	2,304,760	50. Accounts Payable	11,937,262
22. Fuel Stock		51. Current Maturities Long-Term Debt	39,383,341
23. Materials and Supplies - Other	727,414	52. Current Maturities Long-Term Debt - Rural Development	
24. Prepayments	4,093,109		
25. Other Current and Accrued Assets	505,698	53. Current Maturities Capital Leases	
26. **TOTAL CURRENT AND ACCRUED ASSESTS** *(15 thru 25)*	57,205,983	54. Taxes Accrued	603,564
		55. Interest Accrued	4,521,611
27. Unamortized Debt Discount & Extraor. Prop. Losses	744,179	56. Other Current and Accrued Liabilities	1,790,838
28. Regulatory Assets		57. **TOTAL CURRENT & ACCRUED LIABILITIES** *(49 thru 56)*	58,236,616
29. Other Deferred Debits	94,681,319		
30. Accumulated Deferred Income Taxes	6,255,000	58. Deferred Credits	156,475,973
31. **TOTAL ASSESTS AND OTHER DEBITS** *(5+14+26 thru 30)*	1,074,412,926	59. Accumulated Deferred Income Taxes	
		60. **TOTAL LIABILITES AND OTHER CREDITS** *(38 + 45 + 48 + 57 thru 59)*	1,074,412,926

USDA-RUS **FINANCIAL AND STATISTICAL REPORT** *INSTRUCTIONS - See RUS Bulletin 1717B-3*	BORROWER DESIGNATION KY0062 PERIOD ENDED October, 2008

SECTION C. Notes to Financial Statements

Footnote to RUS Form 12b SE

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

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RUS Form 12b SE **10/31/08**
Operating Report **Page1**
Sales of Electricity

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	131	143	125
3	Meade County Rural ECC	RQ	KY0018	88	93	86
4	Kenergy Corporation	RQ	KY0065	353	365	353
5	Kenergy Corporation	IF	KY0065			
6	Kenergy Corporation	LF	KY0065			
7						
8	Associated Electric Coop	OS	MO0073			
9	East Kentucky Power Coop	OS	KY0059			
10	Oglethorpe Power	OS	GA0109			
11	PowerSouth Energy Coop	OS	AL0042			
11						
12	Cargill-Alliant	OS				
13	Constellation Power Source	OS				
14	Eagle Energy Partners	OS				
15	LG&E Energy Marketing	OS				
16	Louisville Gas & Electric	OS				
17	Midwest Independent Trans.	OS				
18	Morgan Stanley	OS				
19	PJM Interconnection	OS				
20	Southern Company Services	OS				
21	Tennessee Valley Authority	OS				
22	The Energy Authority	OS				

Total for Ultimate Consumer(s)			0	0	0
Total for Distribution Borrowers			572	601	564
Total for G&T Borrowers			0	0	0
Total for Others			0	0	0
Grand Total			572	601	564

RUS Form 12b SE
Operating Report
Sales of Electricity

10/31/08
Page 2

Sale No.	Electricity Sold (g)	Revenue Demand (h)	Revenue Energy (I)	Revenue Other (j)	Revenue Total (h+I+j+k)
1					
2	587,797	9,284,032	11,878,758		21,162,790
3	385,160	6,105,353	7,857,316		13,962,669
4	1,760,461	28,150,157	30,836,114		58,986,271
5	16,778		890,870		890,870
6	866,837		41,477,935		41,477,935
7					
8	2,394		153,135		153,135
9	5,790		372,612		372,612
10	19,696		1,065,380		1,065,380
11	3,765		141,950		141,950
11					
12	86,504		4,292,761		4,292,761
13	66,787		3,485,893		3,485,893
14	94,990		4,862,944		4,862,944
15	93,123		5,146,499		5,146,499
16	166		14,668		14,668
17	106,867		5,547,767		5,547,767
18	7,050		287,325		287,325
19	63,462		2,918,119		2,918,119
20	86,841		4,098,069		4,098,069
21	32,249		1,946,794		1,946,794
22	14,746		713,899		713,899

	-	-	-	-	-
	3,617,033	43,539,542	92,940,993	-	136,480,535
	31,645	-	1,733,077	-	1,733,077
	652,785	-	33,314,738	-	33,314,738
	4,301,463	43,539,542	127,988,808	-	171,528,350

RUS Form 12b PP
Operating Report
Purchased Power

10/31/08
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	Constellation Energy Commodities	OS				
5	Eagle Energy Partners	OS				
6	Fortis	OS				
7	LG&E Energy Marketing	RQ				
8	Midwest Independent Trans.	OS				
9	Reliant Energy Services, Inc	SF				
10	Southeastern Power Admin	LF		178		
11	Southern Illinois Power Coop	OS				
12	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

10/31/08
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	7,320				402,600		402,600
2							
3	2,437				170,880		170,880
4	225				20,025		20,025
5	85				4,755		4,755
6	(25)				(946)		(946)
7	4,107,609				82,997,071		82,997,071
8	571				41,325		41,325
9	7,441				1,489,281		1,489,281
10	201,403			2,531,447	2,450,924		4,982,371
11	20,401				999,649		999,649
12	41				2,740		2,740

	7,320	-	-	-	402,600	-	402,600
	4,340,188	-	-	2,531,447	88,175,704	-	90,707,151
	4,347,508	-	-	2,531,447	88,578,304	-	91,109,751

RUS Form 12c
Operating Report
Sources and Distribution of Energy

10/31/08

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			4,347,508	91,109,751
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)			4,347,508	
DISTRIBUTION OF ENERGY				
16 TOTAL Sales			4,301,463	
17 Energy Furnished to Others Without Charge				
18 Energy Used by Borrower				
19 TOTAL Energy Accounted For (Sum of lines 16 thru 18)			4,301,463	
LOSSES				
20 Energy Losses - MWh (Line 15 minus 19)			46,045	
21 Energy Losses - Percentage ((Line 20 divided by line 15)*100)			1.06	

RUS Form 12i **10/31/08**

OPERATING REPORT - LINES AND STATIONS

SECTION A. EXPENSE AND COSTS				
	ITEM	Account Number	LINES (a)	STATIONS (b)
	TRANSMISSION OPERATION			
1	Supervision and Engineering	560	334,690	286,450
2	Load Dispatching	561	1,118,899	
3	Station Expenses	562		795,765
4	Overhead Line Expenses	563	852,963	
5	Underground Line Expenses	564		
6	Miscellaneous Expenses	566	173,678	208,176
7	**SUBTOTAL (1 thru 6)**		2,480,230	1,290,391
8	Transmission of Electricity by Others	565	2,268,151	
9	Rents	567		20,584
10	**TOTAL TRANSMISSION OPERATION (7 THRU 9)**		4,748,381	1,310,975
	TRANSMISSION MAINTENANCE			
11	Supervision and Engineering	568	212,671	245,710
12	Structures	569		35,497
13	Station Equipment	570		1,430,892
14	Overhead Lines	571	1,207,054	
15	Underground Lines	572		
16	Miscellaneous Transmission Plant	573	29,459	49,988
17	**TOTAL TRANSMISSION MAINTENANCE (11 THRU 16)**		1,449,184	1,762,087
18	**TOTAL TRANSMISSION EXPENSE (10 + 17)**		6,197,565	3,073,062
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)**		6,197,565	3,073,062
	FIXED COSTS			
23	Depreciation - Transmission	403.5	1,936,658	2,090,134
24	Depreciation - Distribution	403.6		
25	Interest - Transmission	427	3,067,461	3,721,181
26	Interest - Distribution	427		
27	**TOTAL TRANSMISSION (18 + 23 + 25)**		11,201,684	8,884,377
28	**TOTAL DISTRIBUTION (21 + 24 + 26)**		-	-
29	**TOTAL LINES AND STATIONS (27 + 28)**		11,201,684	8,884,377

SECTION B. FACILITIES IN SERVICE					SECTION C. LABOR AND MATERIAL SUMMARY		
TRANSMISSION LINES			SUBSTATIONS		1. NUMBER OR EMPLOYEES		50
	VOLTAGE (KV)	MILES	TYPE	CAPACITY (kVA)	ITEM	LINES	STATIONS
1	69 KV	825.41	13. Distr. Lines		2. Oper. Labor	1,468,389	697,929
2	345 KV	67.40					
3	138 KV	14.40	14. Total (12 + 13)	1,242.61	3. Maint Labor	761,390	1,159,679
4	161 KV	335.40					
5			15. Stepup at	1,879,800	4. Oper. Material	3,279,992	613,046
6			Generating Plants				
7			16. Transmission	3,540,000	5. Maint. Materia	687,794	602,408
8							
9			17. Distribution		SECTION D. OUTAGES		
10					1. TOTAL		410,375.30
11			18. Total		2. Avg. No. Dist. Cons. Served		110,585.00
12	TOTAL (1 thru 11	1,242.61	(15 thru 17)	5,419,800	3. Avg No. Hours Out Per Cons.		3.71

RUS FORM 12

MONTH ENDING

SEPTEMBER 30, 2008

Big Rivers
Electric Corporation

201 Third Street
P.O. Box 24
Henderson, KY 42419-0024
270-827-2561
www.bigrivers.com

October 20, 2008

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Director, Power Supply Division
USDA/RUS
1400 Independence Avenue, SW, Stop 1568
Washington, DC 20250 1568

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If you have any questions, please contact Ralph A. Ashworth, Manager of Accounting, at (270) 827-2561.

Sincerely,
BIG RIVERS ELECTRIC CORPORATION

C. William Blackburn by Ralph A. Ashworth

C. William Blackburn
Vice President and CFO

ems
Enclosures

000002

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OPERATING REPORT - FINANCIAL	PERIOD ENDED September, 2008
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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.

[signature] 10-17-08
DATE

RUS Form 12

000004

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **OPERATING REPORT - FINANCIAL**	BORROWER DESIGNATION KY0062 PERIOD ENDED September, 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	199,315,413	155,208,936	140,528,234	16,818,937
2. Income From Leased Property (Net)	22,339,262	22,124,047	22,110,541	2,375,427
3. Other Operating Revenue and Income	7,320,392	7,552,375	7,172,013	790,955
4. **TOTAL OPER. REVENUES & PATRONAGE CAPITAL** *(1 thru 3)*	228,975,067	184,885,358	169,810,788	19,985,319
5. Operating Expense - Production - Excluding Fuel				
6. Operating Expense - Production - Fuel				
7. Operating Expense - Other Power Supply	129,655,597	85,147,924	81,988,797	8,896,398
8. Operating Expense - Transmission	6,705,954	5,311,620	5,262,290	580,085
9. Operating Expense - Distribution				
10. Operating Expense - Customer Accounts				
11. Operating Expense - Customer Service & Information	458,293	486,532	564,819	45,672
12. Operating Expense - Sales	410,270	300,278	647,976	136,252
13. Operating Expense - Administrative & General	9,906,808	13,002,971	11,040,056	1,063,890
14. **TOTAL OPERATION EXPENSE** *(5 thru 13)*	147,136,922	104,249,325	99,503,938	10,722,297
15. Maintenance Expense - Production				
16. Maintenance Expense - Transmission	2,783,034	2,904,439	3,092,824	336,515
17. Maintenance Expense - Distribution				
18. Maintenance Expense - General Plant	334,438	176,801	340,519	3,370
19. **TOTAL MAINTENANCE EXPENSE** *(15 thru 18)*	3,117,472	3,081,240	3,433,343	339,885
20. Depreciation and Amortization Expense	3,758,293	3,835,276	3,997,430	426,449
21. Taxes	809,712	838,343	834,993	92,777
22. Interest on Long-Term Debt	55,660,841	58,305,677	55,376,237	5,911,985
23. Interest Charged to Construction - Credit	(231,013)	(420,838)	(692,260)	(52,667)
24. Other Interest Expense	23,078	6,512	12,670	595
25. Asset Retirement Obligations				
26. Other Deductions	(2,093,864)	(2,085,581)	(2,004,684)	(236,111)
27. **TOTAL COST OF ELECTRIC SERVICE** *(14 + 19 thru 26)*	208,181,441	167,809,954	160,461,667	17,205,210
28. **OPERATING MARGINS** *(4 less 27)*	20,793,626	17,075,404	9,349,121	2,780,109
29. Interest Income	14,416,738	11,815,585	14,484,072	1,043,187
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	786,062	789,659	778,506	2,422
35. Extraordinary Items				
36. **NET PATRONAGE CAPITAL OR MARGINS** (28 thru 35)	35,996,426	29,680,648	24,611,699	3,825,718

RUS Form 12a

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **OPERATING REPORT - FINANCIAL**	BORROWER DESIGNATION KY0062 PERIOD ENDED September, 2008
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SECTION B. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	1,760,734,955	32. Memberships	75
2. Construction Work in Progress	26,857,708	33. Patronage Capital	
3. **TOTAL UTILITY PLANT** *(1 + 2)*	1,787,592,663	a Assigned and Assignable	
4. Accum. Provision for Depreciation and Amort.	875,905,861	b Retired This year	
		c Retired Prior years	
5. **NET UTILITY PLANT** *(3 - 4)*	911,686,802	d Net Patronage Capital	
6. Non-Utility Property (Net)		34. Operating Margins - Prior Years	(264,435,083)
7. Investments in Subsidiary Companies		35. Operating Margin - Current Year	17,865,063
8. Invest. in Assoc. Org. - Patronage Capital	3,383,010	36. Non-Operating Margins	97,669,568
9. Invest. in Assoc. Org. - Other - General Funds	684,993	37. Other Margins and Equities	4,444,502
10. Invest. in Assoc. Org. - Other - Nongeneral Funds		38. **TOTAL MARGINS & EQUITIES** *(32 + 33d thru 37)*	(144,455,875)
		39. Long-Term Debt - RUS (Net)	842,245,050
11. Investments in Economic Development Projects	10,000	40. Long-Term Debt - FFB - RUS Guaranteed	
		41. Long-Term Debt - Other - RUS Guaranteed	
12. Other Investements	5,334	42. Long-Term Debt - Other (Net)	165,624,619
13. Special Funds	509,862	43. Long-Term Debt - RUS - Econ. Devel. (Net)	
14. **TOTAL OTHER PROPERTY AND INVESTMENTS** *(6 thru 13)*	4,593,199	44. Payments - Unapplied	
		45. **TOTAL LONG-TERM DEBT** *(39 thru 43 - 44)*	1,007,869,669
15. Cash - General Funds	6,055	46. Obligations Under Capital Leases - Noncurrent	
16. Cash - Construction Funds - Trustee			
17. Special Deposits	568,094	47. Accumulated Operating Provisions and Asset Retirement Obligations	3,444,495
18. Temporary Investments	45,056,367		
19. Notes Receivable (Net)		48. **TOTAL OTHER NONCURRENT LIABILITIES** *(46 + 47)*	3,444,495
20. Accounts Receivable - Sales of Energy (Net)	18,019,363	49. Notes Payable	
21. Accounts Receivable - Other (Net)	1,202,877	50. Accounts Payable	13,308,622
22. Fuel Stock		51. Current Maturities Long-Term Debt	43,453,538
23. Materials and Supplies - Other	725,766	52. Current Maturities Long-Term Debt - Rural Development	
24. Prepayments	4,177,276		
25. Other Current and Accrued Assets	676,393	53. Current Maturities Capital Leases	
26. **TOTAL CURRENT AND ACCRUED ASSESTS** *(15 thru 25)*	70,432,191	54. Taxes Accrued	391,448
		55. Interest Accrued	8,845,381
27. Unamortized Debt Discount & Extraor. Prop. Losses	748,719	56. Other Current and Accrued Liabilities	1,762,725
28. Regulatory Assets		57. **TOTAL CURRENT & ACCRUED LIABILITIES** *(49 thru 56)*	67,761,714
29. Other Deferred Debits	95,170,957		
30. Accumulated Deferred Income Taxes	6,255,000	58. Deferred Credits	154,266,865
31. **TOTAL ASSESTS AND OTHER DEBITS** *(5+14+26 thru 30)*	1,088,886,868	59. Accumulated Deferred Income Taxes	
		60. **TOTAL LIABILITES AND OTHER CREDITS** *(38 + 45 + 48 + 57 thru 59)*	1,088,886,868

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USDA-RUS **FINANCIAL AND STATISTICAL REPORT** *INSTRUCTIONS - See RUS Bulletin 1717B-3*	BORROWER DESIGNATION KY0062 PERIOD ENDED September, 2008

SECTION C. Notes to Financial Statements

Footnote to RUS Form 12b SE

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

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RUS Form 12b SE
Operating Report
Sales of Electricity

09/30/08
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	134	146	127
3	Meade County Rural ECC	RQ	KY0018	90	95	89
4	Kenergy Corporation	RQ	KY0065	357	370	357
5	Kenergy Corporation	IF	KY0065			
6	Kenergy Corporation	LF	KY0065			
7						
8	Associated Electric Coop	OS	MO0073			
9	East Kentucky Power Coop	OS	KY0059			
10	Oglethorpe Power	OS	GA0109			
11	PowerSouth Energy Coop	OS	AL0042			
11						
12	Cargill-Alliant	OS				
13	Constellation Power Source	OS				
14	Eagle Energy Partners	OS				
15	LG&E Energy Marketing	OS				
16	Louisville Gas & Electric	OS				
17	Midwest Independent Trans.	OS				
18	Morgan Stanley	OS				
19	PJM Interconnection	OS				
20	Southern Company Services	OS				
21	Tennessee Valley Authority	OS				
22	The Energy Authority	OS				

Total for Ultimate Consumer(s)			0	0	0
Total for Distribution Borrowers			581	611	573
Total for G&T Borrowers			0	0	0
Total for Others			0	0	0
Grand Total			581	611	573

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RUS Form 12b SE
Operating Report
Sales of Electricity

09/30/08
Page 2

Sale No.	Electricity Sold (g)	Revenue Demand (h)	Revenue Energy (I)	Revenue Other (j)	Revenue Total (h+I+j+k)
1					
2	540,260	8,526,552	10,917,666		19,444,218
3	354,491	5,567,403	7,231,660		12,799,063
4	1,598,059	25,524,979	28,056,843		53,581,822
5	16,136		881,512		881,512
6	760,445		36,266,905		36,266,905
7					
8	2,394		153,135		153,135
9	5,590		365,112		365,112
10	18,937		1,023,743		1,023,743
11	965		38,550		38,550
11					
12	84,304		4,193,461		4,193,461
13	63,289		3,362,250		3,362,250
14	94,990		4,862,944		4,862,944
15	80,406		4,591,456		4,591,456
16	166		14,668		14,668
17	100,480		5,072,025		5,072,025
18	7,050		287,325		287,325
19	55,538		2,573,725		2,573,725
20	64,751		3,191,579		3,191,579
21	32,004		1,936,092		1,936,092
22	11,761		569,350		569,350

	-	-	-	-	-
	3,269,391	39,618,934	83,354,586	-	122,973,520
	27,886	-	1,580,540	-	1,580,540
	594,739	-	30,654,875	-	30,654,875
	3,892,016	39,618,934	115,590,001	-	155,208,935

RUS Form 12b PP
Operating Report
Purchased Power

09/30/08
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	Constellation Energy Commodities	OS				
5	Eagle Energy Partners	OS				
6	Fortis	OS				
7	LG&E Energy Marketing	RQ				
8	Midwest Independent Trans.	OS				
9	Reliant Energy Services, Inc	SF				
10	Southeastern Power Admin	LF		178		
11	Southern Illinois Power Coop	OS				
12	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 **09/30/08**
Operating Report **Page 2**
Purchased Power

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	6,576				361,680		361,680
2							
3	2,437				170,880		170,880
4	225				20,025		20,025
5	85				4,755		4,755
6	(25)				(946)		(946)
7	3,698,402				74,795,350		74,795,350
8	571				41,325		41,325
9	7,116				1,380,691		1,380,691
10	197,749			2,348,433	2,404,628		4,753,061
11	20,401				999,649		999,649
12	41				2,740		2,740

	6,576	-	-	-	361,680	-	361,680
	3,927,002	-	-	2,348,433	79,819,097	-	82,167,530
	3,933,578	-	-	2,348,433	80,180,777	-	82,529,210

RUS Form 12c **09/30/08**
Operating Report
Sources and Distribution of Energy

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			3,933,578	82,529,210
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)			3,933,578	
DISTRIBUTION OF ENERGY				
16 TOTAL Sales			3,892,016	
17 Energy Furnished to Others Without Charge				
18 Energy Used by Borrower				
19 TOTAL Energy Accounted For (Sum of lines 16 thru 18)			3,892,016	
LOSSES				
20 Energy Losses - MWh (Line 15 minus 19)			41,562	
21 Energy Losses - Percentage ((Line 20 divided by line 15)*100)			1.06	

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RUS Form 12i 09/30/08

OPERATING REPORT - LINES AND STATIONS

SECTION A. EXPENSE AND COSTS

	ITEM	Account Number	LINES (a)	STATIONS (b)
	TRANSMISSION OPERATION			
1	Supervision and Engineering	560	298,021	254,310
2	Load Dispatching	561	845,968	
3	Station Expenses	562		712,458
4	Overhead Line Expenses	563	763,670	
5	Underground Line Expenses	564		
6	Miscellaneous Expenses	566	159,663	195,542
7	**SUBTOTAL (1 thru 6)**		2,067,322	1,162,310
8	Transmission of Electricity by Others	565	2,063,462	
9	Rents	567		18,526
10	**TOTAL TRANSMISSION OPERATION (7 THRU 9)**		4,130,784	1,180,836
	TRANSMISSION MAINTENANCE			
11	Supervision and Engineering	568	188,172	217,407
12	Structures	569		26,733
13	Station Equipment	570		1,300,345
14	Overhead Lines	571	1,098,592	
15	Underground Lines	572		
16	Miscellaneous Transmission Plant	573	27,540	45,650
17	**TOTAL TRANSMISSION MAINTENANCE (11 THRU 16)**		1,314,304	1,590,135
18	**TOTAL TRANSMISSION EXPENSE (10 + 17)**		5,445,088	2,770,971
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)**		5,445,088	2,770,971
	FIXED COSTS			
23	Depreciation - Transmission	403.5	1,742,891	1,880,785
24	Depreciation - Distribution	403.6		
25	Interest - Transmission	427	2,780,168	3,388,870
26	Interest - Distribution	427		
27	**TOTAL TRANSMISSION (18 + 23 + 25)**		9,968,147	8,040,626
28	**TOTAL DISTRIBUTION (21 + 24 + 26)**		-	-
29	**TOTAL LINES AND STATIONS (27 + 28)**		9,968,147	8,040,626

SECTION B. FACILITIES IN SERVICE

TRANSMISSION LINES

	VOLTAGE (KV)	MILES
1	69 KV	825.41
2	345 KV	67.40
3	138 KV	14.40
4	161 KV	335.40
5		
6		
7		
8		
9		
10		
11		
12	OTAL (1 thru 1	1,242.61

SUBSTATIONS

TYPE	CAPACITY (kVA)
13. Distr. Lines	
14. Total (12 + 13)	1,242.61
15. Stepup at Generating Plants	1,879,800
16. Transmission	3,540,000
17. Distribution	
18. Total (15 thru 17)	5,419,800

SECTION C. LABOR AND MATERIAL SUMMARY

ITEM	LINES	STATIONS
1. NUMBER OR EMPLOYEES		51
2. Oper. Labor	1,295,837	615,805
3. Maint Labor	680,155	1,018,550
4. Oper. Material	2,834,947	565,031
5. Maint. Materia	634,149	571,585

SECTION D. OUTAGES

1. TOTAL	410,211.70
2. Avg. No. Dist. Cons. Served	110,585.00
3. Avg No. Hours Out Per Cons.	3.71

RUS FORM 12

MONTH ENDING

AUGUST 31, 2008

1 OF 13

Big Rivers Electric Corporation

201 Third Street
P.O. Box 24
Henderson, KY 42419-0024
270-827-2561
www.bigrivers.com

September 30, 2008

Mr. Victor T. Vu
Director, Power Supply Division
USDA/RUS
1400 Independence Avenue, SW, Stop 1568
Washington, DC 20250 1568

RE: RUS Form 12

Dear Mr. Vu:

At this time, Big Rivers is encountering difficulties with submitting its electronic filing of the RUS Form 12 via the RDUP Data Collection System (DCS).

Big Rivers has been instructed to provide RUS with a manually prepared Form 12 until the DCS can allow the Form 12b, c, and i to be filed electronically. Therefore, please find enclosed the printed Form 12 for the month ending August 31, 2008.

In addition, a copy of this Form 12 filing has been mailed to each of the parties listed below.

If you have any questions, please contact Ralph A. Ashworth, Manager of Accounting, at (270) 827-2561.

Sincerely,
BIG RIVERS ELECTRIC CORPORATION

C William Blackburn

C. William Blackburn
Vice President and CFO

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Enclosures

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C: Big Rivers' Board of Directors
Chairman – Kentucky Public Service Commission
Ms. Joyce Spear – Kentucky Public Service Commission
James M. Miller, Esq. – Sullivan, Mountjoy, Stainback & Miller, P.S.C.
Mr. Sandy Novick – Kenergy
Mr. Burns Mercer – Meade County R.E.C.C.
Mr. G. Kelly Nuckols – Jackson Purchase Energy Corporation
Ms. Lori J Falconer EP-MN-WS3C – U.S. Bank National Association
Mr. John List - NRUCFC
Ms. Karen Tran – Reliant Energy
Mr. Mark Glotfelty – Goldman, Sachs & Co.
Vice President, Leasing – Bluegrass Leasing, c/o Philip Morris Capital Corp.
Vice President, Energy & Water Dept. – CoBank, ACB
Mr. Philip G. Kane Jr. – U. S. Bank National Association
Ms. Suk-Ling Ng – U. S. Bank National Association
Ms. Connie Vergara – Dexia Credit Local, New York
Mr. Dennis M. Pidherny – Global Utilities - AMBAC
Mr. Ryan Baynes – Midwest ISO

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 **OPERATING REPORT - FINANCIAL**	BORROWER DESIGNATION KY0062 PERIOD ENDED August, 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.*	BORROWER NAME 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.

09/30/08
DATE

RUS Form 12

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **OPERATING REPORT - FINANCIAL**	BORROWER DESIGNATION KY0062 PERIOD ENDED August, 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	177,899,321	138,389,999	125,567,955	16,547,238
2. Income From Leased Property (Net)	19,902,836	19,748,620	19,714,302	2,347,472
3. Other Operating Revenue and Income	6,462,243	6,761,420	6,375,011	757,730
4. **TOTAL OPER. REVENUES & PATRONAGE CAPITAL** *(1 thru 3)*	204,264,400	164,900,039	151,677,268	19,652,440
5. Operating Expense - Production - Excluding Fuel				
6. Operating Expense - Production - Fuel				
7. Operating Expense - Other Power Supply	115,132,258	76,251,526	73,365,528	10,247,198
8. Operating Expense - Transmission	5,915,850	4,731,535	4,718,595	562,001
9. Operating Expense - Distribution				
10. Operating Expense - Customer Accounts				
11. Operating Expense - Customer Service & Information	416,967	440,859	505,344	53,451
12. Operating Expense - Sales	368,815	164,026	566,346	6,662
13. Operating Expense - Administrative & General	8,806,248	11,939,081	10,042,767	1,029,541
14. **TOTAL OPERATION EXPENSE** *(5 thru 13)*	130,640,138	93,527,027	89,198,580	11,898,853
15. Maintenance Expense - Production				
16. Maintenance Expense - Transmission	2,589,444	2,567,924	2,631,210	311,567
17. Maintenance Expense - Distribution				
18. Maintenance Expense - General Plant	331,649	173,431	330,307	22,785
19. **TOTAL MAINTENANCE EXPENSE** *(15 thru 18)*	2,921,093	2,741,355	2,961,517	334,352
20. Depreciation and Amortization Expense	3,408,404	3,408,827	3,531,953	426,647
21. Taxes	719,744	745,566	742,216	92,777
22. Interest on Long-Term Debt	49,611,140	52,393,692	49,473,578	6,963,841
23. Interest Charged to Construction - Credit	(186,037)	(368,171)	(658,660)	(33,103)
24. Other Interest Expense	21,554	5,918	11,250	614
25. Asset Retirement Obligations				
26. Other Deductions	(1,878,236)	(1,849,470)	(1,811,127)	(216,046)
27. **TOTAL COST OF ELECTRIC SERVICE** *(14 + 19 thru 26)*	185,257,800	150,604,744	143,449,307	19,467,935
28. **OPERATING MARGINS** *(4 less 27)*	19,006,600	14,295,295	8,227,961	184,505
29. Interest Income	12,737,593	10,772,398	12,901,495	1,074,182
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	785,239	787,237	778,506	
35. Extraordinary Items				
36. **NET PATRONAGE CAPITAL OR MARGINS** (28 thru 35)	32,529,432	25,854,930	21,907,962	1,258,687

RUS Form 12a

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **OPERATING REPORT - FINANCIAL**	BORROWER DESIGNATION KY0062 PERIOD ENDED August, 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	1,760,446,451	32. Memberships	75
2. Construction Work in Progress	25,609,706	33. Patronage Capital	
3. **TOTAL UTILITY PLANT** *(1 + 2)*	1,786,056,157	a Assigned and Assignable	
4. Accum. Provision for Depreciation and Amort.	873,203,973	b Retired This year c Retired Prior years	
5. **NET UTILITY PLANT** *(3 - 4)*	912,852,184	d Net Patronage Capital	
6. Non-Utility Property (Net)		34. Operating Margins - Prior Years	(264,435,083)
7. Investments in Subsidiary Companies		35. Operating Margin - Current Year	15,082,532
8. Invest. in Assoc. Org. - Patronage Capital	3,381,072	36. Non-Operating Margins	96,626,382
9. Invest. in Assoc. Org. - Other - General Funds	684,993	37. Other Margins and Equities	4,444,502
10. Invest. in Assoc. Org. - Other - Nongeneral Funds		38. **TOTAL MARGINS & EQUITIES** *(32 + 33d thru 37)*	(148,281,592)
		39. Long-Term Debt - RUS (Net)	840,770,712
11. Investments in Economic Development Projects	10,000	40. Long-Term Debt - FFB - RUS Guaranteed	
		41. Long-Term Debt - Other - RUS Guaranteed	
12. Other Investements	5,334	42. Long-Term Debt - Other (Net)	280,167,610
13. Special Funds	133,776,538	43. Long-Term Debt - RUS - Econ. Devel. (Net)	
14. **TOTAL OTHER PROPERTY AND INVESTMENTS** *(6 thru 13)*	137,857,937	44. Payments - Unapplied	
		45. **TOTAL LONG-TERM DEBT** *(39 thru 43 - 44)*	1,120,938,322
15. Cash - General Funds	5,908	46. Obligations Under Capital Leases - Noncurrent	
16. Cash - Construction Funds - Trustee			
17. Special Deposits	567,154	47. Accumulated Operating Provisions and Asset Retirement Obligations	3,431,026
18. Temporary Investments	148,788,457		
19. Notes Receivable (Net)		48. **TOTAL OTHER NONCURRENT LIABILITIES** *(46 + 47)*	3,431,026
20. Accounts Receivable - Sales of Energy (Net)	18,935,856	49. Notes Payable	
21. Accounts Receivable - Other (Net)	2,000,344	50. Accounts Payable	14,439,402
22. Fuel Stock		51. Current Maturities Long-Term Debt	43,449,701
23. Materials and Supplies - Other	747,268	52. Current Maturities Long-Term Debt - Rural Development	
24. Prepayments	4,258,951		
25. Other Current and Accrued Assets	6,702,793	53. Current Maturities Capital Leases	
26. **TOTAL CURRENT AND ACCRUED ASSESTS** *(15 thru 25)*	182,006,731	54. Taxes Accrued	205,009
		55. Interest Accrued	13,309,414
27. Unamortized Debt Discount & Extraor. Prop. Losses	753,112	56. Other Current and Accrued Liabilities	1,742,394
28. Regulatory Assets		57. **TOTAL CURRENT & ACCRUED LIABILITIES** *(49 thru 56)*	
29. Other Deferred Debits	18,635,026		73,145,920
30. Accumulated Deferred Income Taxes	5,855,000	58. Deferred Credits	208,726,314
31. **TOTAL ASSESTS AND OTHER DEBITS** *(5+14+26 thru 30)*		59. Accumulated Deferred Income Taxes	
	1,257,959,990	60. **TOTAL LIABILITES AND OTHER CREDITS** *(38 + 45 + 48 + 57 thru 59)*	1,257,959,990

USDA-RUS **FINANCIAL AND STATISTICAL REPORT** *INSTRUCTIONS - See RUS Bulletin 1717B-3*	BORROWER DESIGNATION KY0062 PERIOD ENDED August, 2008

SECTION C. Notes to Financial Statements

Footnote to RUS Form 12b SE

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

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RUS Form 12b SE
Operating Report
Sales of Electricity

08/31/08
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	133	145	127
3	Meade County Rural ECC	RQ	KY0018	90	95	90
4	Kenergy Corporation	RQ	KY0065	354	367	355
5	Kenergy Corporation	IF	KY0065			
6	Kenergy Corporation	LF	KY0065			
7						
8	Associated Electric Coop	OS	MO0073			
9	East Kentucky Power Coop	OS	KY0059			
10	Oglethorpe Power	OS	GA0109			
11	PowerSouth Energy Coop	OS	AL0042			
11						
12	Cargill-Alliant	OS				
13	Constellation Power Source	OS				
14	Eagle Energy Partners	OS				
15	LG&E Energy Marketing	OS				
16	Louisville Gas & Electric	OS				
17	Midwest Independent Trans.	OS				
18	Morgan Stanley	OS				
19	PJM Interconnection	OS				
20	Southern Company Services	OS				
21	Tennessee Valley Authority	OS				
22	The Energy Authority	OS				

Total for Ultimate Consumer(s)			0	0	0
Total for Distribution Borrowers			577	607	572
Total for G&T Borrowers			0	0	0
Total for Others			0	0	0
Grand Total			577	607	572

000008

RUS Form 12b SE
Operating Report
Sales of Electricity

08/31/08
Page 2

Sale No.	Electricity Sold (g)	Revenue Demand (h)	Revenue Energy (I)	Revenue Other (j)	Revenue Total (h+I+j+k)
1					
2	485,640	7,458,288	9,813,964		17,272,252
3	321,366	4,908,863	6,555,908		11,464,771
4	1,430,839	22,374,797	25,147,051		47,521,848
5	12,708		690,511		690,511
6	664,296		31,697,597		31,697,597
7					
8	2,394		153,135		153,135
9	5,590		365,112		365,112
10	16,464		911,043		911,043
11	565		22,150		22,150
11					
12	80,390		3,993,551		3,993,551
13	61,562		3,312,695		3,312,695
14	94,990		4,862,944		4,862,944
15	78,056		4,448,611		4,448,611
16	166		14,668		14,668
17	99,052		4,546,367		4,546,367
18	800		29,600		29,600
19	47,384		2,243,200		2,243,200
20	44,992		2,370,041		2,370,041
21	31,817		1,928,568		1,928,568
22	11,190		541,335		541,335

	-	-	-	-	-
	2,914,849	34,741,948	73,905,031	-	108,646,979
	25,013	-	1,451,440	-	1,451,440
	550,399	-	28,291,580	-	28,291,580
	3,490,261	34,741,948	103,648,051	-	138,389,999

RUS Form 12b PP
Operating Report
Purchased Power

08/31/08
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	Constellation Energy Commodities	OS				
5	Eagle Energy Partners	OS				
6	Fortis	OS				
7	LG&E Energy Marketing	RQ				
8	Midwest Independent Trans.	OS				
9	Reliant Energy Services, Inc	SF				
10	Southeastern Power Admin	LF		178		
11	Southern Illinois Power Coop	OS				
12	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

08/31/08
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	5,856				322,080		322,080
2							
3	2,437				170,880		170,880
4	225				20,025		20,025
5	85				4,755		4,755
6	(25)				(946)		(946)
7	3,300,551				66,767,046		66,767,046
8	571				41,325		41,325
9	4,624				1,129,125		1,129,125
10	192,847			2,087,496	2,345,020		4,432,516
11	20,401				999,649		999,649
12	41				2,740		2,740

	5,856	-	-	-	322,080	-	322,080
	3,521,757	-	-	2,087,496	71,479,619	-	73,567,115
	3,527,613	-	-	2,087,496	71,801,699	-	73,889,195

RUS Form 12c **08/31/08**
Operating Report
Sources and Distribution of Energy

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			3,527,613	73,889,195
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)			3,527,613	
DISTRIBUTION OF ENERGY				
16 TOTAL Sales			3,490,261	
17 Energy Furnished to Others Without Charge				
18 Energy Used by Borrower				
19 TOTAL Energy Accounted For (Sum of lines 16 thru 18)			3,490,261	
LOSSES				
20 Energy Losses - MWh (Line 15 minus 19)			37,352	
21 Energy Losses - Percentage ((Line 20 divided by line 15)*100)			1.06	

RUS Form 12i 08/31/08

OPERATING REPORT - LINES AND STATIONS

SECTION A. EXPENSE AND COSTS

	ITEM	Account Number	LINES (a)	STATIONS (b)
	TRANSMISSION OPERATION			
1	Supervision and Engineering	560	265,343	226,336
2	Load Dispatching	561	756,134	
3	Station Expenses	562		647,703
4	Overhead Line Expenses	563	674,555	
5	Underground Line Expenses	564		
6	Miscellaneous Expenses	566	132,452	170,530
7	**SUBTOTAL (1 thru 6)**		1,828,484	1,044,569
8	Transmission of Electricity by Others	565	1,842,015	
9	Rents	567		16,467
10	**TOTAL TRANSMISSION OPERATION (7 THRU 9)**		3,670,499	1,061,036
	TRANSMISSION MAINTENANCE			
11	Supervision and Engineering	568	166,304	192,548
12	Structures	569		26,076
13	Station Equipment	570		1,314,783
14	Overhead Lines	571	799,516	
15	Underground Lines	572		
16	Miscellaneous Transmission Plant	573	24,173	44,524
17	**TOTAL TRANSMISSION MAINTENANCE (11 THRU 16)**		989,993	1,577,931
18	**TOTAL TRANSMISSION EXPENSE (10 + 17)**		4,660,492	2,638,967
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)**		4,660,492	2,638,967
	FIXED COSTS			
23	Depreciation - Transmission	403.5	1,549,482	1,671,625
24	Depreciation - Distribution	403.6		
25	Interest - Transmission	427	2,500,280	3,033,719
26	Interest - Distribution	427		
27	**TOTAL TRANSMISSION (18 + 23 + 25)**		8,710,254	7,344,311
28	**TOTAL DISTRIBUTION (21 + 24 + 26)**		-	-
29	**TOTAL LINES AND STATIONS (27 + 28)**		8,710,254	7,344,311

SECTION B. FACILITIES IN SERVICE

	TRANSMISSION LINES		SUBSTATIONS	
	VOLTAGE (KV)	MILES	TYPE	CAPACITY (kVA)
1	69 KV	825.41	13. Distr. Lines	
2	345 KV	67.40		
3	138 KV	14.40	14. Total (12 + 13)	1,242.61
4	161 KV	335.40		
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 C. LABOR AND MATERIAL SUMMARY

ITEM	LINES	STATIONS
1. NUMBER OR EMPLOYEES		49
2. Oper. Labor	1,154,046	553,155
3. Maint Labor	613,279	951,110
4. Oper. Material	2,516,453	507,881
5. Maint. Materia	376,714	626,821

SECTION D. OUTAGES

1. TOTAL	140,879.90
2. Avg. No. Dist. Cons. Served	110,585.00
3. Avg No. Hours Out Per Cons.	1.27

RUS FORM 12

MONTH ENDING

JULY 31, 2008

1 OF 13

Big Rivers
Electric Corporation

201 Third Street
P.O. Box 24
Henderson, KY 42419-0024
270-827-2561
www.bigrivers.com

August 19, 2008

Mr. Victor T. Vu
Director, Power Supply Division
USDA/RUS
1400 Independence Avenue, SW, Stop 1568
Washington, DC 20250 1568

RE: RUS Form 12

Dear Mr. Vu:

At this time, Big Rivers is encountering difficulties with submitting its electronic filing of the RUS Form 12 via the RDUP Data Collection System (DCS).

Big Rivers has been instructed to provide RUS with a manually prepared Form 12 until the DCS can allow the Form 12b, c, and i to be filed electronically. Therefore, please find enclosed the printed Form 12 for the month ending July 31, 2008.

In addition, a copy of this Form 12 filing has been mailed to each of the parties listed below.

If you have any questions, please contact Ralph A. Ashworth, Manager of Accounting, at (270) 827-2561.

Sincerely,
BIG RIVERS ELECTRIC CORPORATION

C. William Blackburn

C. William Blackburn
Vice President and CFO

ems
Enclosures

C: Big Rivers' Board of Directors
Chairman – Kentucky Public Service Commission
Ms. Joyce Spear – Kentucky Public Service Commission
James M. Miller, Esq. – Sullivan, Mountjoy, Stainback & Miller, P.S.C.
Mr. Sandy Novick – Kenergy
Mr. Burns Mercer – Meade County R.E.C.C.
Mr. G. Kelly Nuckols – Jackson Purchase Energy Corporation
Ms. Lori J Falconer EP-MN-WS3C – U.S. Bank National Association
Mr. John List - NRUCFC
Ms. Karen Tran – Reliant Energy
Mr. Mark Glotfelty – Goldman, Sachs & Co.
Vice President, Leasing – Bluegrass Leasing, c/o Philip Morris Capital Corp.
Vice President, Energy & Water Dept. – CoBank, ACB
Mr. Jung Westover–Fleet Real Estate Inc., c/o Bank of America Leasing & Capital Group
Mr. Philip G. Kane Jr. – U. S. Bank National Association
Ms. Suk-Ling Ng – U. S. Bank National Association
Ms. Connie Vergara – Dexia Credit Local, New York
Mr. Dennis M. Pidherny – Global Utilities - AMBAC
Mr. Ryan Baynes – Midwest ISO

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 July, 2008
INSTRUCTIONS - Submit an original and two copies to RUS or file electronically For detailed instructions, see RUS Bulletin 1717B-3.	BORROWER NAME Big Rivers Electric Corporation
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.	

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.

8-19-08
DATE

RUS Form 12

000004

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **OPERATING REPORT - FINANCIAL**	BORROWER DESIGNATION KY0062 PERIOD ENDED July, 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	154,979,035	121,842,761	110,081,667	15,892,054
2. Income From Leased Property (Net)	17,434,745	17,401,148	17,291,805	2,474,075
3. Other Operating Revenue and Income	5,666,279	6,003,690	5,578,009	817,281
4. **TOTAL OPER. REVENUES & PATRONAGE CAPITAL** *(1 thru 3)*	178,080,059	145,247,599	132,951,481	19,183,410
5. Operating Expense - Production - Excluding Fuel				
6. Operating Expense - Production - Fuel				
7. Operating Expense - Other Power Supply	98,395,707	66,004,328	62,559,706	9,376,597
8. Operating Expense - Transmission	5,048,465	4,169,535	4,180,628	582,602
9. Operating Expense - Distribution				
10. Operating Expense - Customer Accounts				
11. Operating Expense - Customer Service & Information	351,233	387,408	446,091	52,201
12. Operating Expense - Sales	282,596	157,363	514,941	22,020
13. Operating Expense - Administrative & General	7,608,121	10,909,541	9,040,592	1,411,341
14. **TOTAL OPERATION EXPENSE** *(5 thru 13)*	111,686,122	81,628,175	76,741,958	11,444,761
15. Maintenance Expense - Production				
16. Maintenance Expense - Transmission	2,267,445	2,256,357	2,173,006	313,672
17. Maintenance Expense - Distribution				
18. Maintenance Expense - General Plant	264,136	150,646	319,100	11,630
19. **TOTAL MAINTENANCE EXPENSE** *(15 thru 18)*	2,531,581	2,407,003	2,492,106	325,302
20. Depreciation and Amortization Expense	2,983,392	2,982,180	3,077,205	431,341
21. Taxes	629,776	652,789	649,439	92,777
22. Interest on Long-Term Debt	43,058,448	45,429,851	43,272,278	6,120,284
23. Interest Charged to Construction - Credit	(161,465)	(335,068)	(614,670)	(47,386)
24. Other Interest Expense	19,843	5,304	9,830	288
25. Asset Retirement Obligations				
26. Other Deductions	(1,638,054)	(1,633,425)	(1,586,549)	(238,199)
27. **TOTAL COST OF ELECTRIC SERVICE** *(14 + 19 thru 26)*	159,109,643	131,136,809	124,041,597	18,129,168
28. **OPERATING MARGINS** *(4 less 27)*	18,970,416	14,110,790	8,909,884	1,054,242
29. Interest Income	11,021,059	9,698,216	11,276,062	1,048,218
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	785,190	787,237	778,506	
35. Extraordinary Items				
36. **NET PATRONAGE CAPITAL OR MARGINS** (28 thru 35)	30,776,665	24,596,243	20,964,452	2,102,460

RUS Form 12a

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

OPERATING REPORT - FINANCIAL

BORROWER DESIGNATION KY0062

PERIOD ENDED July, 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	1,760,135,892	32. Memberships	75
2. Construction Work in Progress	22,953,116	33. Patronage Capital	
3. **TOTAL UTILITY PLANT** *(1 + 2)*	1,783,089,008	a Assigned and Assignable	
4. Accum. Provision for Depreciation and Amort.	870,548,024	b Retired This year c Retired Prior years	
5. **NET UTILITY PLANT** *(3 - 4)*	912,540,984	d Net Patronage Capital	
6. Non-Utility Property (Net)		34. Operating Margins - Prior Years	(264,435,083)
7. Investments in Subsidiary Companies		35. Operating Margin - Current Year	14,898,027
8. Invest. in Assoc. Org. - Patronage Capital	3,381,072	36. Non-Operating Margins	95,552,200
9. Invest. in Assoc. Org. - Other - General Funds	684,993	37. Other Margins and Equities	4,444,502
10. Invest. in Assoc. Org. - Other - Nongeneral Funds		38. **TOTAL MARGINS & EQUITIES** *(32 + 33d thru 37)*	(149,540,279)
11. Investments in Economic Development Projects	10,000	39. Long-Term Debt - RUS (Net)	841,417,348
		40. Long-Term Debt - FFB - RUS Guaranteed	
		41. Long-Term Debt - Other - RUS Guaranteed	
12. Other Investements	5,334	42. Long-Term Debt - Other (Net)	280,217,343
13. Special Funds	133,797,047	43. Long-Term Debt - RUS - Econ. Devel. (Net)	
14. **TOTAL OTHER PROPERTY AND INVESTMENTS** *(6 thru 13)*	137,878,446	44. Payments - Unapplied	
		45. **TOTAL LONG-TERM DEBT** *(39 thru 43 - 44)*	1,121,634,691
15. Cash - General Funds	6,586	46. Obligations Under Capital Leases - Noncurrent	
16. Cash - Construction Funds - Trustee			
17. Special Deposits	566,181	47. Accumulated Operating Provisions and Asset Retirement Obligations	3,688,485
18. Temporary Investments	145,245,269		
19. Notes Receivable (Net)		48. **TOTAL OTHER NONCURRENT LIABILITIES** *(46 + 47)*	3,688,485
20. Accounts Receivable - Sales of Energy (Net)	17,067,108	49. Notes Payable	
21. Accounts Receivable - Other (Net)	2,306,185	50. Accounts Payable	13,481,221
22. Fuel Stock		51. Current Maturities Long-Term Debt	43,490,889
23. Materials and Supplies - Other	717,269	52. Current Maturities Long-Term Debt - Rural Development	
24. Prepayments	4,302,434		
25. Other Current and Accrued Assets	5,848,332	53. Current Maturities Capital Leases	
26. **TOTAL CURRENT AND ACCRUED ASSESTS** *(15 thru 25)*	176,059,364	54. Taxes Accrued	1,501,198
		55. Interest Accrued	9,143,099
27. Unamortized Debt Discount & Extraor. Prop. Losses	757,651	56. Other Current and Accrued Liabilities	1,796,990
28. Regulatory Assets		57. **TOTAL CURRENT & ACCRUED LIABILITIES** *(49 thru 56)*	69,413,397
29. Other Deferred Debits	18,709,656		
30. Accumulated Deferred Income Taxes	5,855,000	58. Deferred Credits	206,604,807
31. **TOTAL ASSESTS AND OTHER DEBITS** *(5+14+26 thru 30)*	1,251,801,101	59. Accumulated Deferred Income Taxes	
		60. **TOTAL LIABILITES AND OTHER CREDITS** *(38 + 45 + 48 + 57 thru 59)*	1,251,801,101

RUS Form 12a

000006

USDA-RUS **FINANCIAL AND STATISTICAL REPORT** *INSTRUCTIONS - See RUS Bulletin 1717B-3*	BORROWER DESIGNATION KY0062 PERIOD ENDED July, 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

07/31/08
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	132	144	124
3	Meade County Rural ECC	RQ	KY0018	90	94	91
4	Kenergy Corporation	RQ	KY0065	350	362	349
5	Kenergy Corporation	IF	KY0065			
6	Kenergy Corporation	LF	KY0065			
7						
8	Alabama Electric Coop	OS	AL0042			
9	Associated Electric Coop	OS	MO0073			
10	East Kentucky Power Coop	OS	KY0059			
11	Oglethorpe Power	OS	GA0109			
12						
13	Cargill-Alliant	OS				
14	Constellation Power Source	OS				
15	Eagle Energy Partners	OS				
16	LG&E Energy Marketing	OS				
17	Midwest Independent Trans.	OS				
18	PJM Interconnection	OS				
19	Southern Company Services	OS				
20	Tennessee Valley Authority	OS				
21	The Energy Authority	OS				

Total for Ultimate Consumer(s)			0	0	0
Total for Distribution Borrowers			572	600	564
Total for G&T Borrowers			0	0	0
Total for Others			0	0	0
Grand Total			572	600	564

RUS Form 12b SE
Operating Report
Sales of Electricity

07/31/08
Page 2

Sale No.	Electricity Sold (g)	Revenue Demand (h)	Revenue Energy (I)	Revenue Other (j)	Revenue Total (h+I+j+k)
1					
2	420,083	6,401,897	8,485,679		14,887,576
3	281,112	4,301,164	5,734,730		10,035,894
4	1,239,122	19,343,047	21,768,486		41,111,533
5	9,999		516,754		516,754
6	571,043		27,494,858		27,494,858
7					
8	525		19,950		19,950
9	2,394		153,135		153,135
10	5,590		365,112		365,112
11	14,125		790,319		790,319
12					
13	70,415		3,593,620		3,593,620
14	60,252		3,252,278		3,252,278
15	94,990		4,862,944		4,862,944
16	74,289		4,298,655		4,298,655
17	97,360		4,877,194		4,877,194
18	44,494		2,132,339		2,132,339
19	22,441		1,106,109		1,106,109
20	31,171		1,899,485		1,899,485
21	9,218		445,006		445,006

	-	-	-	-	-
	2,521,359	30,046,108	64,000,507	-	94,046,615
	22,634	-	1,328,516	-	1,328,516
	504,630	-	26,467,630	-	26,467,630
	3,048,623	30,046,108	91,796,653	-	121,842,761

RUS Form 12b PP
Operating Report
Purchased Power

07/31/08
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	Constellation Energy Commodities	OS				
5	Eagle Energy Partners	OS				
6	Fortis	OS				
7	LG&E Energy Marketing	RQ				
8	Midwest Independent Trans.	OS				
9	Reliant Energy Services, Inc	SF				
10	Southeastern Power Admin	LF		178		
11	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 **07/31/08**
Operating Report **Page 2**
Purchased Power

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	5,112				281,160		281,160
2							
3	2,437				170,880		170,880
4	225				20,025		20,025
5	85				4,755		4,755
6	(25)				(946)		(946)
7	2,882,701				58,330,516		58,330,516
8	571				41,325		41,325
9	3,336				904,722		904,722
10	187,105			1,826,559	2,275,197		4,101,756
11	41				2,740		2,740

	5,112	-	-	-	281,160	-	281,160
	3,076,476	-	-	1,826,559	61,749,214	-	63,575,773
	3,081,588	-	-	1,826,559	62,030,374	-	63,856,933

RUS Form 12c **07/31/08**
Operating Report
Sources and Distribution of Energy

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			3,081,588	63,856,933
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)			3,081,588	
DISTRIBUTION OF ENERGY				
16 TOTAL Sales			3,048,623	
17 Energy Furnished to Others Without Charge				
18 Energy Used by Borrower				
19 TOTAL Energy Accounted For (Sum of lines 16 thru 18)			3,048,623	
LOSSES				
20 Energy Losses - MWh (Line 15 minus 19)			32,965	
21 Energy Losses - Percentage ((Line 20 divided by line 15)*100)			1.07	

RUS Form 12i 07/31/08

OPERATING REPORT - LINES AND STATIONS

SECTION A. EXPENSE AND COSTS				
	ITEM	Account Number	LINES (a)	STATIONS (b)
	TRANSMISSION OPERATION			
1	Supervision and Engineering	560	238,342	200,933
2	Load Dispatching	561	672,146	
3	Station Expenses	562		557,014
4	Overhead Line Expenses	563	595,523	
5	Underground Line Expenses	564		
6	Miscellaneous Expenses	566	117,371	157,958
7	**SUBTOTAL (1 thru 6)**		1,623,382	915,905
8	Transmission of Electricity by Others	565	1,615,839	
9	Rents	567		14,409
10	**TOTAL TRANSMISSION OPERATION (7 THRU 9)**		3,239,221	930,314
	TRANSMISSION MAINTENANCE			
11	Supervision and Engineering	568	147,718	170,524
12	Structures	569		26,027
13	Station Equipment	570		1,164,224
14	Overhead Lines	571	683,010	
15	Underground Lines	572		
16	Miscellaneous Transmission Plant	573	21,915	42,939
17	**TOTAL TRANSMISSION MAINTENANCE (11 THRU 16)**		852,643	1,403,714
18	**TOTAL TRANSMISSION EXPENSE (10 + 17)**		4,091,864	2,334,028
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)**		4,091,864	2,334,028
	FIXED COSTS			
23	Depreciation - Transmission	403.5	1,356,072	1,462,049
24	Depreciation - Distribution	403.6		
25	Interest - Transmission	427	2,159,300	2,589,936
26	Interest - Distribution	427		
27	**TOTAL TRANSMISSION (18 + 23 + 25)**		7,607,236	6,386,013
28	**TOTAL DISTRIBUTION (21 + 24 + 26)**		-	-
29	**TOTAL LINES AND STATIONS (27 + 28)**		7,607,236	6,386,013

SECTION B. FACILITIES IN SERVICE				
	TRANSMISSION LINES		**SUBSTATIONS**	
	VOLTAGE (KV)	MILES	TYPE	CAPACITY (kVA)
1	69 KV	825.41	13. Distr. Lines	
2	345 KV	67.40		
3	138 KV	14.40	14. Total (12 + 13)	1,242.61
4	161 KV	335.40		
5			15. Stepup at Generating Plants	1,879,800
6				
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 C. LABOR AND MATERIAL SUMMARY		
1. NUMBER OR EMPLOYEES		48
ITEM	LINES	STATIONS
2. Oper. Labor	1,027,079	486,913
3. Maint Labor	543,638	846,347
4. Oper. Material	2,212,142	443,401
5. Maint. Materia	309,005	557,367

SECTION D. OUTAGES	
1. TOTAL	140,879.90
2. Avg. No. Dist. Cons. Served	110,585.00
3. Avg No. Hours Out Per Cons.	1.27

RUS FORM 12

MONTH ENDING

JUNE 30, 2008

1 OF 13

Big Rivers Electric Corporation

201 Third Street
P.O. Box 24
Henderson, KY 42419-0024
270-827-2561
www.bigrivers.com

July 21, 2008

Mr. Victor T. Vu
Director, Power Supply Division
USDA/RUS
1400 Independence Avenue, SW, Stop 1568
Washington, DC 20250 1568

RE: RUS Form 12

Dear Mr. Vu:

At this time, Big Rivers is encountering difficulties with submitting its electronic filing of the RUS Form 12 via the RDUP Data Collection System (DCS).

Big Rivers has been instructed to provide RUS with a manually prepared Form 12 until the DCS can allow the Form 12b, c, and i to be filed electronically. Therefore, please find enclosed the printed Form 12 for the month ending June 30, 2008.

In addition, a copy of this Form 12 filing has been mailed to each of the parties listed below.

If you have any questions, please contact Ralph A. Ashworth, Manager of Accounting, at (270) 827-2561.

Sincerely,
BIG RIVERS ELECTRIC CORPORATION

C. William Blackburn

C. William Blackburn
Vice President and CFO

ems
Enclosures

C: Big Rivers' Board of Directors
Chairman – Kentucky Public Service Commission
Ms. Joyce Spear – Kentucky Public Service Commission
James M. Miller, Esq. – Sullivan, Mountjoy, Stainback & Miller, P.S.C.
Mr. Sandy Novick – Kenergy
Mr. Burns Mercer – Meade County R.E.C.C.
Mr. G. Kelly Nuckols – Jackson Purchase Energy Corporation
Ms. Lori J Falconer EP-MN-WS3C – U.S. Bank National Association
Mr. John List - NRUCFC
Ms. Karen Tran – Reliant Energy
Mr. Mark Glotfelty – Goldman, Sachs & Co.
Vice President, Leasing – Bluegrass Leasing, c/o Philip Morris Capital Corp.
Vice President, Energy & Water Dept. – CoBank, ACB
Mr. Jung Westover–Fleet Real Estate Inc., c/o Bank of America Leasing & Capital Group
Mr. Philip G. Kane Jr. – U. S. Bank National Association
Ms. Suk-Ling Ng – U. S. Bank National Association
Ms. Connie Vergara – Dexia Credit Local, New York
Mr. Dennis M. Pidherny – Global Utilities - AMBAC
Mr. Ryan Baynes – Midwest ISO

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 **OPERATING REPORT - FINANCIAL**	BORROWER DESIGNATION KY0062 PERIOD ENDED June, 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.*	BORROWER NAME 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.

7-18-08
DATE

RUS Form 12

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **OPERATING REPORT - FINANCIAL**	BORROWER DESIGNATION KY0062 PERIOD ENDED June, 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	132,630,455	105,950,707	93,599,862	16,324,428
2. Income From Leased Property (Net)	14,947,136	14,927,073	14,865,018	2,424,169
3. Other Operating Revenue and Income	4,870,511	5,186,409	4,780,392	820,111
4. **TOTAL OPER. REVENUES & PATRONAGE CAPITAL** *(1 thru 3)*	152,448,102	126,064,189	113,245,272	19,568,708
5. Operating Expense - Production - Excluding Fuel				
6. Operating Expense - Production - Fuel				
7. Operating Expense - Other Power Supply	82,495,844	56,627,731	51,493,883	9,217,064
8. Operating Expense - Transmission	4,362,294	3,586,932	3,599,024	602,007
9. Operating Expense - Distribution				
10. Operating Expense - Customer Accounts				
11. Operating Expense - Customer Service & Information	295,749	335,207	378,578	63,727
12. Operating Expense - Sales	116,906	135,343	462,148	19,991
13. Operating Expense - Administrative & General	6,612,173	9,498,200	7,894,911	1,815,797
14. **TOTAL OPERATION EXPENSE** *(5 thru 13)*	93,882,966	70,183,413	63,828,544	11,718,586
15. Maintenance Expense - Production				
16. Maintenance Expense - Transmission	2,074,336	1,942,684	1,846,844	397,611
17. Maintenance Expense - Distribution				
18. Maintenance Expense - General Plant	249,732	139,017	294,710	4,361
19. **TOTAL MAINTENANCE EXPENSE** *(15 thru 18)*	2,324,068	2,081,701	2,141,554	401,972
20. Depreciation and Amortization Expense	2,558,853	2,550,839	2,636,079	425,259
21. Taxes	539,808	560,012	556,662	92,777
22. Interest on Long-Term Debt	36,824,648	39,309,567	37,174,078	6,149,984
23. Interest Charged to Construction - Credit	(127,047)	(287,682)	(532,310)	(23,761)
24. Other Interest Expense	16,936	5,016	8,410	594
25. Asset Retirement Obligations				
26. Other Deductions	(1,397,559)	(1,395,225)	(1,361,972)	(231,880)
27. **TOTAL COST OF ELECTRIC SERVICE** *(14 + 19 thru 26)*	134,622,673	113,007,641	104,451,045	18,533,531
28. **OPERATING MARGINS** *(4 less 27)*	17,825,429	13,056,548	8,794,227	1,035,177
29. Interest Income	9,331,407	8,649,998	9,637,414	1,344,260
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	785,191	787,237	778,506	
35. Extraordinary Items				
36. **NET PATRONAGE CAPITAL OR MARGINS** (28 thru 35)	27,942,027	22,493,783	19,210,147	2,379,437

RUS Form 12a

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **OPERATING REPORT - FINANCIAL**	BORROWER DESIGNATION KY0062 PERIOD ENDED June, 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	1,756,853,722	32. Memberships	75
2. Construction Work in Progress	23,992,732	33. Patronage Capital	
3. **TOTAL UTILITY PLANT** *(1 + 2)*	1,780,846,454	a Assigned and Assignable	
4. Accum. Provision for Depreciation and Amort.	868,563,436	b Retired This year	
		c Retired Prior years	
5. **NET UTILITY PLANT** *(3 - 4)*	912,283,018	d Net Patronage Capital	
6. Non-Utility Property (Net)		34. Operating Margins - Prior Years	(264,435,083)
7. Investments in Subsidiary Companies		35. Operating Margin - Current Year	13,843,785
8. Invest. in Assoc. Org. - Patronage Capital	3,381,072	36. Non-Operating Margins	94,503,982
9. Invest. in Assoc. Org. - Other - General Funds	684,993	37. Other Margins and Equities	4,444,502
		38. **TOTAL MARGINS & EQUITIES** *(32 + 33d thru 37)*	(151,642,739)
10. Invest. in Assoc. Org. - Other - Nongeneral Funds		39. Long-Term Debt - RUS (Net)	849,866,803
11. Investments in Economic Development Projects	10,000	40. Long-Term Debt - FFB - RUS Guaranteed	
		41. Long-Term Debt - Other - RUS Guaranteed	
12. Other Investements	5,334	42. Long-Term Debt - Other (Net)	329,591,227
13. Special Funds	187,312,244	43. Long-Term Debt - RUS - Econ. Devel. (Net)	
14. **TOTAL OTHER PROPERTY AND INVESTMENTS** *(6 thru 13)*	191,393,643	44. Payments - Unapplied	
		45. **TOTAL LONG-TERM DEBT** *(39 thru 43 - 44)*	1,179,458,030
15. Cash - General Funds	6,333	46. Obligations Under Capital Leases - Noncurrent	
16. Cash - Construction Funds - Trustee			
17. Special Deposits	565,210	47. Accumulated Operating Provisions and Asset Retirement Obligations	3,504,213
18. Temporary Investments	125,932,155		
19. Notes Receivable (Net)		48. **TOTAL OTHER NONCURRENT LIABILITIES** *(46 + 47)*	3,504,213
20. Accounts Receivable - Sales of Energy (Net)	17,451,597	49. Notes Payable	
21. Accounts Receivable - Other (Net)	2,702,846	50. Accounts Payable	(12,558,444)
22. Fuel Stock		51. Current Maturities Long-Term Debt	45,082,868
23. Materials and Supplies - Other	752,050	52. Current Maturities Long-Term Debt - Rural Development	
24. Prepayments	4,404,760		
25. Other Current and Accrued Assets	6,798,693	53. Current Maturities Capital Leases	
26. **TOTAL CURRENT AND ACCRUED ASSESTS** *(15 thru 25)*	158,613,644	54. Taxes Accrued	1,273,736
		55. Interest Accrued	13,949,478
27. Unamortized Debt Discount & Extraor. Prop. Losses	762,191	56. Other Current and Accrued Liabilities	1,728,985
28. Regulatory Assets		57. **TOTAL CURRENT & ACCRUED LIABILITIES** *(49 thru 56)*	49,476,623
29. Other Deferred Debits	18,329,329		
30. Accumulated Deferred Income Taxes	5,855,000	58. Deferred Credits	206,440,698
31. **TOTAL ASSESTS AND OTHER DEBITS** *(5+14+26 thru 30)*	1,287,236,825	59. Accumulated Deferred Income Taxes	
		60. **TOTAL LIABILITES AND OTHER CREDITS** *(38 + 45 + 48 + 57 thru 59)*	1,287,236,825

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RUS Form 12a

USDA-RUS **FINANCIAL AND STATISTICAL REPORT** *INSTRUCTIONS - See RUS Bulletin 1717B-3*	BORROWER DESIGNATION KY0062 PERIOD ENDED June, 2008

SECTION C. Notes to Financial Statements

Footnote to RUS Form 12a, Section B

Big Rivers made a payment of $26,305,244.08 to CoBank for payoff of the FBR-1 and FBR-2 Defeased Sale Leaseback Series B Loan obligations. This payment was temporarily coded as a debit to Accounts Payable in the month of June. In early July, Big Rivers received $28,512,430.12 from the sale of the FBR-1 and FBR-2 Defeased Sale Leaseback investments. The accounting for these transactions will be completed with the July 2008 closing, resulting in a $26,305,244.08 credit to Accounts Payable to offset the debit balance on the June 2008 Balance Sheet.

Footnote to RUS Form 12b SE

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

RUS Form 12b SE
Operating Report
Sales of Electricity

06/30/08
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	127	140	119
3	Meade County Rural ECC	RQ	KY0018	90	94	92
4	Kenergy Corporation	RQ	KY0065	342	355	344
5	Kenergy Corporation	IF	KY0065			
6	Kenergy Corporation	LF	KY0065			
7						
8	Alabama Electric Coop	OS	AL0042			
9	Associated Electric Coop	OS	MO0073			
10	East Kentucky Power Coop	OS	KY0059			
11	Oglethorpe Power	OS	GA0109			
12						
13	Cargill-Alliant	OS				
14	Constellation Power Source	OS				
15	Eagle Energy Partners	OS				
16	LG&E Energy Marketing	OS				
17	Midwest Independent Trans.	OS				
18	PJM Interconnection	OS				
19	Southern Company Services	OS				
20	Tennessee Valley Authority	OS				
21	The Energy Authority	OS				

Total for Ultimate Consumer(s)			0	0	0
Total for Distribution Borrowers			559	589	555
Total for G&T Borrowers			0	0	0
Total for Others			0	0	0
Grand Total			559	589	555

RUS Form 12b SE **06/30/08**
Operating Report **Page 2**
Sales of Electricity

Sale No.	Electricity Sold (g)	Revenue Demand (h)	Revenue Energy (i)	Revenue Other (j)	Revenue Total (h+i+j+k)
1					
2	350,323	5,315,538	7,071,767		12,387,305
3	239,385	3,679,711	4,883,496		8,563,207
4	1,043,465	16,243,021	18,301,255		34,544,276
5	7,908		425,427		425,427
6	483,198		23,499,164		23,499,164
7					
8	525		19,950		19,950
9	2,394		153,135		153,135
10	5,590		365,112		365,112
11	9,527		578,099		578,099
12					
13	60,895		3,230,283		3,230,283
14	58,655		3,180,153		3,180,153
15	94,990		4,862,944		4,862,944
16	74,139		4,290,755		4,290,755
17	95,218		4,791,834		4,791,834
18	39,373		1,916,616		1,916,616
19	18,878		983,122		983,122
20	30,056		1,827,329		1,827,329
21	6,969		331,996		331,996

	-	-	-	-	-
	2,124,279	25,238,270	54,181,109	-	79,419,379
	18,036	-	1,116,296	-	1,116,296
	479,173	-	25,415,032	-	25,415,032
	2,621,488	25,238,270	80,712,437	-	105,950,707

RUS Form 12b PP
Operating Report
Purchased Power

06/30/08
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	Constellation Energy Commodities	OS				
5	Eagle Energy Partners	OS				
6	Fortis	OS				
7	LG&E Energy Marketing	RQ				
8	Midwest Independent Trans.	OS				
9	Reliant Energy Services, Inc	SF				
10	Southeastern Power Admin	LF		178		
11	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

06/30/08
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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	4,368				240,240		240,240
2							
3	2,422				169,680		169,680
4	225				20,025		20,025
5	85				4,755		4,755
6	(25)				(946)		(946)
7	2,456,928				49,648,905		49,648,905
8	571				41,325		41,325
9	3,336				814,821		814,821
10	182,206			1,565,622	2,215,625		3,781,247
11	41				2,740		2,740

	4,368	-	-	-	240,240	-	240,240
	2,645,789	-	-	1,565,622	52,916,930	-	54,482,552
	2,650,157	-	-	1,565,622	53,157,170	-	54,722,792

RUS Form 12c **06/30/08**

Operating Report

Sources and Distribution of Energy

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			2,650,157	54,722,792
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)			2,650,157	
DISTRIBUTION OF ENERGY				
16 TOTAL Sales			2,621,488	
17 Energy Furnished to Others Without Charge				
18 Energy Used by Borrower				
19 TOTAL Energy Accounted For (Sum of lines 16 thru 18)			2,621,488	
LOSSES				
20 Energy Losses - MWh (Line 15 minus 19)			28,669	
21 Energy Losses - Percentage ((Line 20 divided by line 15)*100)			1.08	

RUS Form 12I 06/30/08

OPERATING REPORT - LINES AND STATIONS

SECTION A. EXPENSE AND COSTS

	ITEM	Account Number	LINES (a)	STATIONS (b)
	TRANSMISSION OPERATION			
1	Supervision and Engineering	560	203,394	170,785
2	Load Dispatching	561	565,417	
3	Station Expenses	562		469,155
4	Overhead Line Expenses	563	505,594	
5	Underground Line Expenses	564		
6	Miscellaneous Expenses	566	103,317	146,218
7	**SUBTOTAL (1 thru 6)**		1,377,722	786,158
8	Transmission of Electricity by Others	565	1,410,701	
9	Rents	567		12,351
10	**TOTAL TRANSMISSION OPERATION (7 THRU 9)**		2,788,423	798,509
	TRANSMISSION MAINTENANCE			
11	Supervision and Engineering	568	124,951	144,174
12	Structures	569		2,516
13	Station Equipment	570		1,023,195
14	Overhead Lines	571	588,793	
15	Underground Lines	572		
16	Miscellaneous Transmission Plant	573	17,848	41,207
17	**TOTAL TRANSMISSION MAINTENANCE (11 THRU 16)**		731,592	1,211,092
18	**TOTAL TRANSMISSION EXPENSE (10 + 17)**		3,520,015	2,009,601
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)**		3,520,015	2,009,601
	FIXED COSTS			
23	Depreciation - Transmission	403.5	1,157,274	1,253,154
24	Depreciation - Distribution	403.6		
25	Interest - Transmission	427	1,864,078	2,220,277
26	Interest - Distribution	427		
27	**TOTAL TRANSMISSION (18 + 23 + 25)**		6,541,367	5,483,032
28	**TOTAL DISTRIBUTION (21 + 24 + 26)**		-	-
29	**TOTAL LINES AND STATIONS (27 + 28)**		6,541,367	5,483,032

SECTION B. FACILITIES IN SERVICE

	TRANSMISSION LINES		SUBSTATIONS	
	VOLTAGE (KV)	MILES	TYPE	CAPACITY (kVA)
1	69 KV	825.41	13. Distr. Lines	
2	345 KV	67.40		
3	138 KV	14.40	14. Total (12 + 13)	1,242.61
4	161 KV	335.40		
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 C. LABOR AND MATERIAL SUMMARY

1. NUMBER OR EMPLOYEES		48
ITEM	LINES	STATIONS
2. Oper. Labor	860,786	411,480
3. Maint Labor	466,706	699,632
4. Oper. Material	1,927,637	387,029
5. Maint. Materia	264,886	511,460

SECTION D. OUTAGES

1. TOTAL	137,413.10
2. Avg. No. Dist. Cons. Served	110,585.00
3. Avg No. Hours Out Per Cons.	1.24

RUS FORM 12

MONTH ENDING

MAY 31, 2008

1 OF 13

Big Rivers
Electric Corporation

201 Third Street
P.O. Box 24
Henderson, KY 42419-0024
270-827-2561
www.bigrivers.com

June 19, 2008

Mr. Victor T. Vu
Director, Power Supply Division
USDA/RUS
1400 Independence Avenue, SW, Stop 1568
Washington, DC 20250 1568

RE: RUS Form 12

Dear Mr. Vu:

At this time, Big Rivers is encountering difficulties with submitting its electronic filing of the RUS Form 12 via the RDUP Data Collection System (DCS).

Big Rivers has been instructed to provide RUS with a manually prepared Form 12 until the DCS can allow the Form 12b, c, and i to be filed electronically. Therefore, please find enclosed the printed Form 12 for the month ending May 31, 2008.

In addition, a copy of this Form 12 filing has been mailed to each of the parties listed below.

If you have any questions, please contact Ralph A. Ashworth, Manager of Accounting, at (270) 827-2561.

Sincerely,
BIG RIVERS ELECTRIC CORPORATION

C. William Blackburn by Ralph A. Ashworth

C. William Blackburn
Vice President and CFO

ems
Enclosures

C: Big Rivers' Board of Directors
Chairman – Kentucky Public Service Commission
Ms. Joyce Spear – Kentucky Public Service Commission
James M. Miller, Esq. – Sullivan, Mountjoy, Stainback & Miller, P.S.C.
Mr. Sandy Novick – Kenergy
Mr. Burns Mercer – Meade County R.E.C.C.
Mr. G. Kelly Nuckols – Jackson Purchase Energy Corporation
Ms. Lori J Falconer EP-MN-WS3C – U.S. Bank National Association
Mr. John List - NRUCFC
Ms. Karen Tran – Reliant Energy
Mr. Mark Glotfelty – Goldman, Sachs & Co.
Vice President, Leasing – Bluegrass Leasing, c/o Philip Morris Capital Corp.
Vice President, Energy & Water Dept. – CoBank, ACB
Mr. Jung Westover–Fleet Real Estate Inc., c/o Bank of America Leasing & Capital Group
Mr. Philip G. Kane Jr. – U. S. Bank National Association
Ms. Suk-Ling Ng – U. S. Bank National Association
Ms. Connie Vergara – Dexia Credit Local, New York
Mr. Dennis M. Pidherny – Global Utilities - AMBAC
Mr. Ryan Baynes – Midwest ISO

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 May, 2008
INSTRUCTIONS - Submit an original and two copies to RUS or file electronically. For detailed instructions, see RUS Bulletin 1717B-3.	BORROWER NAME Big Rivers Electric Corporation
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.	

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.

6/19/08
DATE

RUS Form 12

000004

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **OPERATING REPORT - FINANCIAL**	BORROWER DESIGNATION KY0062 PERIOD ENDED May, 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	111,336,646	89,626,280	78,654,327	17,833,656
2. Income From Leased Property (Net)	12,490,933	12,502,903	12,439,187	2,484,113
3. Other Operating Revenue and Income	4,065,852	4,366,298	3,983,390	926,369
4. **TOTAL OPER. REVENUES & PATRONAGE CAPITAL** *(1 thru 3)*	127,893,431	106,495,481	95,076,904	21,244,138
5. Operating Expense - Production - Excluding Fuel				
6. Operating Expense - Production - Fuel				
7. Operating Expense - Other Power Supply	67,550,196	47,410,667	42,924,891	9,571,131
8. Operating Expense - Transmission	3,659,094	2,984,926	3,053,764	594,611
9. Operating Expense - Distribution				
10. Operating Expense - Customer Accounts				
11. Operating Expense - Customer Service & Information	256,013	271,480	319,919	50,876
12. Operating Expense - Sales	96,731	115,352	410,763	37,473
13. Operating Expense - Administrative & General	5,091,864	7,682,403	6,199,378	1,685,900
14. **TOTAL OPERATION EXPENSE** *(5 thru 13)*	76,653,898	58,464,828	52,908,715	11,939,991
15. Maintenance Expense - Production				
16. Maintenance Expense - Transmission	1,795,512	1,545,073	1,561,576	309,081
17. Maintenance Expense - Distribution				
18. Maintenance Expense - General Plant	238,187	134,656	269,710	(111,465)
19. **TOTAL MAINTENANCE EXPENSE** *(15 thru 18)*	2,033,699	1,679,729	1,831,286	197,616
20. Depreciation and Amortization Expense	2,134,350	2,125,580	2,195,764	425,208
21. Taxes	449,856	467,235	463,885	92,777
22. Interest on Long-Term Debt	30,795,682	33,159,582	31,236,719	7,166,886
23. Interest Charged to Construction - Credit	(112,124)	(263,921)	(443,760)	(40,485)
24. Other Interest Expense	14,134	4,421	7,000	614
25. Asset Retirement Obligations				
26. Other Deductions	(1,164,856)	(1,163,344)	(1,145,234)	(241,442)
27. **TOTAL COST OF ELECTRIC SERVICE** *(14 + 19 thru 26)*	110,804,639	94,474,110	87,054,375	19,541,165
28. **OPERATING MARGINS** *(4 less 27)*	17,088,792	12,021,371	8,022,529	1,702,973
29. Interest Income	7,693,579	7,305,738	8,040,773	1,385,098
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	785,190	787,237	778,506	
35. Extraordinary Items				
36. **NET PATRONAGE CAPITAL OR MARGINS** (28 thru 35)	25,567,561	20,114,346	16,841,808	3,088,071

RUS Form 12a

000005

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **OPERATING REPORT - FINANCIAL**	BORROWER DESIGNATION KY0062 PERIOD ENDED May, 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	1,754,954,954	32. Memberships	75
2. Construction Work in Progress	22,793,017	33. Patronage Capital	
3. **TOTAL UTILITY PLANT** *(1 + 2)*	1,777,747,971	a Assigned and Assignable	
4. Accum. Provision for Depreciation and Amort.	865,918,201	b Retired This year c Retired Prior years	
5. **NET UTILITY PLANT** *(3 - 4)*	911,829,770	d Net Patronage Capital	
6. Non-Utility Property (Net)		34. Operating Margins - Prior Years	(264,435,083)
7. Investments in Subsidiary Companies		35. Operating Margin - Current Year	12,808,608
8. Invest. in Assoc. Org. - Patronage Capital	3,381,072	36. Non-Operating Margins	93,159,721
9. Invest. in Assoc. Org. - Other - General Funds	684,993	37. Other Margins and Equities	4,444,502
		38. **TOTAL MARGINS & EQUITIES** *(32 + 33d thru 37)*	(154,022,177)
10. Invest. in Assoc. Org. - Other - Nongeneral Funds		39. Long-Term Debt - RUS (Net)	848,420,850
11. Investments in Economic Development Projects	10,000	40. Long-Term Debt - FFB - RUS Guaranteed	
		41. Long-Term Debt - Other - RUS Guaranteed	
12. Other Investements	5,334	42. Long-Term Debt - Other (Net)	329,640,304
13. Special Funds	187,311,369	43. Long-Term Debt - RUS - Econ. Devel. (Net)	
14. **TOTAL OTHER PROPERTY AND INVESTMENTS** *(6 thru 13)*	191,392,768	44. Payments - Unapplied	
		45. **TOTAL LONG-TERM DEBT** *(39 thru 43 - 44)*	1,178,061,154
15. Cash - General Funds	5,738	46. Obligations Under Capital Leases - Noncurrent	
16. Cash - Construction Funds - Trustee			
17. Special Deposits	563,869	47. Accumulated Operating Provisions and Asset Retirement Obligations	3,327,625
18. Temporary Investments	250,779,488		
19. Notes Receivable (Net)		48. **TOTAL OTHER NONCURRENT LIABILITIES** *(46 + 47)*	3,327,625
20. Accounts Receivable - Sales of Energy (Net)	19,002,114	49. Notes Payable	
21. Accounts Receivable - Other (Net)	1,761,957	50. Accounts Payable	13,161,934
22. Fuel Stock		51. Current Maturities Long-Term Debt	45,079,107
23. Materials and Supplies - Other	749,951	52. Current Maturities Long-Term Debt - Rural Development	
24. Prepayments	4,472,235		
25. Other Current and Accrued Assets	5,819,029	53. Current Maturities Capital Leases	
26. **TOTAL CURRENT AND ACCRUED ASSESTS** *(15 thru 25)*	183,154,381	54. Taxes Accrued	1,078,193
		55. Interest Accrued	12,909,265
27. Unamortized Debt Discount & Extraor. Prop. Losses	766,584	56. Other Current and Accrued Liabilities	1,728,202
28. Regulatory Assets		57. **TOTAL CURRENT & ACCRUED LIABILITIES** *(49 thru 56)*	73,956,701
29. Other Deferred Debits	18,423,834		
30. Accumulated Deferred Income Taxes	5,035,000	58. Deferred Credits	209,279,034
31. **TOTAL ASSESTS AND OTHER DEBITS** *(5+14+26 thru 30)*	1,310,602,337	59. Accumulated Deferred Income Taxes	
		60. **TOTAL LIABILITES AND OTHER CREDITS** *(38 + 45 + 48 + 57 thru 59)*	1,310,602,337

USDA-RUS **FINANCIAL AND STATISTICAL REPORT** *INSTRUCTIONS - See RUS Bulletin 1717B-3*	BORROWER DESIGNATION KY0062 PERIOD ENDED May, 2008

SECTION C. Notes to Financial Statements

Footnote to RUS Form 12b SE

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

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RUS Form 12b SE
Operating Report
Sales of Electricity

05/31/08
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	124	138	112
3	Meade County Rural ECC	RQ	KY0018	91	95	95
4	Kenergy Corporation	RQ	KY0065	338	352	352
5	Kenergy Corporation	IF	KY0065			
6	Kenergy Corporation	LF	KY0065			
7						
8	Alabama Electric Coop	OS	AL0042			
9	Associated Electric Coop	OS	MO0073			
10	East Kentucky Power Coop	OS	KY0059			
11	Oglethorpe Power	OS	GA0109			
12						
13	Cargill-Alliant	OS				
14	Constellation Power Source	OS				
15	Eagle Energy Partners	OS				
16	LG&E Energy Marketing	OS				
17	Midwest Independent Trans.	OS				
18	PJM Interconnection	OS				
19	Southern Company Services	OS.				
20	Tennessee Valley Authority	OS				
21	The Energy Authority	OS				

Total for Ultimate Consumer(s)			0	0	0
Total for Distribution Borrowers			553	585	559
Total for G&T Borrowers			0	0	0
Total for Others			0	0	0
Grand Total			553	585	559

RUS Form 12b SE
Operating Report
Sales of Electricity

05/31/08
Page 2

Sale No.	Electricity Sold (g)	Revenue Demand (h)	Revenue Energy (I)	Revenue Other (j)	Revenue Total (h+I+j+k)
1					
2	285,950	4,327,714	5,770,303		10,098,017
3	201,643	3,097,821	4,113,546		7,211,367
4	860,572	13,388,096	15,078,836		28,466,932
5	5,239		263,689		263,689
6	403,409		19,668,677		19,668,677
7					
8	525		19,950		19,950
9	2,394		153,135		153,135
10	5,395		347,612		347,612
11	7,788		466,104		466,104
12					
13	50,335		2,714,588		2,714,588
14	54,519		2,995,603		2,995,603
15	85,538		4,386,840		4,386,840
16	67,871		3,881,558		3,881,558
17	89,886		4,502,906		4,502,906
18	35,871		1,717,063		1,717,063
19	16,802		902,424		902,424
20	26,510		1,583,433		1,583,433
21	5,062		246,382		246,382

	-	-	-	-	-
	1,756,813	20,813,631	44,895,051	-	65,708,682
	16,102	-	986,801	-	986,801
	432,394	-	22,930,797	-	22,930,797
	2,205,309	20,813,631	68,812,649	-	89,626,280

RUS Form 12b PP
Operating Report
Purchased Power

05/31/08
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	Constellation Energy Commodities	OS				
5	Eagle Energy Partners	OS				
6	Fortis	OS				
7	LG&E Energy Marketing	RQ				
8	Midwest Independent Trans.	OS				
9	Reliant Energy Services, Inc	SF				
10	Southeastern Power Admin	LF		178		
11	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

05/31/08
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	3,648				200,640		200,640
2							
3	2,410				168,540		168,540
4	225				20,025		20,025
5	85				4,755		4,755
6	(25)				(946)		(946)
7	2,047,059				41,272,025		41,272,025
8	571				41,325		41,325
9	3,000				682,469		682,469
10	172,555			1,304,685	2,098,269		3,402,954
11	41				2,740		2,740

	3,648	-	-	-	200,640	-	200,640
	2,225,921	-	-	1,304,685	44,289,202	-	45,593,887
	2,229,569	-	-	1,304,685	44,489,842	-	45,794,527

000011

RUS Form 12c
Operating Report
Sources and Distribution of Energy

05/31/08

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			2,229,569	45,794,527
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)			2,229,569	
DISTRIBUTION OF ENERGY				
16 TOTAL Sales			2,205,309	
17 Energy Furnished to Others Without Charge				
18 Energy Used by Borrower				
19 TOTAL Energy Accounted For (Sum of lines 16 thru 18)			2,205,309	
LOSSES				
20 Energy Losses - MWh (Line 15 minus 19)			24,260	
21 Energy Losses - Percentage ((Line 20 divided by line 15)*100)			1.09	

000012

RUS Form 12i **05/31/08**

OPERATING REPORT - LINES AND STATIONS

SECTION A. EXPENSE AND COSTS

	ITEM	Account Number	LINES (a)	STATIONS (b)
	TRANSMISSION OPERATION			
1	Supervision and Engineering	560	172,289	144,916
2	Load Dispatching	561	482,783	
3	Station Expenses	562		401,370
4	Overhead Line Expenses	563	423,857	
5	Underground Line Expenses	564		
6	Miscellaneous Expenses	566	91,852	86,115
7	**SUBTOTAL (1 thru 6)**		1,170,781	632,401
8	Transmission of Electricity by Others	565	1,171,452	
9	Rents	567		10,292
10	**TOTAL TRANSMISSION OPERATION (7 THRU 9)**		2,342,233	642,693
	TRANSMISSION MAINTENANCE			
11	Supervision and Engineering	568	105,398	121,415
12	Structures	569		1,459
13	Station Equipment	570		802,643
14	Overhead Lines	571	462,595	
15	Underground Lines	572		
16	Miscellaneous Transmission Plant	573	15,896	35,667
17	**TOTAL TRANSMISSION MAINTENANCE (11 THRU 16)**		583,889	961,184
18	**TOTAL TRANSMISSION EXPENSE (10 + 17)**		2,926,122	1,603,877
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)**		2,926,122	1,603,877
	FIXED COSTS			
23	Depreciation - Transmission	403.5	964,425	1,044,277
24	Depreciation - Distribution	403.6		
25	Interest - Transmission	427	1,563,291	1,866,179
26	Interest - Distribution	427		
27	**TOTAL TRANSMISSION (18 + 23 + 25)**		5,453,838	4,514,333
28	**TOTAL DISTRIBUTION (21 + 24 + 26)**		-	-
29	**TOTAL LINES AND STATIONS (27 + 28)**		5,453,838	4,514,333

SECTION B. FACILITIES IN SERVICE

	TRANSMISSION LINES		SUBSTATIONS	
	VOLTAGE (KV)	MILES	TYPE	CAPACITY (kVA)
1	69 KV	825.41	13. Distr. Lines	
2	345 KV	67.40		
3	138 KV	14.40	14. Total (12 + 13)	1,242.61
4	161 KV	335.40		
5			15. Stepup at Generating Plants	1,879,800
6				
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 C. LABOR AND MATERIAL SUMMARY

1. NUMBER OR EMPLOYEES		49
ITEM	LINES	STATIONS
2. Oper. Labor	732,280	349,841
3. Maint Labor	398,519	595,791
4. Oper. Material	1,609,953	292,852
5. Maint. Materia	185,370	365,393

SECTION D. OUTAGES

1. TOTAL	136,127.20
2. Avg. No. Dist. Cons. Served	110,585.00
3. Avg No. Hours Out Per Cons.	1.23

000013

RUS FORM 12

MONTH ENDING

APRIL 30, 2008

Big Rivers
Electric Corporation

201 Third Street
P.O. Box 24
Henderson, KY 42419-0024
270-827-2561
www.bigrivers.com

May 20, 2008

Mr. Victor T. Vu
Director, Power Supply Division
USDA/RUS
1400 Independence Avenue, SW, Stop 1568
Washington, DC 20250 1568

RE: RUS Form 12

Dear Mr. Vu:

At this time, Big Rivers is encountering difficulties with submitting its electronic filing of the RUS Form 12 via the RDUP Data Collection System (DCS).

Big Rivers has been instructed to provide RUS with a manually prepared Form 12 until the DCS can allow the Form 12b, c, and i to be filed electronically. Therefore, please find enclosed the printed Form 12 for the month ending April 30, 2008.

In addition, a copy of this Form 12 filing has been mailed to each of the parties listed below.

If you have any questions, please contact Ralph A. Ashworth, Manager of Accounting, at (270) 827-2561.

Sincerely,
BIG RIVERS ELECTRIC CORPORATION

C William Blackburn

C. William Blackburn
Vice President and CFO

ems
Enclosures

000002

C: Big Rivers' Board of Directors
Chairman – Kentucky Public Service Commission
Ms. Joyce Spear – Kentucky Public Service Commission
James M. Miller, Esq. – Sullivan, Mountjoy, Stainback & Miller, P.S.C.
Mr. Sandy Novick – Kenergy
Mr. Burns Mercer – Meade County R.E.C.C.
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Vice President, Energy & Water Dept. – CoBank, ACB
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Mr. Philip G. Kane Jr. – U. S. Bank National Association
Ms. Suk-Ling Ng – U. S. Bank National Association
Ms. Connie Vergara – Dexia Credit Local, New York
Mr. Dennis M. Pidherny – Global Utilities - AMBAC
Mr. Ryan Baynes – Midwest ISO

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE	BORROWER DESIGNATION KY0062
OPERATING REPORT - FINANCIAL	PERIOD ENDED April, 2008
INSTRUCTIONS - Submit an original and two copies to RUS or file electronically. For detailed instructions, see RUS Bulletin 1717B-3.	BORROWER NAME Big Rivers Electric Corporation
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.	

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.

5-20-08
DATE

RUS Form 12

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **OPERATING REPORT - FINANCIAL**	BORROWER DESIGNATION KY0062 PERIOD ENDED April, 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	88,870,291	71,792,624	62,943,050	19,552,934
2. Income From Leased Property (Net)	10,032,908	10,018,790	10,009,274	2,427,025
3. Other Operating Revenue and Income	3,222,115	3,439,929	3,187,870	965,145
4. **TOTAL OPER. REVENUES & PATRONAGE CAPITAL** *(1 thru 3)*	102,125,314	85,251,343	76,140,194	22,945,104
5. Operating Expense - Production - Excluding Fuel				
6. Operating Expense - Production - Fuel				
7. Operating Expense - Other Power Supply	52,684,227	37,839,537	34,798,656	9,539,961
8. Operating Expense - Transmission	2,888,932	2,390,315	2,504,735	624,606
9. Operating Expense - Distribution				
10. Operating Expense - Customer Accounts				
11. Operating Expense - Customer Service & Information	199,280	220,604	257,433	58,832
12. Operating Expense - Sales	89,468	77,879	207,933	(1,220)
13. Operating Expense - Administrative & General	3,862,342	5,996,502	4,966,341	2,126,173
14. **TOTAL OPERATION EXPENSE** *(5 thru 13)*	59,724,249	46,524,837	42,735,098	12,348,352
15. Maintenance Expense - Production				
16. Maintenance Expense - Transmission	1,373,039	1,235,992	1,263,662	394,864
17. Maintenance Expense - Distribution				
18. Maintenance Expense - General Plant	185,169	246,121	238,709	8,408
19. **TOTAL MAINTENANCE EXPENSE** *(15 thru 18)*	1,558,208	1,482,113	1,502,371	403,272
20. Depreciation and Amortization Expense	1,708,799	1,700,372	1,755,617	425,176
21. Taxes	359,887	374,457	371,108	92,777
22. Interest on Long-Term Debt	24,269,487	25,992,697	24,528,869	6,449,144
23. Interest Charged to Construction - Credit	(84,979)	(223,436)	(362,770)	(75,999)
24. Other Interest Expense	11,238	3,807	5,600	661
25. Asset Retirement Obligations				
26. Other Deductions	(926,432)	(921,902)	(920,657)	(215,774)
27. **TOTAL COST OF ELECTRIC SERVICE** *(14 + 19 thru 26)*	86,621,457	74,932,945	69,615,236	19,427,609
28. **OPERATING MARGINS** *(4 less 27)*	15,503,857	10,318,398	6,524,958	3,517,495
29. Interest Income	6,029,799	5,920,639	6,409,881	1,352,225
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	785,190	787,237	778,506	8,737
35. Extraordinary Items				
36. **NET PATRONAGE CAPITAL OR MARGINS** (28 thru 35)	22,318,846	17,026,274	13,713,345	4,878,457

RUS Form 12a

000005

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **OPERATING REPORT - FINANCIAL**	BORROWER DESIGNATION KY0062 PERIOD ENDED April, 2006
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	
1. Total Utility Plant in Service	1,752,454,188
2. Construction Work in Progress	23,527,059
3. **TOTAL UTILITY PLANT** *(1 + 2)*	1,775,981,247
4. Accum. Provision for Depreciation and Amort.	863,620,620
5. **NET UTILITY PLANT** *(3 - 4)*	912,360,627
6. Non-Utility Property (Net)	
7. Investments in Subsidiary Companies	
8. Invest. in Assoc. Org. - Patronage Capital	3,381,073
9. Invest. in Assoc. Org. - Other - General Funds	684,993
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	
11. Investments in Economic Development Projects	10,000
12. Other Investements	5,334
13. Special Funds	187,310,376
14. **TOTAL OTHER PROPERTY AND INVESTMENTS** *(6 thru 13)*	191,391,776
15. Cash - General Funds	5,966
16. Cash - Construction Funds - Trustee	
17. Special Deposits	562,483
18. Temporary Investments	139,952,319
19. Notes Receivable (Net)	
20. Accounts Receivable - Sales of Energy (Net)	20,775,767
21. Accounts Receivable - Other (Net)	1,265,233
22. Fuel Stock	
23. Materials and Supplies - Other	745,182
24. Prepayments	4,547,419
25. Other Current and Accrued Assets	4,616,959
26. **TOTAL CURRENT AND ACCRUED ASSESTS** *(15 thru 25)*	172,471,328
27. Unamortized Debt Discount & Extraor. Prop. Losses	771,123
28. Regulatory Assets	
29. Other Deferred Debits	18,483,586
30. Accumulated Deferred Income Taxes	5,035,000
31. **TOTAL ASSESTS AND OTHER DEBITS** *(5+14+26 thru 30)*	1,300,513,440

LIABILITIES AND OTHER CREDITS	
32. Memberships	75
33. Patronage Capital	
a Assigned and Assignable	
b Retired This year	
c Retired Prior years	
d Net Patronage Capital	
34. Operating Margins - Prior Years	(264,435,083)
35. Operating Margin - Current Year	11,105,635
36. Non-Operating Margins	91,774,623
37. Other Margins and Equities	4,444,502
38. **TOTAL MARGINS & EQUITIES** *(32 + 33d thru 37)*	(157,110,248)
39. Long-Term Debt - RUS (Net)	848,947,253
40. Long-Term Debt - FFB - RUS Guaranteed	
41. Long-Term Debt - Other - RUS Guaranteed	
42. Long-Term Debt - Other (Net)	329,689,056
43. Long-Term Debt - RUS - Econ. Devel. (Net)	
44. Payments - Unapplied	
45. **TOTAL LONG-TERM DEBT** *(39 thru 43 - 44)*	1,178,636,309
46. Obligations Under Capital Leases - Noncurrent	
47. Accumulated Operating Provisions and Asset Retirement Obligations	3,242,853
48. **TOTAL OTHER NONCURRENT LIABILITIES** *(46 + 47)*	3,242,853
49. Notes Payable	
50. Accounts Payable	12,232,318
51. Current Maturities Long-Term Debt	45,075,370
52. Current Maturities Long-Term Debt - Rural Development	
53. Current Maturities Capital Leases	
54. Taxes Accrued	865,508
55. Interest Accrued	8,463,401
56. Other Current and Accrued Liabilities	1,848,761
57. **TOTAL CURRENT & ACCRUED LIABILITIES** *(49 thru 56)*	68,485,358
58. Deferred Credits	207,259,168
59. Accumulated Deferred Income Taxes	
60. **TOTAL LIABILITES AND OTHER CREDITS** *(38 + 45 + 48 + 57 thru 59)*	1,300,513,440

USDA-RUS **FINANCIAL AND STATISTICAL REPORT** *INSTRUCTIONS - See RUS Bulletin 1717B-3*	BORROWER DESIGNATION KY0062 PERIOD ENDED April, 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 **04/30/08**
Operating Report **Page1**
Sales of Electricity

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	125	140	114
3	Meade County Rural ECC	RQ	KY0018	98	101	101
4	Kenergy Corporation	RQ	KY0065	346	360	358
5	Kenergy Corporation	IF	KY0065			
6	Kenergy Corporation	LF	KY0065			
7						
8	Alabama Electric Coop	OS	AL0042			
9	Associated Electric Coop	OS	MO0073			
10	East Kentucky Power Coop	OS	KY0059			
11	Oglethorpe Power	OS	GA0109			
12						
13	Cargill-Alliant	OS				
14	Constellation Power Source	OS				
15	Eagle Energy Partners	OS				
16	LG&E Energy Marketing	OS				
17	Midwest Independent Trans.	OS				
18	PJM Interconnection	OS				
19	Southern Company Services	OS				
20	Tennessee Valley Authority	OS				
21	The Energy Authority	OS				

Total for Ultimate Consumer(s)			0	0	0
Total for Distribution Borrowers			569	601	573
Total for G&T Borrowers			0	0	0
Total for Others			0	0	0
Grand Total			569	601	573

RUS Form 12b SE
Operating Report
Sales of Electricity

04/30/08
Page 2

Sale No.	Electricity Sold (g)	Revenue Demand (h)	Revenue Energy (i)	Revenue Other (j)	Revenue Total (h+i+j+k)
1					
2	237,450	3,470,821	4,796,159		8,266,980
3	173,193	2,671,740	3,533,152		6,204,892
4	704,209	10,925,809	12,414,012		23,339,821
5	2,793		119,555		119,555
6	320,272		15,659,184		15,659,184
7					
8	525		19,950		19,950
9	1,169		75,060		75,060
10	5,160		334,308		334,308
11	6,370		404,415		404,415
12					
13	41,614		2,268,013		2,268,013
14	39,939		2,323,299		2,323,299
15	56,455		2,875,685		2,875,685
16	58,996		3,340,992		3,340,992
17	75,285		3,908,704		3,908,704
18	28,567		1,412,889		1,412,889
19	13,721		766,003		766,003
20	5,949		328,681		328,681
21	3,071		144,193		144,193

	-	-	-	-	-
	1,437,917	17,068,370	36,522,062	-	53,590,432
	13,224	-	833,733	-	833,733
	323,597	-	17,368,459	-	17,368,459
	1,774,738	17,068,370	54,724,254	-	71,792,624

RUS Form 12b PP
Operating Report
Purchased Power

04/30/08
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

04/30/08
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	2,904				159,720		159,720
2							
3	10				540		540
4	85				4,755		4,755
5	(25)				(946)		(946)
6	1,637,976				32,969,659		32,969,659
7	571				41,324		41,324
8	2,304				543,445		543,445
9	150,179			1,043,748	1,826,177		2,869,925
10	41				2,740		2,740

	2,904	-	-	-	159,720	-	159,720
	1,791,141	-	-	1,043,748	35,387,694	-	36,431,442
	1,794,045	-	-	1,043,748	35,547,414	-	36,591,162

RUS Form 12c **04/30/08**
Operating Report
Sources and Distribution of Energy

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			1,794,045	36,591,162
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)			1,794,045	
DISTRIBUTION OF ENERGY				
16 TOTAL Sales			1,774,738	
17 Energy Furnished to Others Without Charge				
18 Energy Used by Borrower				
19 TOTAL Energy Accounted For (Sum of lines 16 thru 18)			1,774,738	
LOSSES				
20 Energy Losses - MWh (Line 15 minus 19)			19,307	
21 Energy Losses - Percentage ((Line 20 divided by line 15)*100)			1.08	

RUS Form 12i 04/30/08

OPERATING REPORT - LINES AND STATIONS

SECTION A. EXPENSE AND COSTS				
	ITEM	Account Number	LINES (a)	STATIONS (b)
	TRANSMISSION OPERATION			
1	Supervision and Engineering	560	142,178	117,085
2	Load Dispatching	561	398,949	
3	Station Expenses	562		324,109
4	Overhead Line Expenses	563	346,962	
5	Underground Line Expenses	564		
6	Miscellaneous Expenses	566	63,980	58,952
7	**SUBTOTAL (1 thru 6)**		952,069	500,146
8	Transmission of Electricity by Others	565	929,866	
9	Rents	567		8,234
10	**TOTAL TRANSMISSION OPERATION (7 THRU 9)**		1,881,935	508,380
	TRANSMISSION MAINTENANCE			
11	Supervision and Engineering	568	87,110	100,484
12	Structures	569		1,445
13	Station Equipment	570		665,132
14	Overhead Lines	571	335,018	
15	Underground Lines	572		
16	Miscellaneous Transmission Plant	573	12,048	34,755
17	**TOTAL TRANSMISSION MAINTENANCE (11 THRU 16)**		434,176	801,816
18	**TOTAL TRANSMISSION EXPENSE (10 + 17)**		2,316,111	1,310,196
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)**		2,316,111	1,310,196
	FIXED COSTS			
23	Depreciation - Transmission	403.5	771,576	835,402
24	Depreciation - Distribution	403.6		
25	Interest - Transmission	427	1,226,271	1,439,700
26	Interest - Distribution	427		
27	**TOTAL TRANSMISSION (18 + 23 + 25)**		4,313,958	3,585,298
28	**TOTAL DISTRIBUTION (21 + 24 + 26)**		-	-
29	**TOTAL LINES AND STATIONS (27 + 28)**		4,313,958	3,585,298

SECTION B. FACILITIES IN SERVICE				
TRANSMISSION LINES			**SUBSTATIONS**	
	VOLTAGE (KV)	MILES	TYPE	CAPACITY (kVA)
1	69 KV	825.41	13. Distr. Lines	
2	345 KV	67.40		
3	138 KV	14.40	14. Total (12 + 13)	1,242.61
4	161 KV	335.40		
5			15. Stepup at Generating Plants	1,879,800
6				
7			16. Transmission	3,540,000
8				
9			17. Distribution	
10				
11			18. Total (15 thru 17)	5,419,800
12	TOTAL (1 thru 11	1,242.61		

SECTION C. LABOR AND MATERIAL SUMMARY		
1. NUMBER OR EMPLOYEES		49
ITEM	LINES	STATIONS
2. Oper. Labor	607,029	279,724
3. Maint Labor	324,937	500,987
4. Oper. Material	1,274,906	228,656
5. Maint. Materia	109,239	300,829

SECTION D. OUTAGES	
1. TOTAL	130,649.70
2. Avg. No. Dist. Cons. Served	110,585.00
3. Avg No. Hours Out Per Cons.	1.18

RUS FORM 12

MONTH ENDING

MARCH 31, 2008

Big Rivers
Electric Corporation

201 Third Street
P.O. Box 24
Henderson, KY 42419-0024
502-827-2561
www.bigrivers.com

April 21, 2008

Mr. Victor T. Vu
Director, Power Supply Division
USDA/RUS
1400 Independence Avenue, SW, Stop 1568
Washington, DC 20250 1568

RE: RUS Form 12

Dear Mr. Vu:

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In addition, a copy of this Form 12 filing has been mailed to each of the parties listed below.

If you have any questions, please contact Ralph A. Ashworth, Manager of Accounting, at (270) 827-2561.

Sincerely,
BIG RIVERS ELECTRIC CORPORATION

C William Blackburn

C. William Blackburn
Vice President and CFO

ems
Enclosures

C: Big Rivers' Board of Directors
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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 March, 2008
INSTRUCTIONS - Submit an original and two copies to RUS or file electronically. For detailed instructions, see RUS Bulletin 1717B-3.	BORROWER NAME Big Rivers Electric Corporation
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.	

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.

4-21-08
DATE

RUS Form 12

000004

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **OPERATING REPORT - FINANCIAL**	BORROWER DESIGNATION KY0062 PERIOD ENDED March, 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	67,461,068	52,239,689	47,892,928	18,974,415
2. Income From Leased Property (Net)	7,547,748	7,591,766	7,575,391	2,514,913
3. Other Operating Revenue and Income	2,388,655	2,474,784	2,391,735	835,584
4. **TOTAL OPER. REVENUES & PATRONAGE CAPITAL** *(1 thru 3)*	77,397,471	62,306,239	57,860,054	22,324,912
5. Operating Expense - Production - Excluding Fuel				
6. Operating Expense - Production - Fuel				
7. Operating Expense - Other Power Supply	40,218,532	28,299,575	26,782,566	9,704,420
8. Operating Expense - Transmission	2,167,705	1,765,709	1,900,713	572,077
9. Operating Expense - Distribution				
10. Operating Expense - Customer Accounts				
11. Operating Expense - Customer Service & Information	145,463	161,772	190,262	57,721
12. Operating Expense - Sales	74,769	79,099	156,528	4,789
13. Operating Expense - Administrative & General	2,780,844	3,870,329	3,596,720	1,338,755
14. **TOTAL OPERATION EXPENSE** *(5 thru 13)*	45,387,313	34,176,484	32,626,789	11,677,762
15. Maintenance Expense - Production				
16. Maintenance Expense - Transmission	1,008,111	841,128	917,203	246,095
17. Maintenance Expense - Distribution				
18. Maintenance Expense - General Plant	182,753	237,714	203,019	20,913
19. **TOTAL MAINTENANCE EXPENSE** *(15 thru 18)*	1,190,864	1,078,842	1,120,222	267,008
20. Depreciation and Amortization Expense	1,285,311	1,275,195	1,315,643	424,967
21. Taxes	269,920	281,681	278,331	96,127
22. Interest on Long-Term Debt	18,246,947	19,543,553	18,587,720	6,920,127
23. Interest Charged to Construction - Credit	(61,507)	(147,437)	(288,850)	(35,275)
24. Other Interest Expense	8,437	3,146	4,200	956
25. Asset Retirement Obligations				
26. Other Deductions	(693,720)	(706,128)	(703,919)	(240,375)
27. **TOTAL COST OF ELECTRIC SERVICE** *(14 + 19 thru 26)*	65,633,565	55,505,336	52,940,136	19,111,297
28. **OPERATING MARGINS** *(4 less 27)*	11,763,906	6,800,903	4,919,918	3,213,615
29. Interest Income	4,460,079	4,568,414	4,821,957	1,529,231
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	785,190	778,500	778,506	778,500
35. Extraordinary Items				
36. **NET PATRONAGE CAPITAL OR MARGINS** (28 thru 35)	17,009,175	12,147,817	10,520,381	5,521,346

RUS Form 12a

000005

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **OPERATING REPORT - FINANCIAL**	BORROWER DESIGNATION KY0062 PERIOD ENDED March, 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	1,751,206,092	32. Memberships	75
2. Construction Work in Progress	22,643,376	33. Patronage Capital	
3. **TOTAL UTILITY PLANT** *(1 + 2)*	1,773,849,468	a Assigned and Assignable	
4. Accum. Provision for Depreciation and Amort.	861,199,043	b Retired This year c Retired Prior years	
5. **NET UTILITY PLANT** *(3 - 4)*	912,650,425	d Net Patronage Capital	
6. Non-Utility Property (Net)		34. Operating Margins - Prior Years	(265,296,621)
7. Investments in Subsidiary Companies		35. Operating Margin - Current Year	7,579,402
8. Invest. in Assoc. Org. - Patronage Capital	3,372,335	36. Non-Operating Margins	90,422,398
9. Invest. in Assoc. Org. - Other - General Funds	684,993	37. Other Margins and Equities	4,444,502
10. Invest. in Assoc. Org. - Other - Nongeneral Funds		38. **TOTAL MARGINS & EQUITIES** *(32 + 33d thru 37)*	(162,850,244)
11. Investments in Economic Development Projects		39. Long-Term Debt - RUS (Net)	857,398,553
	10,000	40. Long-Term Debt - FFB - RUS Guaranteed	
		41. Long-Term Debt - Other - RUS Guaranteed	
12. Other Investements	5,334	42. Long-Term Debt - Other (Net)	329,737,485
13. Special Funds	187,309,079	43. Long-Term Debt - RUS - Econ. Devel. (Net)	
14. **TOTAL OTHER PROPERTY AND INVESTMENTS** *(6 thru 13)*		44. Payments - Unapplied	
	191,381,741	45. **TOTAL LONG-TERM DEBT** *(39 thru 43 - 44)*	1,187,136,038
15. Cash - General Funds	5,780	46. Obligations Under Capital Leases - Noncurrent	
16. Cash - Construction Funds - Trustee			
17. Special Deposits	561,142	47. Accumulated Operating Provisions and Asset Retirement Obligations	
18. Temporary Investments	148,585,393		4,425,317
19. Notes Receivable (Net)		48. **TOTAL OTHER NONCURRENT LIABILITIES** *(46 + 47)*	4,425,317
20. Accounts Receivable - Sales of Energy (Net)	20,239,743	49. Notes Payable	
21. Accounts Receivable - Other (Net)	1,639,515	50. Accounts Payable	17,486,138
22. Fuel Stock		51. Current Maturities Long-Term Debt	45,071,696
23. Materials and Supplies - Other	751,215	52. Current Maturities Long-Term Debt - Rural Development	
24. Prepayments	11,424,959		
25. Other Current and Accrued Assets	3,466,468	53. Current Maturities Capital Leases	
26. **TOTAL CURRENT AND ACCRUED ASSESTS** *(15 thru 25)*		54. Taxes Accrued	669,128
	186,674,215	55. Interest Accrued	12,056,166
27. Unamortized Debt Discount & Extraor. Prop. Losses		56. Other Current and Accrued Liabilities	1,699,966
	775,516	57. **TOTAL CURRENT & ACCRUED LIABILITIES** *(49 thru 56)*	
28. Regulatory Assets			
29. Other Deferred Debits	16,636,592		76,983,094
30. Accumulated Deferred Income Taxes	5,112,491	58. Deferred Credits	207,536,775
31. **TOTAL ASSESTS AND OTHER DEBITS** *(5+14+26 thru 30)*		59. Accumulated Deferred Income Taxes	
	1,313,230,980	60. **TOTAL LIABILITES AND OTHER CREDITS** *(38 + 45 + 48 + 57 thru 59)*	1,313,230,980

USDA-RUS **FINANCIAL AND STATISTICAL REPORT** *INSTRUCTIONS - See RUS Bulletin 1717B-3*	BORROWER DESIGNATION KY0062 PERIOD ENDED March, 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

03/31/08
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	132	145	121
3	Meade County Rural ECC	RQ	KY0018	106	109	110
4	Kenergy Corporation	RQ	KY0065	364	377	373
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	LG&E Energy Marketing	OS				
16	Midwest Independent Trans.	OS				
17	PJM Interconnection	OS				
18	Southern Company Services	OS				
19	Tennessee Valley Authority	OS				
20	The Energy Authority	OS				

Total for Ultimate Consumer(s)			0	0	0
Total for Distribution Borrowers			602	631	604
Total for G&T Borrowers			0	0	0
Total for Others			0	0	0
Grand Total			602	631	604

RUS Form 12b SE
Operating Report
Sales of Electricity

03/31/08
Page 2

Sale No.	Electricity Sold (g)	Revenue Demand (h)	Revenue Energy (i)	Revenue Other (j)	Revenue Total (h+i+j+k)
1					
2	190,383	2,766,541	3,850,838		6,617,379
3	142,674	2,176,161	2,910,558		5,086,719
4	553,889	8,579,479	9,828,307		18,407,786
5	2,126		95,143		95,143
6	232,196		11,366,427		11,366,427
7					
8	525		19,950		19,950
9	3,743		250,803		250,803
10	1,248		75,621		75,621
11					
12	30,851		1,603,385		1,603,385
13	9,343		539,466		539,466
14	46,300		2,318,075		2,318,075
15	46,409		2,742,920		2,742,920
16	43,789		2,110,969		2,110,969
17	15,530		705,372		705,372
18	1,345		41,375		41,375
19	3,428		183,747		183,747
20	1,743		74,552		74,552

	-	-	-	-	-
	1,121,268	13,522,181	28,051,273	-	41,573,454
	5,516	-	346,374	-	346,374
	198,738	-	10,319,861	-	10,319,861
	1,325,522	13,522,181	38,717,508	-	52,239,689

RUS Form 12b PP
Operating Report
Purchased Power

03/31/08
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	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 **03/31/08**
Operating Report **Page 2**
Purchased Power

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	2,184				120,120		120,120
2							
3	10				540		540
4	85				4,755		4,755
5	(25)				(946)		(946)
6	1,231,573				24,828,426		24,828,426
7	571				41,325		41,325
8	1,751				407,488		407,488
9	103,241			782,811	1,255,411		2,038,222
10	41				2,740		2,740

	2,184	-	-	-	120,120	-	120,120
							-
	1,337,247	-	-	782,811	26,539,739	-	27,322,550
	1,339,431	-	-	782,811	26,659,859	-	27,442,670

RUS Form 12c **03/31/08**
Operating Report
Sources and Distribution of Energy

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			1,339,431	27,442,670
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)			1,339,431	
DISTRIBUTION OF ENERGY				
16 TOTAL Sales			1,325,522	
17 Energy Furnished to Others Without Charge				
18 Energy Used by Borrower				
19 TOTAL Energy Accounted For (Sum of lines 16 thru 18)			1,325,522	
LOSSES				
20 Energy Losses - MWh (Line 15 minus 19)			13,909	
21 Energy Losses - Percentage ((Line 20 divided by line 15)*100)			1.04	

RUS Form 12I **03/31/08**

OPERATING REPORT - LINES AND STATIONS

SECTION A. EXPENSE AND COSTS				
	ITEM	Account Number	LINES (a)	STATIONS (b)
	TRANSMISSION OPERATION			
1	Supervision and Engineering	560	105,952	88,336
2	Load Dispatching	561	287,311	
3	Station Expenses	562		244,134
4	Overhead Line Expenses	563	262,545	
5	Underground Line Expenses	564		
6	Miscellaneous Expenses	566	49,372	46,054
7	**SUBTOTAL (1 thru 6)**		705,180	378,524
8	Transmission of Electricity by Others	565	675,830	
9	Rents	567		6,175
10	**TOTAL TRANSMISSION OPERATION (7 THRU 9)**		1,381,010	384,699
	TRANSMISSION MAINTENANCE			
11	Supervision and Engineering	568	65,380	75,041
12	Structures	569		134
13	Station Equipment	570		449,304
14	Overhead Lines	571	208,768	
15	Underground Lines	572		
16	Miscellaneous Transmission Plant	573	9,184	33,317
17	**TOTAL TRANSMISSION MAINTENANCE (11 THRU 16)**		283,332	557,796
18	**TOTAL TRANSMISSION EXPENSE (10 + 17)**		1,664,342	942,495
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)**		1,664,342	942,495
	FIXED COSTS			
23	Depreciation - Transmission	403.5	578,727	626,526
24	Depreciation - Distribution	403.6		
25	Interest - Transmission	427	927,996	1,096,964
26	Interest - Distribution	427		
27	**TOTAL TRANSMISSION (18 + 23 + 25)**		3,171,065	2,665,985
28	**TOTAL DISTRIBUTION (21 + 24 + 26)**		-	-
29	**TOTAL LINES AND STATIONS (27 + 28)**		3,171,065	2,665,985

SECTION B. FACILITIES IN SERVICE

TRANSMISSION LINES			SUBSTATIONS	
	VOLTAGE (KV)	MILES	TYPE	CAPACITY (kVA)
1	69 KV	825.41	13. Distr. Lines	
2	345 KV	67.40		
3	138 KV	14.40	14. Total (12 + 13)	1,242.61
4	161 KV	335.40		
5			15. Stepup at Generating Plants	1,879,800
6				
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 C. LABOR AND MATERIAL SUMMARY

1. NUMBER OR EMPLOYEES		49
ITEM	LINES	STATIONS
2. Oper. Labor	444,881	200,216
3. Maint Labor	227,232	365,855
4. Oper. Material	936,128	184,483
5. Maint. Materia	56,100	191,941

SECTION D. OUTAGES

1. TOTAL	129,386.40
2. Avg. No. Dist. Cons. Served	110,585.00
3. Avg No. Hours Out Per Cons.	1.17

RUS FORM 12

MONTH ENDING

FEBRUARY 29, 2008

Big Rivers
Electric Corporation

201 Third Street
P.O. Box 24
Henderson, KY 42419-0024
502-827-2561
www.bigrivers.com

March 19, 2008

Mr. Victor T. Vu
Director, Power Supply Division
USDA/RUS
1400 Independence Avenue, SW, Stop 1568
Washington, DC 20250 1568

RE: RUS Form 12

Dear Mr. Vu:

At this time, Big Rivers is encountering difficulties with submitting its electronic filing of the RUS Form 12 via the RDUP Data Collection System (DCS).

Big Rivers has been instructed to provide RUS with a manually prepared Form 12 until the DCS can allow the Form 12b, c, and i to be filed electronically. Therefore, please find enclosed the printed Form 12 for the month ending February 29, 2008.

In addition, a copy of this Form 12 filing has been mailed to each of the parties listed below.

If you have any questions, please contact Ralph A. Ashworth, Manager of Accounting, at (270) 827-2561.

Sincerely,
BIG RIVERS ELECTRIC CORPORATION

C William Blackburn

C. William Blackburn
Vice President and CFO

cms
Enclosures

C: Big Rivers' Board of Directors
Mr. Mark David Goss – Kentucky Public Service Commission
Ms. Joyce Spear – Kentucky Public Service Commission
James M. Miller, Esq. – Sullivan, Mountjoy, Stainback & Miller, P.S.C.
Mr. Sandy Novick – Kenergy
Mr. Burns Mercer – Meade County R.E.C.C.
Mr. G. Kelly Nuckols – Jackson Purchase Energy Corporation
Ms. Lori J Falconer EP-MN-WS3C – U.S. Bank National Association
Mr. John List - NRUCFC
Ms. Karen Tran – Reliant Energy
Mr. Mark Glotfelty – Goldman, Sachs & Co.
Vice President, Leasing – Bluegrass Leasing, c/o Philip Morris Capital Corp.
Vice President, Energy & Water Dept. – CoBank, ACB
Mr. Jung Westover–Fleet Real Estate Inc., c/o Bank of America Leasing & Capital Group
Mr. Philip G. Kane Jr. – U. S. Bank National Association
Ms. Suk-Ling Ng – U. S. Bank National Association
Ms. Connie Vergara – Dexia Credit Local, New York
Mr. Dennis M. Pidherny – Global Utilities - AMBAC
Mr. Ryan Baynes – Midwest ISO

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 Big Rivers Electric Corporation
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.	

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)

- [x] 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

RUS Form 12

000004

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

OPERATING REPORT - FINANCIAL

BORROWER DESIGNATION KY0062

PERIOD ENDED February, 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 LAST YEAR (a)	YEAR-TO-DATE THIS YEAR (b)	YEAR-TO-DATE BUDGET (c)	THIS MONTH (d)
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	120,202	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

RUS Form 12a

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **OPERATING REPORT - FINANCIAL**	BORROWER DESIGNATION KY0062 PERIOD ENDED February, 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	
1. Total Utility Plant in Service	1,750,655,569
2. Construction Work in Progress	21,077,107
3. **TOTAL UTILITY PLANT** *(1 + 2)*	1,771,732,676
4. Accum. Provision for Depreciation and Amort.	858,557,741
5. **NET UTILITY PLANT** *(3 - 4)*	913,174,935
6. Non-Utility Property (Net)	
7. Investments in Subsidiary Companies	
8. Invest. in Assoc. Org. - Patronage Capital	2,983,951
9. Invest. in Assoc. Org. - Other - General Funds	684,993
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	
11. Investments in Economic Development Projects	10,000
12. Other Investements	5,334
13. Special Funds	187,386,172
14. **TOTAL OTHER PROPERTY AND INVESTMENTS** *(6 thru 13)*	191,070,450
15. Cash - General Funds	5,751
16. Cash - Construction Funds - Trustee	
17. Special Deposits	559,084
18. Temporary Investments	143,981,216
19. Notes Receivable (Net)	
20. Accounts Receivable - Sales of Energy (Net)	17,017,578
21. Accounts Receivable - Other (Net)	2,199,658
22. Fuel Stock	
23. Materials and Supplies - Other	735,945
24. Prepayments	11,508,694
25. Other Current and Accrued Assets	2,711,069
26. **TOTAL CURRENT AND ACCRUED ASSESTS** *(15 thru 25)*	178,718,995
27. Unamortized Debt Discount & Extraor. Prop. Losses	780,056
28. Regulatory Assets	
29. Other Deferred Debits	16,702,603
30. Accumulated Deferred Income Taxes	5,112,491
31. **TOTAL ASSESTS AND OTHER DEBITS** *(5+14+26 thru 30)*	1,305,559,530

LIABILITIES AND OTHER CREDITS	
32. Memberships	75
33. Patronage Capital	
a Assigned and Assignable	
b Retired This year	
c Retired Prior years	
d Net Patronage Capital	
34. Operating Margins - Prior Years	(265,296,621)
35. Operating Margin - Current Year	3,587,288
36. Non-Operating Margins	88,893,167
37. Other Margins and Equities	4,444,502
38. **TOTAL MARGINS & EQUITIES** *(32 + 33d thru 37)*	(168,371,589)
39. Long-Term Debt - RUS (Net)	855,968,095
40. Long-Term Debt - FFB - RUS Guaranteed	
41. Long-Term Debt - Other - RUS Guaranteed	
42. Long-Term Debt - Other (Net)	329,785,593
43. Long-Term Debt - RUS - Econ. Devel. (Net)	
44. Payments - Unapplied	
45. **TOTAL LONG-TERM DEBT** *(39 thru 43 - 44)*	1,185,753,688
46. Obligations Under Capital Leases - Noncurrent	
47. Accumulated Operating Provisions and Asset Retirement Obligations	4,415,534
48. **TOTAL OTHER NONCURRENT LIABILITIES** *(46 + 47)*	4,415,534
49. Notes Payable	
50. Accounts Payable	16,423,547
51. Current Maturities Long-Term Debt	45,068,009
52. Current Maturities Long-Term Debt - Rural Development	
53. Current Maturities Capital Leases	
54. Taxes Accrued	1,373,495
55. Interest Accrued	8,581,987
56. Other Current and Accrued Liabilities	1,682,657
57. **TOTAL CURRENT & ACCRUED LIABILITIES** *(49 thru 56)*	73,129,695
58. Deferred Credits	210,632,202
59. Accumulated Deferred Income Taxes	
60. **TOTAL LIABILITES AND OTHER CREDITS** *(38 + 45 + 48 + 57 thru 59)*	1,305,559,530

RUS Form 12a

000006

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.

000007

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 **02/29/08**
Operating Report **Page 2**
Purchased Power

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	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

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RUS Form 12c **02/29/08**
Operating Report
Sources and Distribution of Energy

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 Furnished 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 **02/29/08**

OPERATING REPORT - LINES AND STATIONS

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	138 KV	14.40	14. Total (12 + 13)	1,242.61	3. Maint Labor	169,143	257,669
4	161 KV	335.40					
5			15. Stepup at	1,879,800	4. Oper. Material	615,555	127,835
6			Generating Plants				
7			16. Transmission	3,540,000	5. Maint. Materia	34,219	134,002
8							
9			17. Distribution		SECTION D. OUTAGES		
10					1. TOTAL		122,207.70
11			18. Total		2. Avg. No. Dist. Cons. Served		110,585.00
12	TOTAL (1 thru 11	1,242.61	(15 thru 17)	5,419,800	3. Avg No. Hours Out Per Cons.		1.11

RUS FORM 12

MONTH ENDING

JANUARY 31, 2008

1 OF 13

Big Rivers
Electric Corporation

201 Third Street
P.O. Box 24
Henderson, KY 42419-0024
502-827-2561
www.bigrivers.com

February 20, 2008

Mr. Victor T. Vu
Director, Power Supply Division
USDA/RUS
1400 Independence Avenue, SW, Stop 1568
Washington, DC 20250 1568

RE: RUS Form 12

Dear Mr. Vu:

At this time, Big Rivers is encountering difficulties with submitting its electronic filing of the RUS Form 12 via the RDUP Data Collection System (DCS).

Big Rivers has been instructed to provide RUS with a manually prepared Form 12 until the DCS can allow the Form 12b, c, and i to be filed electronically. Therefore, please find enclosed the printed Form 12 for the month ending January 31, 2008.

In addition, a copy of this Form 12 filing has been mailed to each of the parties listed below.

If you have any questions, please contact Ralph A. Ashworth, Manager of Accounting, at (270) 827-2561.

Sincerely,
BIG RIVERS ELECTRIC CORPORATION

C. William Blackburn

C. William Blackburn
Vice President and CFO

cms
Enclosures

C: Big Rivers' Board of Directors
Mr. Mark David Goss – Kentucky Public Service Commission
Ms. Joyce Spear – Kentucky Public Service Commission
James M. Miller, Esq. – Sullivan, Mountjoy, Stainback & Miller, P.S.C.
Mr. Sandy Novick – Kenergy
Mr. Burns Mercer – Meade County R.E.C.C.
Mr. G. Kelly Nuckols – Jackson Purchase Energy Corporation
Ms. Lori J Falconer EP-MN-WS3C – U.S. Bank National Association
Mr. John List - NRUCFC
Ms. Karen Tran – Reliant Energy
Mr. Mark Glotfelty – Goldman, Sachs & Co.
Vice President, Leasing – Bluegrass Leasing, c/o Philip Morris Capital Corp.
Vice President, Energy & Water Dept. – CoBank, ACB
Mr. Jung Westover–Fleet Real Estate Inc., c/o Bank of America Leasing & Capital Group
Mr. Philip G. Kane Jr. – U. S. Bank National Association
Ms. Suk-Ling Ng – U. S. Bank National Association
Ms. Connie Vergara – Dexia Credit Local, New York
Mr. Dennis M. Pidherny – Global Utilities - AMBAC
Mr. Ryan Baynes – Midwest ISO

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 35 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 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.*	BORROWER NAME 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

RUS Form 12

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **OPERATING REPORT - FINANCIAL**	BORROWER DESIGNATION KY0062 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			
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	THIS MONTH (d)
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

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

OPERATING REPORT - FINANCIAL

BORROWER DESIGNATION KY0062

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

000006

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
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	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

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

RUS Form 12b PP **01/31/08**
Operating Report **Page1**
Purchased Power

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

RUS Form 12b PP **01/31/08**
Operating Report **Page 2**
Purchased Power

Purch No.	Electricity Purchased (g)	Power Echanges Electricity Received (h)	Power Echanges Electricity Delivered (l)	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

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 Furnished 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	

RUS Form 12i 01/31/08

OPERATING REPORT - LINES AND STATIONS

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				
	TRANSMISSION LINES		SUBSTATIONS	
	VOLTAGE (KV)	MILES	TYPE	CAPACITY (kVA)
1	69 KV	825.41	13. Distr. Lines	
2	345 KV	67.40		
3	138 KV	14.40	14. Total (12 + 13)	1,242.61
4	161 KV	335.40		
5			15. Stepup at Generating Plants	1,879,800
6				
7			16. Transmission	3,540,000
8				
9			17. Distribution	
10				
11			18. Total (15 thru 17)	5,419,800
12	TOTAL (1 thru 11	1,242.61		

SECTION C. LABOR AND MATERIAL SUMMARY		
1. NUMBER OR EMPLOYEES		49
ITEM	LINES	STATIONS
2. Oper. Labor	166,315	75,447
3. Maint Labor	95,309	143,174
4. Oper. Material	299,417	39,129
5. Maint. Materia	27,046	37,809

SECTION D. OUTAGES	
1. TOTAL	13,009.60
2. Avg. No. Dist. Cons. Served	110,585.00
3. Avg No. Hours Out Per Cons.	0.12

FINAL

RUS FORM 12

MONTH ENDING

DECEMBER 31, 2007

1 OF 25

Big Rivers
Electric Corporation

201 Third Street
P.O. Box 24
Henderson, KY 42419-0024
502·827·2561
www.bigrivers.com

April 28, 2008

Mr. Victor T. Vu
Director, Power Supply Division
USDA/RUS
1400 Independence Avenue, SW, Stop 1568
Washington, DC 20250-1568

RE: RUS Form 12

Dear Victor:

Enclosed is the original signed Certification page of the electronically submitted Annual Operating Reports, Form 12a, b, c, h, and i for the year ending December 31, 2007.

A copy of this Form 12 filing has been mailed to each of the parties listed below.

If you have any questions, please let me know.

Sincerely,

BIG RIVERS ELECTRIC CORPORATION

C William Blackburn

C. William Blackburn
Vice President and CEO

ems
Enclosures

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C: Big Rivers' Board of Directors
Mr. Mark David Goss – Kentucky Public Service Commission
Ms. Joyce Spear – Kentucky Public Service Commission
Mr. James M. Miller, Esq. – Sullivan, Mountjoy, Stainback & Miller, P.S.C.
Mr. Sandy Novick – Kenergy
Mr. Burns Mercer – Meade County R.E.C.C.
Mr. G. Kelly Nuckols – Jackson Purchase Energy Corporation
Ms. Lori J. Falconer EP-MN-WS3C – U.S. Bank National Association
Mr. John List - NRUCFC
Ms. Karen Tran – Reliant Energy
Mr. Mark Glotfelty – Goldman, Sachs & Co.
Vice President, Leasing – Bluegrass Leasing
Vice President, Energy & Water Dept. – CoBank, ACB
Mr. Jung Westover – Fleet Real Estate Inc., c/o Bank of America Leasing & Capital Group
Mr. Philip G. Kane Jr. – U. S. Bank National Association
Ms. Suk-Ling Ng – U. S. Bank National Association
Ms. Connie Vergara – Dexia Credit Local, New York
Mr. Dennis M. Pidherny – Global Utilities - AMBAC
Mr. Ryan Baynes – Midwest ISO

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. For detailed instructions, see RUS Bulletin 1717B-3.	BORROWER NAME Big Rivers Electric Corporation
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.	

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.

4-25-08
DATE

RUS Form 12

4

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **OPERATING REPORT - FINANCIAL**	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.*

SECTION A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	THIS MONTH (d)
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

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **OPERATING REPORT - FINANCIAL**	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.*

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 c Retired Prior years	
5. **NET UTILITY PLANT** *(3 - 4)*	911,634,347	d Net Patronage Capital	
6. Non-Utility Property (Net)		34. Operating Margins - Prior Years	(292,301,012)
7. Investments in Subsidiary Companies		35. Operating Margin - Current Year	27,865,929
8. Invest. in Assoc. Org. - Patronage Capital	2,983,950	36. Non-Operating Margins	85,853,984
9. Invest. in Assoc. Org. - Other - General Funds	684,993	37. Other Margins and Equities	4,444,502
10. Invest. in Assoc. Org. - Other - Nongeneral Funds		38. **TOTAL MARGINS & EQUITIES** *(32 + 33d thru 37)*	(174,136,522)
		39. Long-Term Debt - RUS (Net)	864,586,792
11. Investments in Economic Development Projects	10,000	40. Long-Term Debt - FFB - RUS Guaranteed	
		41. Long-Term Debt - Other - RUS Guaranteed	
12. Other Investements	5,334	42. Long-Term Debt - Other (Net)	328,962,504
13. Special Funds	181,175,720	43. Long-Term Debt - RUS - Econ. Devel. (Net)	
14. **TOTAL OTHER PROPERTY AND INVESTMENTS** *(6 thru 13)*	184,859,997	44. Payments - Unapplied	
		45. **TOTAL LONG-TERM DEBT** *(39 thru 43 - 44)*	1,193,549,296
15. Cash - General Funds	5,747	46. Obligations Under Capital Leases - Noncurrent	
16. Cash - Construction Funds - Trustee			
17. Special Deposits	555,101	47. Accumulated Operating Provisions and Asset Retirement Obligations	3,199,921
18. Temporary Investments	148,315,914		
19. Notes Receivable (Net)		48. **TOTAL OTHER NONCURRENT LIABILITIES** *(46 +47)*	3,199,921
20. Accounts Receivable - Sales of Energy (Net)	22,594,179	49. Notes Payable	
21. Accounts Receivable - Other (Net)	3,718,566	50. Accounts Payable	17,969,926
22. Fuel Stock		51. Current Maturities Long-Term Debt	39,394,436
23. Materials and Supplies - Other	768,193	52. Current Maturities Long-Term Debt - Rural Development	
24. Prepayments	4,393,805		
25. Other Current and Accrued Assets	12,723,275	53. Current Maturities Capital Leases	
26. **TOTAL CURRENT AND ACCRUED ASSESTS** *(15 thru 25)*	193,074,780	54. Taxes Accrued	982,113
		55. Interest Accrued	20,494,952
27. Unamortized Debt Discount & Extraor. Prop. Losses	788,842	56. Other Current and Accrued Liabilities	2,032,068
28. Regulatory Assets		57. **TOTAL CURRENT & ACCRUED LIABILITIES** *(49 thru 56)*	
29. Other Deferred Debits	18,764,775		80,873,495
30. Accumulated Deferred Income Taxes	5,035,000	58. Deferred Credits	210,671,551
31. **TOTAL ASSESTS AND OTHER DEBITS** *(5+14+26 thru 30)*		59. Accumulated Deferred Income Taxes	
	1,314,157,741	60. **TOTAL LIABILITES AND OTHER CREDITS** *(38 + 45 + 48 + 57 thru 59)*	1,314,157,741

RUS Form 12a

USDA-RUS **FINANCIAL AND STATISTICAL REPORT** *INSTRUCTIONS - See RUS Bulletin 1717B-3*	BORROWER DESIGNATION KY0062 PERIOD ENDED December, 2007

SECTION C. Notes to Financial Statements

Footnote to RUS Form 12a

Depreciation and Amortization Expense on Leased Propery (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.

USDA-RUS **OPERATING REPORT** *INSTRUCTIONS - See RUS Bulletin 1717B-3*	BORROWER DESIGNATION KY0062 PERIOD ENDED December, 2007

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

RUS Form 12b SE

8

USDA-RUS **OPERATING REPORT** *INSTRUCTIONS - See RUS Bulletin 1717B-3*	BORROWER DESIGNATION KY0062 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	9,688,684		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

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	
7	
8	
9	
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19	
20	
21	
22	

USDA-RUS

OPERATING REPORT

INSTRUCTIONS - See RUS Bulletin 1717B-3

BORROWER DESIGNATION
KY0062

PERIOD ENDED
December, 2007

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 (IN)	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	73	72
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	73	72
	Grand Total			178	73	72

USDA-RUS

OPERATING REPORT

INSTRUCTIONS - See RUS Bulletin 1717B-3

BORROWER DESIGNATION	KY0062
PERIOD ENDED	December, 2007

OPERATING REPORT PURCHASED POWER

Purchase No	Electricity Purchased (MWh) (g)	Electricity Received (MWh) (h)	Electricity Delivered (MWh) (i)	Demand Charges (j)	Energy Charges (k)	Other Charges (l)	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

RUS Form 12b PP

USDA-RUS **OPERATING REPORT** *INSTRUCTIONS - See RUS Bulletin 1717B-3*	BORROWER DESIGNATION KY0062 PERIOD ENDED December, 2007

OPERATING REPORT PURCHASED POWER

Purchase No	Comments
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITITES 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				
8. TOTAL PURCHASED POWER			6,213,682	164,301,898
INTERCHANGED POWER				
9. Received Into System (Gross)			0	0
10. Delivered Out of System (Gross)			0	0
11. Net Interchange *(Line 9 minus 10)*			0	0
TRANSMISSION FOR OR BY OTHERS - (WHEELING)				
12. Received Into System			2,387,687	9,498,591
13. Delivered Out of System			2,387,687	9,498,591
14. Net Energy Wheeled *(Line 12 minus 13)*			0	0
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)			.80 %	

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

SECTION A. UTILITY PLANT

ITEM	BALANCE BEGINNING OF YEAR (*a*)	ADDITIONS (*b*)	RETIREMENTS (*c*)	ADJUSTMENTS AND TRANSFERS (*d*)	BALANCE END OF YEAR (*e*)
1. Total Intangible Plant (*301 thru 303*)	66,895				66,895
2. Total Steam Production Plant (*310 thru 317*)	0				0
3. Total Nuclear Production Plant (*320 thru 326*)	0				0
4. Total Hydro Production Plant (*330 thru 337*)	0				0
5. Total Other Production Plant (*340 thru 347*)	0	47,500			47,500
6. Total Production Plant (*2 thru 5*)	0	47,500			47,500
7. Land and Land Rights (*350*)	12,130,869	528,775			12,659,644
8. Structures and Improvements (*352*)	6,495,974				6,495,974
9. Station Equipment (*353*)	105,882,882	370,813	2,399,085	3,882,890	107,737,500
10. Other Transmission Plant (*354 thru 359.1*)	81,017,740	1,748,210	111,626		82,654,324
11. Total Transmission Plant (*7 thru 10*)	205,527,465	2,647,798	2,510,711	3,882,890	209,547,442
12. Land and Land Rights (*360*)	0				0
13. Structures and Improvements (*361*)	0				0
14. Station Equipment (*362*)	0				0
15. Other Distribution Plant (*363 thru 374*)	0				0
16. Total Distribution Plant (*12 thru 15*)	0				0
17. Total General Plant (*389 thru 399.1*)	15,581,143	734,700	544,014		15,771,829
18. Electric Plant in Service (*1 + 6 + 11 + 16 + 17*)	221,175,503	3,429,998	3,054,725	3,882,890	225,433,666
19. Electric Plant Purchased or Sold (*102*)	0				0
20. Electric Plant Leased to Others (*104*)	1,506,821,571	21,364,023	3,765,035		1,524,420,559
21. Electric Plant Held for Future Use (*105*)	0				0
22. Completed Construction Not Classified (*106*)	3,232,555	650,335		(3,882,890)	0
23. Acquisition Adjustments (*114*)	0				0
24. Other Utility Plant (*118*)	0				0
25. Nuclear Fuel Assemblies (*120.1 thru 120.4*)	0				0
26. Total Utility Plant in Service (*18 thru 25*)	1,731,229,629	25,444,356	6,819,760	0	1,749,854,225
27. Construction Work in Progress (*107*)	13,084,602	1,985,380			15,069,982
28. Total Utility Plant (*26 + 27*)	1,744,314,231	27,429,736	6,819,760	0	1,764,924,207

SECTION B. ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION - UTILITY PLANT

ITEM	COMP. RATE (%) (a)	BALANCE BEGINNING OF YEAR (*b*)	ANNUAL ACCRUALS (*c*)	RETIREMENTS LESS NET SALVAGE (*d*)	ADJUSTMENTS AND TRANSFERS (*e*)	BALANCE END OF YEAR (*f*)
1. Depr. of Steam Prod. Plant (108.1)	1.78	707,796,461	25,419,840	2,951,681	1,121,136	731,385,756
2. Depr. of Nuclear Prod. Plant (108.2)		0				0
3. Depr. of Hydraulic Prod. Plant (108.3)		0				0
4. Depr. of Other Prod. Plant (108.4)	2.40	4,850,635	188,449			5,039,084
5. Depr. of Transmission Plant (108.5)	2.45	92,311,240	4,790,624	2,621,095		94,480,769
6. Depr. of Distribution Plant (108.6)		0				0
7. Depr. of General Plant (108.7)		5,868,094	401,163	519,758		5,749,499
8. Retirement Work in Progress (108.8)		(53,084)		47,968		(101,052)
9. Total Depr. for Elec. Plant in Serv. (1-8)		810,773,346			1,121,136	836,554,056
10. Depr. of Plant Leased to Others (109)		0				0
11. Depr. of Plant Held for Future Use (110)		0				0
12. Amort. of Elec. Plant in Service (111)	1.87	15,873,333	1,587,672	746,034	20,833	16,735,804
13. Amort. of Leased Plant (112)		0				0
14. Amort. of Plant Held for Future Use		0				0
15. Amort. of Acquisition Adj. (115)		0				0
16. Depr. & Amort. Other Plant (119)		0				0
17. Amort. of Nuclear Fuel (120.5)		0				0
18. Total Prov. for Depr. & Amort. (9 - 17)		826,646,679	32,387,748	6,886,536	1,141,969	853,289,860

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

SECTION B. ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION - UTILITY PLANT (*Continued*)

19. Amount of Annual Accrual Charged to Expense $ 32,263,864	20. Amount of Annual Accrual Charged to Other Accounts $ 123,884	21. Book Cost of Property Retired $ 6,819,760
22. Removal Cost of Property Retired $ 158,753	23. Salvage Material from Property Retired $ 91,977	24. Renewal and Replacement Cost $ 9,045,205

SECTION C. NONUTILITY PLANT

ITEM	BALANCE BEGINNING OF YEAR (*a*)	ADDITIONS (*b*)	RETIREMENTS (*c*)	ADJUSTMENTS AND TRANSFERS (*d*)	BALANCE END OF YEAR (*e*)
1. NONUTILITY PROPERTY (121)					
2. PROVISION FOR DEPR. & AMORT. (122)					

SECTION D. DEMAND AND ENERGY AT POWER SOURCES

MONTH	PEAK DEMAND (MW) (*a*)	MONTHLY PEAKS DATE (*b*)	TIME (*c*)	TYPE OF READING (*d*)	ENERGY OUTPUT (MWh) (e)
1. JANUARY	903	01/31/2007	7	Coincident	542,428
2. FEBRUARY	876	02/05/2007	8	Coincident	518,624
3. MARCH	783	03/09/2007	7	Coincident	526,723
4. APRIL	724	04/23/2007	8	Coincident	500,920
5. MAY	771	05/14/2007	17	Coincident	523,362
6. JUNE	768	06/05/2007	18	Coincident	505,373
7. JULY	793	07/16/2007	18	Coincident	530,210
8. AUGUST	834	08/27/2007	18	Coincident	556,936
9. SEPTEMBER	768	09/03/2007	19	Coincident	506,736
10. OCTOBER	676	10/25/2007	12	Coincident	487,933
11. NOVEMBER	754	11/30/2007	9	Coincident	494,522
12. DECEMBER	778	12/20/2007	9	Coincident	519,915
13. ANNUAL PEAK	903			ANNUAL TOTAL	6,213,682

SECTION E. DEMAND AND ENERGY AT DELIVERY POINTS

MONTH	DELIVERED TO RUS BORROWERS DEMAND (MW) (*a*)	ENERGY (MWh) (b)	DELIVERED TO OTHERS DEMAND (MW) (*c*)	ENERGY (MWh) (*d*)	TOTAL DELIVERED DEMAND (MW) (*e*)	ENERGY (MWh) (*f*)
1. JANUARY	1,023	494,976	215	43,621	1,238	538,597
2. FEBRUARY	1,178	478,127	190	33,288	1,368	511,415
3. MARCH	919	445,787	567	76,475	1,486	522,262
4. APRIL	763	427,374	576	70,093	1,339	497,467
5. MAY	976	451,653	523	68,123	1,499	519,776
6. JUNE	968	468,550	330	33,581	1,298	502,131
7. JULY	1,021	493,428	226	32,998	1,247	526,426
8. AUGUST	911	520,382	150	31,761	1,061	552,143
9. SEPTEMBER	1,088	447,848	425	54,667	1,513	502,515
10. OCTOBER	751	428,955	266	53,226	1,017	482,181
11. NOVEMBER	860	444,460	163	48,184	1,023	492,644
12. DECEMBER	842	484,121	425	31,916	1,267	516,037
13. PEAK OR TOTAL	1,178	5,585,661	576	577,933	1,513	6,163,594

USDA-RUS

FINANCIAL AND STATISTICAL REPORT

INSTRUCTIONS - See RUS Bulletin 1717B-3

BORROWER DESIGNATION
KY0062

PERIOD ENDED
December, 2007

SECTION F: Part I. INVESTMENTS

No	DESCRIPTION (a)	INCLUDED ($) (b)	EXCLUDED ($) (c)	INCOME OR LOSS ($) (d)	RURAL DEVELOPMENT (e)
2	**Investments in Associated Organizations**				
	United Utility Supply Capital	31,773			
	Ky Assn for Electric Coops Capital Credit	12,130			
	Jackson Purchase Capital Credit		3,469		
	Kenergy Capital Credit		14,254		
	Meade County Capital Credit		677		
	Rural Cooperatives Credit Union Deposit	5			
	Touchstone Energy (NRECA) Capital Credit	1,742			
	CoBank Capital Credit		2,900,953		
	NRUCFC		2,039		
	Cooperative Membership Fees	2,280			
	ACES Power Marketing Membership Fees	678,000			
	Federated Rural Electric Insurance Exchange	4,713	16,908		
	Totals	730,643	2,938,300		
3	**Investments in Economic Development Projects**				
	Breckinridge Co. Development Corp. Stock	5,000			X
	Hancock Co. Industrial Foundation Stock	5,000			X
	Totals	10,000			
4	**Other Investments**				
	Southern States Coop Capital Credit	5,334			
	Totals	5,334			
5	**Special Funds**				
	Defeased S/L Res Investments		180,583,361		
	Other Special Funds-RUS Counsel-Unwind	592,359			
	Totals	592,359	180,583,361		
6	**Cash - General**				
	General Fund		1,022		
	Right of Way Fund		1,000		
	Working Fund	3,725			
	Totals	3,725	2,022		
7	**Special Deposits**				
	TVA Transmission Reservation	555,101			
	Totals	555,101			
8	**Temporary Investments**				
	Fidelity-U.S. Treasury Only (#057)		51,915,789		
	Commercial Paper, NRUCFC		15,000,000		
	Fifth Third Bank Floaters	32,063,750			
	National City Bank Floaters	19,663,000			
	GE Commercial Paper	14,836,875			
	Toyota Credit Commercial Paper	14,836,500			
	Totals	81,400,125	66,915,789		
9	**Accounts and Notes Receivable - NET**				
	Accts Receivable-Employees-Other	458			
	Accts Receivable-Employees-Computer Assist Program	12,883			
	Other Accts Receivable-Misc	23,560			
	Accts Receivable-WKE/Transmission	1,354			
	Accts Receivable-LG&E Lease	440,651			
	Accts Receivable-WKE Medical Prem	7,347			
	Accts Receivable-E. On-US-Unwind	2,773,056			
	Accts Receivable-Prop Taxes on Leased Assets	459,257			

USDA-RUS **FINANCIAL AND STATISTICAL REPORT** *INSTRUCTIONS - See RUS Bulletin 1717B-3*	BORROWER DESIGNATION KY0062 PERIOD ENDED December, 2007

SECTION F: Part I. INVESTMENTS

	Totals	3,718,566			
11	TOTAL INVESTMENTS (1 thru 10)	87,015,853	250,439,472		

USDA-RUS **FINANCIAL AND STATISTICAL REPORT** *INSTRUCTIONS - See RUS Bulletin 1717B-3*	BORROWER DESIGNATION KY0062 PERIOD ENDED December, 2007

SECTION F: PART II. LOAN GUARANTEES

No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT ($) (c)	LOAN BALANCE ($) (d)	RURAL DEVELOPMENT (e)
	Total				
	TOTAL (Include Loan Guarantees Only)				

USDA-RUS **FINANCIAL AND STATISTICAL REPORT** *INSTRUCTIONS - See RUS Bulletin 1717B-3*	BORROWER DESIGNATION KY0062 PERIOD ENDED December, 2007

SECTION F: Part III. RATIO

RATIO OF INVESTMENTS AND LOAN GUARANTEES TO UTILITY PLANT [Total Of Included Investments (Part I, 11b) and Loan Guarantees - Loan Balance (Part II, 5d) to Total Utility Plant (Form12a, Section B, Line3)]	4.93 %

SECTION F: PART IV. LOANS

No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT ($) (c)	LOAN BALANCE ($) (d)	RURAL DEVELOPMENT (e)
	Total				

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **OPERATING REPORT - ANNUAL SUPPLEMENT**	BORROWER DESIGNATION KY0062 PERIOD ENDED December, 2007
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SECTION G. MATERIALS AND SUPPLIES INVENTORY

ITEM	BALANCE BEGINNING OF YEAR (*a*)	PURCHASED & SALVAGED (*b*)	USED & SOLD (*c*)	BALANCE END OF YEAR (*d*)
1. Coal	0			0
2. Other Fuel	0			0
3. Production Plant Parts and Supplies	0			0
4. Station Transformers and Equipment	0			0
5. Line Materials and Supplies	810,996	631,086	673,889	768,193
6. Other Materials and Supplies	0			0
7. TOTAL (*Sum of lines 1 thru 6*)	810,996	631,086	673,889	768,193

RUS Form 12h

USDA-RUS **FINANCIAL AND STATISTICAL REPORT** *INSTRUCTIONS - See RUS Bulletin 1717B-3*	BORROWER DESIGNATION KY0062 PERIOD ENDED December, 2007

SECTION H. LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS

No	ITEM	BALANCE END OF YEAR (a)	INTEREST (Billed This Year) (b)	PRINCIPAL (Billed This Year) (c)	TOTAL (Billed This Year) (d)
1	RUS (Excludes RUS - Economic Development Loans)	903,388,141	32,321,483	12,124,580	44,446,063
2	National Rural Utilities Cooperative Finance Corporation				
3	Bank for Cooperatives				
4	Federal Financing Bank				
5	RUS - Economic Development Loans				
6	Payments Unapplied				
7	Ohio County Kentucky Bonds-Series 1983	58,800,000	2,377,981		2,377,981
8	Ohio County Kentucky Bonds-Series 2001A	83,300,000	3,344,402		3,344,402
9	Long-Term Debt-Chapter 11 Settlements	45,000		47,218	47,218
10	LEM Settlement Promissory Note	16,203,715	1,318,399	503,915	1,822,314
11	Defeased S/L Lease Obligations	171,206,876	6,237,248	2,001	6,239,249
	Total	1,232,943,732	45,599,513	12,677,714	58,277,227

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

SECTION I. ANNUAL MEETING AND BOARD DATA

1. Date of Last Annual Meeting	2. Total Number of Members	3. Number of Members Present at Meeting	4. Was Quorum Present?
9/20/2007	3	3	Yes
5. Number of Members Voting by Proxy or Mail	6. Total Number of Board Members	7. Total Amount of Fees and Expenses for Board Members	8. Does Manager Have Written Contract?
0	6	$ 171,669	Yes

SECTION J. MAN-HOUR AND PAYROLL STATISTICS

1. Number of Full Time Employees	112	4. Payroll Expensed	8,247,540
2. Man-Hours Worked - Regular Time	198,072	5. Payroll Capitalized	226,563
3. Man-Hours Worked - Overtime	10,248	6. Payroll Other	76,601

RUS Form 12h

USDA-RUS

FINANCIAL AND STATISTICAL REPORT

INSTRUCTIONS - See RUS Bulletin 1717B-3

BORROWER DESIGNATION
KY0062

PERIOD ENDED
December, 2007

SECTION K. LONG-TERM LEASES

No	NAME OF LESSER (a)	TYPE OF PROPERTY (b)	RENTAL THIS YEAR (c)
1	Louisville Gas & Electric	Interconnect Facilities-Cloverport Sub	21,111
	Total		21,111

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE **OPERATING REPORT - LINES AND STATIONS**	BORROWER DESIGNATION KY0062 PERIOD ENDED December, 2007
INSTRUCTIONS - Submit an original and two copies to RUS or file electronically. For detailed 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

TRANSMISSION LINES

VOLTAGE (kV)	MILES
1. 345 KV	67.40
2. 69 KV	825.41
3. 138 KV	14.40
4. 161 KV	335.40
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12. **TOTAL** *(1 thru 11)*	1,242.61

SUBSTATIONS

TYPE	CAPACITY (kVA)
13. Distr. Lines	
14. **TOTAL** *(12 + 13)*	1,242.61
15. Stepup at Generating Plants	1,879,800
16. Transmission	3,540,000
17. Distribution	
18. **TOTAL** *(15 thru 17)*	5,419,800

SECTION C. LABOR AND MATERIAL SUMMARY

1. NUMBER OF EMPLOYEES 49

ITEM	LINES	STATIONS
2. Oper. Labor	1,684,020	794,946
3. Maint. Labor	835,958	1,350,684
4. Oper. Material	6,192,000	702,813
5. Maint. Material	1,042,838	551,411

SECTION D. OUTAGES

1. TOTAL	222,361.00
2. Avg. No. Dist. Cons. Served	110,585.00
3. Avg. No. Hours Out Per Cons.	2.00

Big Rivers Electric Corporation
Case No. 2009-00040
Historical Test Period Filing Requirements

EXHIBIT 36

Filing Requirement
807 KAR 5:001 Section 10(6)(s)
Sponsoring Witness: C. William Blackburn

Description of Filing Requirement:

Securities and Exchange Commission's annual report for the most recent two (2) years, Form 10-Ks and any Form 8-Ks issued within the past two (2) years, and Form 10-Qs issued during the past six (6) quarters updated as current information becomes available.

Response:

Big Rivers makes no filings with the SEC, and therefore prepares no 10-K, 8-K or 10-Q reports.