COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

NOTICE OF TERMINATION OF CONTRACTS
AND APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A DECLARATORY ORDER AND FOR AUTHORITY TO ESTABLISH A REGULATORY ASSET

Case No. 2018-00146

Response to the Kentucky Industrial Utility Customers, Inc.'s Initial Request for Information dated June 15, 2018

FILED: July 6, 2018

ORIGINAL
BIG RIVERS ELECTRIC CORPORATION

NOTICE OF TERMINATION OF CONTRACTS AND APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A DECLARATORY ORDER AND FOR AUTHORITY TO ESTABLISH A REGULATORY ASSET

CASE NO. 2018-00146

Response to the Kentucky Industrial Utility Customers, Inc.'s Initial Request for Information dated June 15, 2018

July 6, 2018

1 Item 1) Provide a copy of each Station Two purchased power contract cited in the Application in this proceeding.

2

3

4 Response) Please see attached Power Sales Contract between City of Henderson, Kentucky and Big Rivers Rural Electric Cooperative Corporation dated August 1, 1970, and the related amendments which are attached.

5

6

7

8

9 Witness) Robert W. Berry

10
POWER SALES CONTRACT
BETWEEN
CITY OF HENDERSON, KENTUCKY
and
BIG RIVERS RURAL ELECTRIC CO-OPERATIVE CORPORATION

August 1, 1970
# INDEX

## PART I STIPULATIONS AND DEFINITIONS

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Stipulations</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Definitions</td>
<td>2</td>
</tr>
</tbody>
</table>

## PART II PLANT CAPACITY AND OUTPUT

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Allocation of Capacity</td>
<td>4</td>
</tr>
<tr>
<td>4</td>
<td>Allocation of Energy</td>
<td>7</td>
</tr>
<tr>
<td>5</td>
<td>Standby Capacity</td>
<td>7</td>
</tr>
<tr>
<td>6</td>
<td>Payment for Capacity; Fuel Requirements</td>
<td>8</td>
</tr>
<tr>
<td>7</td>
<td>Character of Service</td>
<td>12</td>
</tr>
<tr>
<td>8</td>
<td>Metering; Meter Testing and Billing Adjustments</td>
<td>13</td>
</tr>
<tr>
<td>9</td>
<td>Billing and Payments</td>
<td>15</td>
</tr>
<tr>
<td>10</td>
<td>Obligations of the Parties</td>
<td>16</td>
</tr>
<tr>
<td>11</td>
<td>Annual Audit</td>
<td>18</td>
</tr>
</tbody>
</table>
Index Cont'd.
Page 2

PART III
GENERAL PROVISIONS

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>Operating Standards</td>
<td>18</td>
</tr>
<tr>
<td>13</td>
<td>Uncontrollable Forces</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>Continuing Obligation for Payments</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Arbitration</td>
<td>19</td>
</tr>
<tr>
<td>15</td>
<td>Default</td>
<td>20</td>
</tr>
<tr>
<td>16</td>
<td>Waiver</td>
<td>20</td>
</tr>
<tr>
<td>17</td>
<td>Notices</td>
<td>21</td>
</tr>
</tbody>
</table>

PART IV
OTHER PROVISIONS

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td>Compliance with Bond Ordinance</td>
<td>21</td>
</tr>
<tr>
<td>19</td>
<td>Maintenance of Reserves</td>
<td>22</td>
</tr>
<tr>
<td>20</td>
<td>City Includes Utility Commission</td>
<td>22</td>
</tr>
<tr>
<td>21</td>
<td>Term and Termination</td>
<td>23</td>
</tr>
<tr>
<td>22</td>
<td>Amendments</td>
<td>23</td>
</tr>
<tr>
<td>23</td>
<td>Severability</td>
<td>24</td>
</tr>
</tbody>
</table>
## PART IV OTHER PROVISIONS CONT'D.

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>24</td>
<td>Assignment</td>
<td>24</td>
</tr>
<tr>
<td>25</td>
<td>Approval</td>
<td>24</td>
</tr>
<tr>
<td>26</td>
<td>Conditions Precedent</td>
<td>25</td>
</tr>
<tr>
<td>27</td>
<td>Authority to Execute</td>
<td>25</td>
</tr>
</tbody>
</table>
POWER SALES CONTRACT

THIS AGREEMENT made and entered into as of August 1, 1970
by and between CITY OF HENDERSON, KENTUCKY, hereinafter referred
to as CITY, and BIG-RIVERS RURAL ELECTRIC CO-OPERATIVE CORPORATION,
a Kentucky Corporation with principal offices in Henderson;
Kentucky, hereinafter referred to as BIG RIVERS.

WITNESSETH THAT:

PART I

STIPULATIONS AND DEFINITIONS

SECTION 1 - STIPULATIONS

1.1 City will construct as an addition to its municipal
electric system two 175-megawatt coal-fired, steam-electric
generators with all necessary auxiliary facilities at a site
on the Green River in Henderson County, Kentucky with which it
will provide the immediate and future needs of City and its in-
habitants for electric power and energy. Such generating station
shall be hereinafter referred to as Station Two.

1.2 Upon the completion of Station Two City will have
electric power and energy surplus to the immediate needs of
City and its inhabitants, which surplus power and energy can,
pursuant to the authority of KRS 96.520 as amended, be sold to
other public utilities in this state whose rates and services
are regulated by the Kentucky Public Service Commission.
1.3 Big Rivers, which is a public utility in this state whose rates and services are regulated by the Kentucky Public Service Commission, is desirous of purchasing the surplus power and energy from time to time available from City's municipal electric system, including its proposed Station Two, and is willing to execute and fulfill the terms of this Agreement entitling it to take, and obligating it to pay for such surplus electric power and energy, subject to the terms and conditions recited herein.

1.4 By its addition of Station Two, City will be able to provide more economical and reliable electric service to itself and its inhabitants, and through its sales of surplus electric power and energy to Big Rivers, as provided by this Agreement, City can assure the economic feasibility of such addition.

SECTION 2 - DEFINITIONS

2.1 Existing System: The electric utility system by which City serves the needs of City and its inhabitants (and some non-inhabitants) at the time of the execution of this Agreement, and all additions, expansions and improvements thereto and renewals and replacements thereof hereafter made, other than Station Two.

2.2 Station Two: City's proposed 350-megawatt generating station and all auxiliary facilities, joint use facilities (provided by City) and other related facilities to be constructed at a site on Green River in Henderson County, Kentucky together with all additions, expansions and improvements thereto and...
renewals and replacements thereof (which shall not include the City Transmission and Transformation Facilities as herein defined).—

2.3 Auxiliary Facilities: Power plant facilities which are physically separated from the steam generators, turbines and electric generators comprising the generating station, and which are required for the operation, maintenance and/or control thereof, and/or the delivery of power and energy therefrom, but excluding the City Transmission and Transformation Facilities.

2.4 Joint Use Facilities: Auxiliary facilities which are so constructed and/or arranged as to be useful to City and Big Rivers in the operation, maintenance and control of their respective generating stations.

2.5 Date of Commercial Operation: The date upon which the first unit of City's Station Two has been placed in normal continuous operation so as to produce power and energy in a commercially acceptable manner.

2.6 Contract Year: With respect to the first contract year, the period from Date of Commercial Operation or June 30, 1974, whichever shall first occur, to and including the next succeeding December 31, and thereafter, the successive twelve-month periods beginning January 1 and ending December 31.

2.7 Monthly Billing Period: Each calendar month of any Contract Year.

2.8 Bond Ordinance: The Electric Light & Power Revenue Bond Ordinance adopted by City authorizing the issuance of Station...
Two Bonds, together with ordinances supplemental thereto or amendatory thereof.

2.9 Station Two Bonds (the Bonds): The Electric Light & Power Revenue Bonds authorized, sold and issued by City pursuant to the Bond Ordinance, to provide for the costs of acquisition, construction and start-up of City's Station Two and shall include: (i) the Electric Light & Power Revenue Bonds, Station Two Series authorized and issued under the Bond Ordinance; (ii) additional Bonds, if any, authorized and issued under the Bond Ordinance to provide for such costs of Station Two in excess of original estimates; and (iii) subject to the written approval of Big Rivers, additional Bonds, if any, authorized and issued under the Bond Ordinance to finance any Additional Project (as defined in the Bond Ordinance) for Station Two.

2.10 City Transmission and Transformation Facilities: The transmission and transformation facilities to be provided by City connecting Station Two to City's Existing System.

2.11 Trustee: The Trustee appointed pursuant to the Bond Ordinance.

PART II
PLANT CAPACITY AND OUTPUT

SECTION 3 - ALLOCATION OF CAPACITY

Subject to the allocation of surplus capacity to Big
Rivers as hereinafter provided, the total capacity and output of City's Station Two shall be reserved to and available for use by City for the purpose of supplying the needs of City and its inhabitants for electric power and energy in excess of the capabilities, from time to time, of its Existing System.

3.2 The "needs of City and its inhabitants" as used herein shall mean the needs of City for electric power and energy necessary in the operation of its governmental and proprietary facilities, and the retail sales of electric power and energy by City's Existing System to City's inhabitants, present and future, and those non-inhabitants which City is serving at the time of the execution of this Agreement.

3.3 The surplus capacity of City's Station Two will be allotted to Big Rivers on the basis of five years' advance written notice from City, and Big Rivers shall have the right to receive, and the obligation to take and pay for the capacity of City's Station Two so allotted to it in the manner herein provided. Upon the execution and approval of this Agreement, City will designate in writing Big Rivers' capacity allocation from Station Two for the Contract Years or portions thereof occurring too soon to permit five years' advance notice as hereinabove provided.

3.4 City agrees that it will not, after the execution and approval of this Agreement, (1) make any dispositions to others for resale of its generating capacity, except for the purpose of disposing of any surpluses resulting from good faith
over-estimates of its needs, or (2) add any commercial or industrial customers in excess of ten (10) megawatts each to its electric system, if to do either (1) or (2), as the case may be, would require the withdrawal of additional capacity from its Existing System and/or from Units One and Two of its Station Two. Expansions in the ordinary course of business of any commercial or industrial plants being served by City at the time of the execution of this Agreement shall not be considered added commercial or industrial customers for the purposes of this Agreement. Surplus capacity as referred to in (1) above shall be first offered to Big Rivers at City's cost.

3.5 Big Rivers shall have the right to receive, and the obligation to take and pay for the surplus capacity of City's Station Two allotted to it at any particular date as herein provided. Surplus capacity as herein used shall mean the Total Capacity of City's Station Two as then determined under Section 3.6, less that amount of such capacity at the time reserved to City as herein provided.

3.6 The Total Capacity of Station Two as referred to herein shall be the total continuous net send-out capability of all generating units in Station Two as determined by annual tests, made in the month of August, of at least twenty-four hours' duration under actual load carrying condition, when the equipment is operated at rated pressure and temperature with all auxiliary equipment in service, and at a power factor of
approximately ninety per cent (90%). The measurements will be made at the 161 KV metering points of the Station Two Switchyard.

3.7 The total continuous net send-out capability of each new unit of Station Two shall be tested on or before the Date of Commercial Operation thereof, if operationally possible, and the capacity as thus determined will remain the established Total Capacity of such unit until the first annual August test thereof, but shall not exceed a rating of 175 megawatts. If such test of any unit is deferred, the Total Capacity of such unit will be considered 175 megawatts until such test is made. As of June 30, 1974 the Total Capacity of Station Two shall be considered as 350 megawatts unless otherwise established by actual test with both units operational.

SECTION 4 - ALLOCATION OF ENERGY

4.1 Big Rivers shall be entitled at all times to take from Station Two energy associated with its allotted net capacity. Each party will be charged with its proportionate share of Station Two capacity required to operate Station Two auxiliary facilities.

SECTION 5 - STANDBY CAPACITY

5.1 Big Rivers' right to the use of surplus capacity of City's Station Two as provided in this Agreement shall be subject to the prior right of City to take its reserved capacity.
from either generating unit of its Station Two, and in the event of an emergency or maintenance outage of either generating unit of City's Station Two, City's right to receive its reserved capacity from Station Two shall have priority.

SECTION 6 - PAYMENT FOR CAPACITY; FUEL REQUIREMENTS

6.1 Commencing with the Date of Commercial Operation or June 30, 1974, whichever shall first occur, Big Rivers shall pay to the Trustee, capacity charges as hereinafter defined on the surplus capacity of Station Two allotted to it as provided in Section 3, Allocation of Capacity.

6.2 Capacity charges to Big Rivers for any Monthly Billing Period shall be the same proportion of the total capacity costs of City's Station Two for such Monthly Billing Period as Big Rivers' allocation of surplus capacity of Station Two during such Monthly Billing Period bears to the total capacity of City's Station Two for such Monthly Billing Period as established pursuant to Section 3 of this Agreement.

6.3 The total capacity costs of City's Station Two for each Monthly Billing Period shall be City's total costs resulting from the ownership, operation and maintenance of, and renewals and replacements to its Station Two, except costs of fuels for Station Two. Such costs shall include, but are not limited to:

(a) Debt Service (as defined in the Bond Ordinance) for such Monthly Billing Period with respect to the Station Two Bonds.

(b) One-twelfth (1/12) of all costs associated with the
operation and maintenance of Station Two during such Contract Year, including, without limitation, all costs properly chargeable to F.P.C. Accounts 408, 500, 502, 505, 506, 510, 511, 512, 513, 514 and 924, and fiscal agency costs and expenses allocable to Station Two.

(c) The amount which City is required under the Bond Ordinance to pay during such Monthly Billing Period into (i) the Station Two Account in the Operation and Maintenance Fund (Station Two O. & M. Account), so as to restore the minimum balance required to be maintained therein, and (ii) the Station Two Account in the Renewals and Replacements Fund (Station Two R. & R. Account) so as to restore the minimum balance required to be maintained therein.

(d) Costs of renewals, replacements and additions (when such additions are agreed to by Big Rivers) which are not provided for through (i) funds available in the Station Two R. & R. Account in the Renewals and Replacements Fund, (ii) proceeds of insurance, or (iii) funds available from proceeds of bonds.

(e) One-twelfth (1/12) of all costs of administration and general expense for Station Two during such Contract Year, and including, but not limited to, costs properly includible in F.P.C. Accounts 920, 921, 923, 924, 925, 926, 928 and 930.

(f) Any amounts paid or payable to Big Rivers for such Monthly Billing Period under terms of the parties' Power Plant Construction and Operation Agreement (except any delayed payment penalties as therein provided) not included in the foregoing.
(g) Any other costs associated with Station Two which are not included in Paragraphs (a) through (f) hereof.

In the event any Contract Year shall embrace eleven or fewer months the fraction expressed in the foregoing paragraphs (b) and (e) shall be adjusted by substituting a denominator equal to such number of months.

For the purposes of paragraph (a) of this Section, Station Two Bonds shall not include that principal amount of Bonds determined by the Consulting Engineer under the Bond Ordinance on or prior to the beginning of the first Contract Year to be attributable to the costs of the City's Transmission or Transformation Facilities and other improvements of City's Existing System. The Principal Installments due for any year of such Bonds so excluded shall be deemed to be that amount of the Principal Installments of the Electric Light & Power Revenue Bonds, Station Two Series, due for such year which bears the same proportion to said Principal Installments for the Electric Light & Power Revenue Bonds, Station Two Series, as the principal amount of such Bonds so excluded bears to the aggregate principal amount of Electric Light & Power Revenue Bonds, Station Two Series.

6.4 Net interest earned on the following funds under the Bond Ordinance and paid into the Electric Revenue Fund thereunder shall be applied as an offset to Capacity Costs:

(i) amounts shown in the Debt Service Account in the Debt Service Fund and applicable to the Station Two Bonds; (ii) amounts shown in the Debt Reserve Account in the Debt Service Fund as the
required reserve with respect to the Station Two Bonds, and amounts in the Station Two Accounts in the Operating & Maintenance Fund, Renewals & Replacements Fund, and the General Reserve Fund;

(iii) insurance proceeds pending application with respect to Station Two.

6.5. Any tax lawfully imposed upon City in connection with the allocation of Station Two capacity and/or associated energy to Big Rivers shall be paid in its entirety by Big Rivers in addition to the capacity charges hereinabove referred to.

6.6. Additional Payments: In addition to the payments agreed to be made by Big Rivers to City under the terms and provisions of this Agreement, in consideration for City's allocation to Big Rivers of the surplus capacity and energy of City's Station Two as provided in Section 3 hereof, Big Rivers covenants and agrees that during the original term only of this Agreement it will pay monthly to City, to the account of City's Existing System additional sums, based upon the amount of net capacity from time to time allocated from City's Station Two to Big Rivers, as follows:

(a) for each Monthly Billing Period during which Big Rivers' allocation of net capacity from City's Station Two is equal to or exceeds 250 megawatts, a sum of Eight Thousand Three Hundred Thirty-Three Dollars and Thirty-Three Cents ($8,333.33).

(b) for each Monthly Billing Period during which Big Rivers' allocation of net capacity from City's Station Two is
less than 250 megawatts and is equal to or exceeds 150 megawatts, a sum of Five Thousand Five Hundred Fifty-Five Dollars and Fifty-Six Cents ($5,555.56).

(c) for each Monthly Billing Period during which Big Rivers' allocation of net capacity from City's Station Two is less than 150 megawatts and is equal to or exceeds 50 megawatts, a sum of Two Thousand Seven Hundred Seventy-Seven Dollars and Seventy-Eight Cents ($2,777.78).

6.7 Fuel Requirements: Big Rivers and City shall each provide, at its own cost, the full replacement of all fuels consumed from the Station Two fuel reserve for the production of electric energy used by it during each month. If at any time during the term of this Contract the Station Two coal reserve shall fall below a full thirty (30) days' supply, then upon written demand by either party or the Consulting Engineer under the Bond Ordinance, both parties shall increase their respective monthly additions to the coal reserve by five per cent (5%) until the coal reserve is restored to the amount specified in such demand, not to exceed forty-five (45) days' supply for City's Station Two. Fuel consumption by each party will be determined on the basis of measured quantities, adjusted for heat content, and attributed to the parties on the basis of their respective uses of electric energy from City's Station Two during each month.

SECTION 7 - CHARACTER OF SERVICE

7.1 Service to Big Rivers from City's Station Two shall
be at 161 KV, 3 phase 60 cycles, unless otherwise agreed upon by the parties.

SECTION 8 - METERING, METER TESTING AND BILLING ADJUSTMENT

8.1 Printing Demand Meters, or equivalent meters, with a sixty (60) minute demand interval, which will meter kilowatts, and suitable watthour meters which will meter kilowatt hours, shall be used to meter the delivery of power and energy from City's Station Two. The metered kilowatt demand of City, Big Rivers and others from City's Station Two shall be the means of measuring the capacity of City's Station Two used by each. The metered kilowatt hours of energy used by City, Big Rivers and others from City's Station Two shall be the basis for fuel replacements to the Station Two fuel reserve as provided in Section 6.7 hereof.

8.2 The meters will be arranged so as to provide a total measurement of kilowatt demand and a total measurement of kilowatt hours delivered to City, Big Rivers and others from City's Station Two.

8.3 Tests and inspections of said meters shall be made as may be necessary to maintain them at the highest practical commercial standard of accuracy, with tests performed at intervals of not more than twelve months. Big Rivers will be advised promptly of the results of all such tests. Big Rivers will be given prior notice of and may have representatives present at such tests and inspections. Additional tests of said meters
will be made at the reasonable request of Big Rivers and in the presence of its representatives.

8.4 If such periodic or additional tests show that a meter used for recording capacity and/or energy uses is accurate within one per cent (1%) slow or fast, no correction shall be made in such recordings. If any such tests show that such meter is inaccurate by more than one per cent (1%) slow or fast, correction shall be made in such recordings for the period during which the parties agree that the inaccuracy existed.

8.5 City's kilowatt demand and energy uses from its Station Two shall be metered at the following points:

(a) at point of City's Station Two switchyard where delivery is taken over City Transmission and Transformation Facilities.

(b) at point of City's Existing System substations where delivery is taken over Big Rivers' transmission system, with appropriate additions for ordinary transmission losses.

8.6 All of City's metering points shall be hourly summarized so as to determine City's aggregate hourly kilowatt demand and total energy uses from Station Two.

8.7 Big Rivers' kilowatt demand and energy uses from City's Station Two shall be metered at point of City's Station Two switchyard.

8.8 All meter readings and/or recordings necessary to provide an accurate report of kilowatt demand and electric energy uses from City's Station Two during each Monthly Billing Period.
shall be promptly made. At the end of each Monthly Billing Period a report shall be promptly made to Big Rivers of the kilowatt demand and electric energy uses from City's Station Two by City, Big Rivers and others during such Monthly Billing Period.

SECTION 9 - BILLING AND PAYMENTS

9.1 On or before the twentieth day of each calendar month during each Contract Year Big Rivers shall pay to City's Trustee, appointed under the Bond Ordinance, all capacity charges due from it in accordance with Section 6 hereof for its allotted Station Two capacity during the current Monthly Billing Period. Such payments shall be made on the basis of the Annual Budget in effect for the applicable Monthly Billing Period. Payments shall be deemed complete upon the posting thereof in the regular United States mail, properly addressed and affixed with postage.

9.2 If any such payment or portion thereof is not paid when due as herein provided, a penalty in the amount of one percent (1%) of the unpaid amount may, at the option of City, be added thereto at the commencement of each thirty-day period thereafter, and due and payable therewith. Provided however, that in the case of a bona fide dispute as to the amount of any such payment, the delayed payment penalty will be applicable only to that unpaid portion of the invoice which is not reasonably in dispute.
9.3 Off-Setting Accounts: Big Rivers shall have the right to off-set accounts payable under this Agreement by any payments due it under Section 13.6 of the parties' Power Plant Construction and Operation Agreement of even date herewith and thereupon shall pay to the Trustee under the Bond Ordinance any remaining balance of the off-set account. Off-setting of accounts shall be employed in determining any delayed payment charges as provided herein.

9.4 On or before one hundred twenty (120) days after the end of each Contract Year there shall be submitted to Big Rivers a detailed statement of the actual capacity costs for all Monthly Billing Periods of such Contract Year, based on the annual audit of accounts provided for in Section 11. If, on the basis of such statement the actual aggregate capacity costs for said Contract Year exceeded the estimate thereof in the Annual Budget on the basis of which Big Rivers has made payments, Big Rivers shall pay promptly to the Trustee appointed under the Bond Ordinance the additional amount to which the City is entitled. If, on the basis of such statement the actual aggregate capacity costs for said Contract Year are less than the estimate thereof in the Annual Budget on the basis of which Big Rivers has made payments, such excess shall be credited against Big Rivers' next monthly payment or payments hereunder, or paid to Big Rivers if no such payments are due from Big Rivers.

SECTION 10 - OBLIGATIONS OF THE PARTIES

10.1 All obligations of City under the terms and provisions of this Agreement shall be the sole obligations of City's
electric utility system, including its Existing System, its
Station Two generating plant and such other additions, exten-
sions and facilities that it may from time to time own and/or
operate. No debt or obligation of City under this Agreement shall
constitute a general obligation of the City.

10.2 City covenants that it will, subject to the approval
of any regulatory bodies having jurisdiction thereof, at all
times maintain rates for services rendered by its electric
utility system which will be sufficient to adequately meet
the costs of proper operation and maintenance thereof, to pro-
vide for the depreciation thereof through renewals and replace-
ments, or otherwise, and to provide for the full and prompt pay-
ment of all obligations of City on all of its outstanding
Electric Revenue Bonds, including without limitation its Station
Two Bonds.

10.3 All obligations and sums payable by Big Rivers
under the terms and provisions of this Agreement shall constitute
a general obligation of Big Rivers, and Big Rivers covenants
that it will, subject to the approval of any regulatory bodies
having jurisdiction thereof, at all times maintain rates for
services rendered by its electric utility systems and such
other business activities in which it shall engage for compen-
sation, which will be sufficient to adequately make the full
and prompt payment and performance of all its obligations to
the Trustee for the Bonds under the terms and provisions of
this Agreement.
SECTION II - ANNUAL AUDIT

11.1 An annual audit of the financial accounts of the City's Station Two shall be made in accordance with the provisions of the Bond Ordinance. Big Rivers shall be entitled to timely receipt of copies of the annual audit report.

11.2 Big Rivers shall have the right, at all reasonable times, to examine the books, accounts and records of City's Station Two in order to determine the accuracy of charges being made to it under the provisions of this Agreement.

PART III
GENERAL PROVISIONS

SECTION 12 - OPERATING STANDARDS

12.1 City will operate and maintain, under the provisions of the Power Plant Construction and Operation Agreement, the generating station, auxiliary facilities, joint use facilities and other related facilities comprising its Station Two, in accordance with standards and specifications equal to those provided by the National Electric Safety Code of the United States Bureau of Standards, and as required by any regulatory authority having jurisdiction thereof.

SECTION 13 - UNCONTROLLABLE FORCES - CONTINUING OBLIGATION FOR PAYMENTS

13.1 Neither party hereto shall be considered in default or breach with respect to any obligation under this
Agreement if prevented from fulfilling such obligation by reason of an Uncontrollable Force. Any party unable to fulfill any obligation by reason of Uncontrollable Forces shall exercise due diligence to remove such disability as soon as reasonably possible.

13.2 The term "Uncontrollable Force" shall mean any force which is not within the control of any party to this Agreement, and which by exercise of due diligence and foresight could not reasonably have been avoided, including, but not limited to, an act of God, fire, flood, earthquake, explosion, strike, sabotage, an act of the public enemy, civil or military authority, including court orders, injunctions, and orders of government agencies having proper jurisdiction, insurrection or riot, an act of the elements, failure of equipment, or inability to obtain or ship materials or equipment because of the effect of similar causes on suppliers or carriers.

13.3 Anything to the contrary notwithstanding, Big Rivers shall have a continuing obligation to make payments for capacity as provided in this Agreement, whether or not City's Station Two is inoperable or the operation thereof is interrupted, suspended or interfered with in whole or in part for any cause whatsoever, including Uncontrollable Forces.

SECTION 14 - ARBITRATION

14.1 Any controversy or claim arising out of, or relating to this Agreement or the breach thereof, including disagreements
between the Trustee and either or both parties to this Agreement, may be submitted to Arbitration at the time, in the manner and upon the terms agreed upon by the parties.

14.2 Arbitration shall not be considered the sole or exclusive means of settling controversies which may arise under the terms and provisions of this Agreement, nor shall arbitration be considered a condition precedent to any action in court of law or equity or proceedings before any governmental agency or regulatory body having jurisdiction thereof.

SECTION 15 - DEFAULT

15.1 In the event of a default by either party to this Agreement in the performance of any one or more of the provisions hereof, the aggrieved party or parties shall, in addition to the remedies specified in this Agreement, have the right to use and employ all remedies available through courts of law and/or equity, governmental agencies and/or regulatory bodies having jurisdiction thereof.

SECTION 16 - WAIVER

16.1 The failure of either party to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights hereunder shall not be construed as a waiver of such provisions or the relinquishment of any such rights, but the same shall continue and remain in full force and effect.
SECTION 17 - NOTICES

17.1 Any payment, written notice, demand or request required or permitted under this Agreement shall be deemed properly given to or served upon the recipient when posted through the regular United States mail, properly addressed, and affixed with postage as follows:

to City:
   General Manager
   Municipal Power and Light
   P.O. Box 8
   Henderson, Kentucky 42420

to Big Rivers:
   Manager
   Big Rivers RECC
   P.O. Box 24
   Henderson, Kentucky 42420

to the Trustee:
   as established by the Bond Ordinance.

17.2 The designation of the person to be notified, or the addresses of such persons, may be changed at any time upon written notice to the other parties.

PART IV
OTHER PROVISIONS

SECTION 18 - COMPLIANCE WITH BOND ORDINANCE

18.1 This Agreement shall be subject to the terms and provisions of the Bond Ordinance. City and Big Rivers agree that they will not amend, modify or otherwise alter this Agreement in any manner that will impair or adversely affect the security
afforded by the provisions of this Agreement to the holders of the City's Electric Revenue Bonds, including Station Two Bonds, for the payment of principal, interest and premium, if any, thereon, so long as any of such Bonds are outstanding and unpaid, or until provision is irrevocably made for the payment thereof.

SECTION 19 - MAINTENANCE OF RESERVES:

19.1 City covenants and agrees that during the term of this Agreement, and any renewals or extensions thereof, it will continue to keep and maintain, in the manner provided in the Bond Ordinance and the supplemental ordinance providing for the Station Two Bonds, as operating facilities of its Station Two, the Station Two O. & M. Account, the Station Two R. & R. Account and the Station Two fuel reserve, all as provided under the terms of this Agreement and the parties' Power Plant Construction and Operation Agreement of even date herewith.

SECTION 20 - CITY INCLUDES UTILITY COMMISSION

20.1 It is recognized by the parties that the City operates, manages and controls its electric utility system through its City of Henderson Utility Commission, appointed pursuant to KRS 96.530. All references to City under the terms and provisions of this Agreement shall include its City of Henderson Utility Commission to the extent applicable.

20.2 The parties agree that all rights and obligations of City under the terms and provisions of this Agreement shall also constitute rights and obligations of the City of Henderson.
Utility Commission. By its execution of this Agreement the City of Henderson Utility Commission covenants and agrees that all references to City under the terms and provisions of this Agreement shall include the City of Henderson Utility Commission, and that it shall be obligated under this Agreement accordingly.

SECTION 21 - TERM AND TERMINATION

21.1 The term of this Agreement shall commence upon the execution hereof by City and Big Rivers and shall terminate on October 31, 2003 unless otherwise terminated as hereinafter provided.

21.2 Big Rivers shall have the option of extending the term of this Agreement for two successive five-year terms provided that at least five years' advance written notice of each such extension is given to City. Such extension or extensions shall be upon the same terms and conditions applicable to the original term of this Agreement, except as otherwise provided in Section 6.6 hereof.

21.3 Notwithstanding the provisions of Sections 21.1 and 21.2, this Agreement and any options herein granted shall terminate as soon as Big Rivers' allocation of capacity from City's Station Two shall be zero.

SECTION 22 - AMENDMENTS

22.1 No amendments of this Agreement shall be effective unless reduced to writing and executed by all parties hereto.
22.2 It is understood that Big Rivers may not agree to any amendment, modification or alteration of this Agreement without first obtaining approval of the Administrator of the Rural Electrification Administration.

SECTION 23 - SEVERABILITY

23.1 In the event that any part of this Agreement is declared illegal or no longer in force by reason of an order issued by a court or regulatory body of competent jurisdiction, all remaining portions of this Agreement which are not affected by such order shall continue in full force and effect.

SECTION 24 - ASSIGNMENT

24.1 This Agreement shall be binding upon the parties hereto, their respective successors and assigns. Provided however, that this Agreement shall not be assigned by either party (except for an assignment by Big Rivers to the United States of America) without the written consent of the other party.

SECTION 25 - APPROVAL

25.1 This Agreement shall be subject to the approval of all local, state or federal regulatory bodies having jurisdiction thereof and shall become effective only upon the execution thereof by the parties and approval by the Administrator of the Rural Electrification Administration.
SECTION 27 - CONDITONS PRECEDENT

27.1 This Agreement in its entirety is entered into subject to the following express conditions precedent:

(a) That the parties shall enter into and execute the Power Plant Construction and Operation Agreement, the real estate Purchase-Sale Agreement and the Joint Facilities Agreement, all of even date herewith.

(b) That the parties shall be able to obtain all approvals and authorizations from public authorities and the Administrator of the Rural Electrification Administration necessary to enable them lawfully to enter into and carry out this Agreement.

(c) That the City shall be able to issue and sell its Station Two Bonds with rates of interest and schedule of maturities acceptable to City and Big Rivers, with a final maturity of not less than thirty years from date of issuance, in the principal sum of $76,000,000.00.

27.2 If all of the said conditions precedent do not occur within one year from the date hereof, this Agreement shall be void and all rights hereunder shall terminate unless the parties agree in writing to extend the time for the happening of said conditions precedent.

SECTION 27 - AUTHORITY TO EXECUTE

27.1 This Agreement is executed by the duly authorized officers or representatives of the parties pursuant to authority granted to each of them by the lawful action of their respective official commissions or boards.
Executed at Henderson, Kentucky this ___ day of
______________, 19__.

CITY OF HENDERSON, KENTUCKY

BY ______________________________
William L. Newman, Mayor

ATTEST:

Phyllis Crafton
City Clerk
(City Seal)

CITY OF HENDERSON UTILITY COMMISSION

BY ______________________________
Louis Hatchett, Chairman

ATTEST:

Dudley H. Emerson
Secretary

BIG RIVERS RURAL ELECTRIC
CO-OPERATIVE CORPORATION

BY ______________________________
Robert Reid, Sr., President

ATTEST:

D. B. Wilson, Secretary

This instrument prepared by:

OF WEST MARKWELL & BRYANT
Suite 320, Imperial Building
110 Third Street
Henderson, Kentucky 42420
EXCEPT FROM MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS
OF BIG RIVERS RURAL ELECTRIC COOPERATIVE CORPORATION
HELD IN HENDERSON, KENTUCKY, ON AUGUST 21, 1970

After thorough discussion it was moved by Robert D. Green seconded
by D. B. Wilson that Big Rivers execute the Power Sales Contract,
the Power Plant Construction and Operation Agreement and the Joint
Facilities Agreement and to approve the Electric Light and Power
Revenue Bond Ordinance to be adopted August 27, 1970. Motion carried.

I, Robert D. Green, Vice President
of Board of Directors of Big Rivers
Rural Electric Cooperative Corporation
hereby certify that the above is a
true and correct excerpt from the
minutes of the regular meeting of said
corporation held on August 21, 1970.

Robert D. Green, Vice President
U.S. DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION

REA BORROWER DESIGNATION: Kentucky 62 Big River

THE WITHIN Power Sales Contract dated August 1, 1970, with

The city of Henderson, Kentucky:

SUBMITTED BY THE ABOVE DESIGNATED BORROWER PURSUANT TO THE
TERMS OF THE LOAN CONTRACT, IS HEREBY APPROVED SOLELY FOR THE
PURPOSES OF SUCH CONTRACT.

DATED
MAR 28, 1971

Deputy Administrator

APPENDIX A
Tab 1
EXCERPT FROM MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS
OF BIG RIVERS RURAL ELECTRIC COOPERATIVE CORPORATION
HELD IN HENDERSON, KENTUCKY, ON AUGUST 21, 1970

After thorough discussion it was moved by Robert D. Green seconded
by D. B. Wilson that Big Rivers execute the Power Sales Contract,
the Power Plant Construction and Operation Agreement and the Joint
Facilities Agreement and to approve the Electric Light and Power
Revenue Bond Ordinance to be adopted August 27, 1970. Motion carried.

I, Robert D. Green, Vice President
of Board of Directors of Big Rivers
Rural Electric Cooperative Corporation
hereby certify that the above is a
true and correct excerpt from the
minutes of the regular meeting of said
corporation held on August 21, 1970.

Robert D. Green, Vice President
Amendment #1

POWER SALES CONTRACT
BETWEEN
CITY OF HENDERSON, KENTUCKY
AND
BIG RIVERS RURAL ELECTRIC CO-OPERATIVE CORPORATION
POWER SALES CONTRACT
Amendment #1

The Power Sales Contract entered into as of August 1, 1970 by and between the City of Henderson, Kentucky and Big Rivers Rural Electric Co-operative Corporation is hereby amended in the following particulars:

1. Section 2.2 is amended so as when amended the same shall read as follows:

   2.2 Station Two: City's proposed 350-megawatt generating station and all auxiliary facilities, joint use facilities (provided by City) and other related facilities to be constructed at a site on Green River in Henderson County, Kentucky (which shall not include the City Transmission and Transformation Facilities as herein defined).

2. Section 2.6 is amended so as when amended the same shall read as follows:

   2.6 Contract Year: With respect to the first contract year, the period from Date of Commercial Operation or June 30, 1974, whichever shall first occur, to and including the next succeeding December 31, and thereafter, the successive twelve-month periods beginning January 1 and ending
December 31; provided that in the event that City shall exercise its right under the Bond Ordinance to change from a calendar year accounting period, as shall be specified in a Supplemental Ordinance adopted in accordance with the Bond Ordinance, the term Contract Year as used herein shall thereupon refer to the same period as such new fiscal year accounting period with such changes in the accounting and budgeting procedures, including the adoption of a new Annual Budget hereunder, as shall be necessary or appropriate to effect such change in the Contract Year.

3. Section 3.6 is amended so as when amended the same shall read as follows:

3.6 The Total Capacity of Station Two as referred to herein shall be the average of the total continuous net sendout capability of all generating units in Station Two as determined by semi-annual tests, made in the months of August and January, of at least twenty-four hours' duration under actual load carrying condition, when the equipment is operated at rated pressure and temperature with all auxiliary equipment in service, and at a power factor of approximately ninety per cent.
(90%). The measurement will be made at the 161 KV metering points of the Station Two Switchyard.

4. SECTION 21 - TERM AND TERMINATION, and subsections 21.1, 21.2, and 21.3 are renumbered so as to be SECTION 22 - TERM AND TERMINATION and subsections 22.1, 22.2 and 22.3. A new Section 21 with subsections 21.1, 21.2 and 21.3 is added to read as follows:

SECTION 21 - HENDERSON-DAVIESS AND CITY ELECTRIC SYSTEMS

21.1 The parties mutually agree that the Henderson-Daviess System and the City Electric System, as described in the City's Revised Request for Ruling, dated December 1970 and filed with the Internal Revenue Service (a copy of which has been delivered to Big Rivers), will be operated in the manner prescribed in said Revised Request for Ruling, so as to preclude any distribution of any of the generating capacity of said Henderson-Daviess System and said City Electric System, outside the area of Henderson and Daviess Counties except as described in said Revised Request for Ruling.

21.2 It is understood by the parties, however, that the requirement of Section 21.1 hereof will no longer be effective in the event and to the extent that
any change in the applicable statute, regulations or rulings of the Internal Revenue Service should occur pursuant to which interest on the Bonds would remain exempt from federal income taxation in the absence of compliance with such requirement.

21.3 Big Rivers covenants and agrees to save harmless and indemnify City for any loss or damage whatsoever arising out of Big Rivers' violations, if any, of the provisions of Section 21 of this contract.

5. SECTION 22 - AMENDMENTS and its subsections 22.1 and 22.2 are renumbered so as to be SECTION 23 - AMENDMENTS and subsections 23.1 and 23.2.

6. SECTION 23 - SEVERABILITY and its subsection 23.1 are renumbered so as to be SECTION 24 - SEVERABILITY and subsection 24.1.

7. SECTION 24 - ASSIGNMENT and its subsection 24.1 are renumbered so as to be SECTION 25 - ASSIGNMENT and subsection 25.1.

8. SECTION 25 - APPROVAL and its subsection 25.1 are renumbered so as to be SECTION 26 - APPROVAL and subsection 26.1.

9. SECTION 26 - CONDITIONS PRECEDENT and its subsections 26.1 and 26.2 are renumbered so as to be SECTION 27 - CONDITIONS PRECEDENT and subsections 27.1 and 27.2.

10. SECTION 27 - AUTHORITY TO EXECUTE and its subsection 27.1 are renumbered so as to be SECTION 28 - AUTHORITY TO EXECUTE and subsection 28.1.
All provisions of the parties' Power Sales Contract of August 27, 1970 not herein amended shall remain in full force and effect as originally adopted.

Executed at Henderson, Kentucky this 3rd day of March, 1971.

CITY OF HENDERSON, KENTUCKY

BY

William L. Newman, Mayor

ATTEST:

City Clerk

(City Seal)

CITY OF HENDERSON UTILITY COMMISSION

BY

Louis Hatchett, Chairman

ATTEST:

Secretary
BIG RIVERS RURAL ELECTRIC
CO-OPERATIVE CORPORATION

BY Robert Reid, Sr., President

ATTEST:

D. B. Wilson, Secretary

This instrument prepared by:

of WEST MARKWELL & BRYANT
Suite 380 - Imperial Building
110 Third Street
Henderson, Kentucky 42420
EXCERPT FROM THE MINUTES OF SPECIAL MEETING OF BOARD OF DIRECTORS
OF BIG RIVERS RURAL ELECTRIC COOPERATIVE CORPORATION
HELD IN HENDERSON, KENTUCKY, ON
FEBRUARY 26, 1971

Upon motion of D. B. Wilson seconded by Robert D. Green it was moved that Amendment #1 to Power Sales Contract between the City of Henderson and Big Rivers and Amendment #1 to the Power Plant Construction and Operation Agreement between the City of Henderson and Big Rivers be approved. Motion carried.

I, Robert D. Green, Vice President of the Board of Directors of Big Rivers Rural Electric Cooperative Corporation hereby certify that the above is a true and correct excerpt from the minutes of special meeting of said corporation held on February 26, 1971.

Robert D. Green, Vice President
Case No. 2018-00146
KIUC 1-1 (RWB)(Att) – 1973 Amendments
DATE: 9-1-74

PURPOSE OF THIS CONTRACT
TERMS OF THE LOAN CONTRACT AS HERETO APORTED AS AN ATTACHMENT TO THE
AGREEMENT OF THE ABOVE DESIGNED FOR THE
RE-70424-DESIGNATION
RURAL ELECTRIFICATION ADMINISTRATION
U.S. DEPARTMENT OF AGRICULTURE
March 14, 1973

Mr. W. W. Rumans, Manager
Big Rivers Rural Electric Cooperative Corporation
201 Third Street
Henderson, Kentucky 42420

Re: Amendment: #2
Power Sales Contract

Dear Bill:

Enclosed please find a draft of the proposed Amendment #2 of the Power Sales Contract between the City of Henderson and Big Rivers. The purpose and intent of this Amendment #2 is to substitute debt service on the March 1, 1973 Refunding Bonds for that of the original $76,000,000 issue of March 1, 1971. This is accomplished by changing the definition of the Station Two Bonds in section 2.9 of the contract. As a result of this change, capacity costs as defined in section 6.3 of the contract will include debt service of the Refunding Bonds rather than the original issue of bonds, except to the extent that debt service on the original issue may have accrued prior to March 1, 1973. Assuming a favorable sale of the Refunding Bonds, Big Rivers would realize a savings in power costs proportionate to its allocated capacity, from time to time, of Station Two power.

If you have any questions regarding the above, please advise.

Very truly yours,

CITY OF HENDERSON UTILITY COMMISSION

By: ____________________________
   Henry C. Neel, Attorney

HCN:s1
cc: Mr. Bill Perry, Manager
   Henderson Municipal Power & Light
EXCERPT FROM THE MINUTES OF SPECIAL MEETING OF BOARD OF DIRECTORS
OF BIG RIVERS RURAL ELECTRIC COOPERATIVE CORPORATION
HELD IN HENDERSON, KENTUCKY, ON
FEBRUARY 26, 1971

Upon motion of D. B. Wilson seconded by Robert D. Green it was moved that Amendment #1 to Power Sales Contract between the City of Henderson and Big Rivers and Amendment #1 to the Power Plant Construction and Operation Agreement between the City of Henderson and Big Rivers be approved. Motion carried.

I, Robert D. Green, Vice President of the Board of Directors of Big Rivers Rural Electric Cooperative Corporation hereby certify that the above is a true and correct excerpt from the minutes of special meeting of said corporation held on February 26, 1971.

Robert D. Green, Vice President
POWER SALES CONTRACT

Amendment #2

The Power Sales Contract entered into as of August 1, 1970, as amended by Amendment #1 entered into as of March 2, 1971 ("Power Sales Contract"), by and between the City of Henderson, Kentucky and Big Rivers Rural Electric Co-Operative Corporation is hereby further amended in the following particulars:

1. Section 2.9 is amended to read as follows:

"2.9. Station Two Bonds (the Bonds): The Electric Light and Power Revenue Bonds authorized, sold and issued by City pursuant to the Bond Ordinance, to provide for the costs of acquisition, construction and start-up of City's Station Two and shall mean and include: (i) the Electric Light and Power Revenue Refunding Bonds, Station Two Series dated March 1, 1973, authorized under the Bond Ordinance to refund the Electric Light and Power Revenue Bonds, Station Two Series dated March 1, 1971, issued under the Bond Ordinance; (ii) additional bonds, if any, authorized and issued under the Bond Ordinance to provide for such costs of Station Two in excess of original estimates; and (iii) subject to the written approval of Big Rivers, additional bonds, if any, authorized and issued under the Bond Ordinance to finance
any Additional Project (as defined in the Bond Ordinance for Station Two.)

2. Section 21.2 is amended to read as follows:

"21.2. It is understood by the parties, however, that the requirement of Section 21.1 hereof will no longer be effective in the event and to the extent that any change in the applicable statute, regulations or rulings of the Internal Revenue Service should occur pursuant to which interest on the Bonds, including the Electric Light and Power Revenue Refunding Bonds, Station Two Series dated March 1, 1973 and the Electric Light and Power Revenue Bonds, Station Two Series dated March 1, 1971, issued under the Bond Ordinance, would remain exempt from federal income taxation in the absence of compliance with such requirement."

3. The parties to this Amendment #2 hereby agree that all references to the Power Sales Contract in the Power Plant Construction and Operation Agreement dated August 1, 1970, as amended, and the Joint Facilities Agreement dated August 1, 1970, both by and between the parties hereto, shall be deemed to include and refer to the Power Sales Contract, as amended by this Amendment #2.

4. All provisions of the Power Sales Contract shall remain in full force and effect, except as amended by this Amendment #2.
5. This Amendment #2 to the Power Sales Contract shall take effect upon the issuance of the Electric Light and Power Revenue Refunding Bonds, Station Two Series dated March 1, 1973 in accordance with the terms of the Bond Ordinance, and the payment and discharge of the lien of the Electric Light and Power Revenue Bonds, Station Two Series dated March 1, 1971 in accordance with the provisions of Article XII of the Bond Ordinance.

Executed at Henderson, Kentucky this day of March, 1973.

CITY OF HENDERSON, KENTUCKY

By [Signature]
Mayor

ATTEST:

[Signature]
City Clerk

CITY OF HENDERSON UTILITY COMMISSION

[City Seal]

By [Signature]
Chairman

ATTEST:

[Signature]
BIG RIVERS RURAL ELECTRIC CO-OPERATIVE CORPORATION

ATTEST:

By Robert D. Green, President

This instrument prepared by:

Morton Helbrick
September 11, 1993

Richard M. Lawrence, Esq.
Office of the General Counsel
United States Department of Agriculture
Electric & Telephone Division
Room 2349, South Building
14th & Independence Avenue, S.W.
Washington, DC 20250-1400


Dear Richard:

I enclose a copy of each of the above-titled documents which were recorded in the office of Wilma G. Martin, Clerk of Henderson County, Kentucky, on September 9, 1993 at 1.00 o’clock p.m. CDT, the Cross-Grant in Book 433, Pages 198 through 209, and the Subordination Agreement in Mortgage Book 441 at Pages 690 through 700.

I have attached to the enclosed copy of the Cross-Grant of Easements the Approval Sheet executed by James B. Huff, Sr., on 9/7/93, and I have attached to the copy of the Subordination Agreement a copy of the Clerk’s Certificate of Recording. Thus, the effective date of the Cross-Grant of Easements, as described in Paragraph 7, of that document, is September 9, 1993.

Sincerely yours,

Morton Holbrook

MH/dfc

cc: Paul H. Keck, Esq. (w. enc.)
Barton D. Ford, Esq. (w. enc.)
Jeremiah L. Thomas III, Esq. (w. enc.)
Paul A. Schmitz (w. enc.)
AGREEMENT, dated August 26, 1993, among the UNITED STATES OF AMERICA, acting by and through the Administrator of the RURAL ELECTRIFICATION ADMINISTRATION (Hereinafter being referred to as the "Government"), Chemical Bank, a New York banking corporation, and The Bank of New York, a New York banking corporation (Hereinafter being collectively referred to as the "Banks"), (The Government and the Banks being hereinafter collectively referred to as the "Mortgagees"), the CITY OF HENDERSON, KENTUCKY, A MUNICIPAL CORPORATION and city of the third class organized under the laws of Kentucky, City of Henderson Utility Commission, a public body corporate and politic organized under Kentucky revised statutes 96.520 and related statutes (Such City and Commission being hereinafter collectively referred to as the "City"), and BIG RIVERS ELECTRIC CORPORATION, a rural electric cooperative corporation organized under chapter 279 of the Kentucky Revised Statutes (Hereinafter being referred to as "Big Rivers")

WITNESSETH.

WHEREAS, Big Rivers and the City are parties to a Power Sales Contract (Hereinafter being referred to as the "Power Sales Contract"), a Power Plant Construction and Operation Agreement and a Joint Facilities Agreement all dated August 1, 1970, an Agreement for Transmission and Transformation Capacity dated April 11, 1975, the Spare Transformer Agreement dated July 11, 1972, the System Reserves Agreement dated January 1, 1974, the Agreement dated April 8, 1980 regarding O&M and R&R Funds, the Agreement of February 15, 1991 concerning Administrative and General Costs, and the Amendments to Contracts Among City of Henderson, Kentucky, City of Henderson Utility Commission and Big Rivers Electric Corporation dated for convenience as of May 1, 1993 but executed in fact on June 29, 1993 (Hereinafter being referred to as the "1993 Amendments") and filed with the Kentucky Public Service Commission on or about July 1, 1993 (All of such contracts and agreements as heretofore amended and the 1993 Amendments being hereinafter collectively referred to as the "Contracts")

WHEREAS, among other things, the 1993 Amendments more particularly describe on Exhibit 1 thereto those certain facilities which have been or will be acquired and constructed for the joint use of the City and Big Rivers in the operation, maintenance and control of their respective generating stations under the Contracts, and which facilities are being hereinafter referred to as the "Joint Use Facilities,"

WHEREAS, Exhibit 1 to the 1993 Amendments also describes certain electric system facilities belonging to the City or Big Rivers which are not Joint Use Facilities but are now or will later be located on land or in buildings owned by the other participant under the Contracts, and thus the City and Big Rivers have determined that it is appropriate to execute and record a certain mutual and cross-grant of rights of access, easements of
location and use, and easements of ingress and egress
(Hereinafter being referred to as the "Easement Agreement")
 pertaining to such facilities and also to the Joint Use
Facilities,

WHEREAS, pursuant to the Contracts and ordinances of the
City providing for the sale of its electric revenue bonds, an
electric generating station consisting of generating units 1 and
2, each described in the Contracts as having 175-megawatt
capacity together with certain related facilities which are more
particularly described in the Contracts were constructed and are
owned by the City and operated under the Contracts with Big
Rivers (Such generating units and facilities being hereinafter
collectively referred to as "Station Two"),

WHEREAS, the City and Big Rivers have agreed that Station
Two must be equipped with a Flue Gas Desulfurization System
(Hereinafter being referred to as the "Station Two FGD System")
to comply with the 1990 Amendments to the Clean Air Act and
implementing regulations of the U.S Environmental Protection
Agency (Hereinafter being collectively referred to as the "Acid
Rain Act"),

WHEREAS, certain facilities now owned by Big Rivers and used
in operating the Flue Gas Desulfurization System of Big Rivers'
Green Generating Station (Hereinafter being referred to as the
"Green Station FGD System") can be jointly used by the Green
Station and Station Two, thus greatly reducing the cost of the
Station Two FGD System,

WHEREAS, under the terms of the Contracts, the costs of the
Station Two FGD System are allocated between the City and Big
Rivers on the basis of their respective usage of Station Two,

WHEREAS, the City and Big Rivers have agreed that the costs
of the Station Two FGD System will require financing in whole or
in part by the sale of allowances granted under the Acid Rain
Act, funds from the Station Two Renewal and Replacement Fund
and the Station Two Operations and Maintenance Fund, and revenues
from the respective electric utility systems of the City and Big
Rivers,

WHEREAS, virtually all assets of Big Rivers, including the
Green Station FGD System and other assets necessary for the
performance of the 1993 Amendments, are encumbered by a certain
Restated Mortgage and Security Agreement dated as of May 30, 1988
by Big Rivers in favor of the Government and the predecessors in
interest of the Banks (Hereinafter being referred to as the
"Mortgage"),
WHEREAS, Big Rivers and the City have conditioned the effectiveness of the 1993 Amendments upon receipt of a satisfactory lien accommodation from the Mortgagees,

WHEREAS, Big Rivers and the City have asked the Mortgagees to accommodate the lien of the Mortgage to the City's rights under the Contracts and the Easement Agreement,

WHEREAS, Big Rivers has asked the Mortgagees to consent for purposes of the Mortgage and also for purposes of the Restructuring Agreement dated as of August 31, 1987, as amended, among Big Rivers, the Government and the predecessors in interest of the Banks (Hereinafter being referred to as the "Restructuring Agreement"), and

WHEREAS, the Mortgagees have requested the City to confirm the lien of the Mortgage upon Big Rivers' rights under the Contracts, which rights have been pledged, assigned and conveyed by Big Rivers to the Mortgagees for security purposes under the Mortgage;

NOW, THEREFORE, in consideration of the foregoing, the Mortgagees and the City hereby Agree as follows

1. Definitions. Any terms used in this instrument but not defined herein shall have the same definitions as recited in the Contracts.

2. Partial Subordination of Mortgagees' Rights: Joint Use Facilities Rights. Each of the Mortgagees does hereby, for itself on a several basis, subordinate its mortgage lien and security interest under the Mortgage to the rights and interests of the City (a) in, to and in respect of the Joint Use Facilities, to the extent (but only to the extent) of the rights therein of the City under the Contracts, (b) in, to and in respect of transmission facilities belonging to Big Rivers that are used or useful in connection with Station Two, to the extent (but only to the extent) of the rights therein of the City under Section 15.2(4)(a) of the Power Sales Contract, and (c) under the Easement Agreement. Nothing in this instrument shall be (i) construed as an agreement by any of the Mortgagees to assume, or require the assumption by any transferee of all or any part of any property encumbered by the Mortgage, of any performance obligation of Big Rivers under the Contracts, except as hereinafter in this Section 2 provided, (ii) constitute a waiver of any rights which the Mortgagees may acquire as successors to Big Rivers' rights in Station Two under the Contracts, or (iii) be deemed to subordinate to the rights of, or share with, any person or entity, the rights of the Mortgagees to receive and retain payments arising from any of the payment obligations secured by the Mortgage. The parties hereto agree that any transferee (other than for security purposes) of Joint Use
Facilities shall be obligated to permit the Joint Use Facilities to be operated and maintained in accordance with the Joint Facilities Agreement so long as such transferee retains any interest in any of the Joint Use Facilities and that the rights and obligations under this provision shall run with the land.

3 Rights of Mortgagees in Contracts. The City hereby agrees that whenever it notifies Big Rivers of any default under the Contracts, it will contemporaneously notify each of the Mortgagees in writing of such default and allow them whatever rights to cure such default that Big Rivers may have under the Contracts. The City agrees further that such notice to each of the Mortgagees shall be a condition precedent to the exercise of the City's default remedies under the Contracts, and that, notwithstanding anything in the Contracts to the contrary, the cure period for each of the Mortgagees under this Section 3 shall date from the latest time of the giving of such notice to each of the Mortgagees.

4. Rights of City to Access Transmission. Notwithstanding anything to the contrary contained in this instrument, the rights of the City to purchase access to transmission facilities of Big Rivers, as provided for under terms and conditions more fully set forth in the Contracts, shall not include use of transmission facilities subject to the lien of the Mortgage under any circumstance where such facilities will be used by the City, its successors or assigns, to wheel electric power or energy to any member of Big Rivers, or member of a distribution cooperative that is a member of Big Rivers.

5. No Commitment to Finance any Obligations Incurred. This instrument is given by the Mortgagees and accepted by the City on the express condition that the Mortgagees shall be under no obligation to provide financing to Big Rivers or the City for any obligations or indemnities which Big Rivers or the City may incur under any of the Contracts, any financial arrangements incurred for Station Two or any sale of any emission allowances.

6. Notices. Any notice, consent or request to be given in connection with any of the terms or provisions of this instrument shall be in writing and shall be sent by registered mail, postage prepaid, or delivered:

(1) to the Government.

Administrator
Rural Electrification Administration
14th & Independence Avenue, S.W.
Washington, D.C. 20250-1500
(11) If to the Banks

The Bank of New York
Attention Albert R Taylor, Vice President
One Wall Street
New York, NY 10286

Chemical Bank
Attention Jacqueline C. Dickerson
277 Park Avenue
13th Floor
New York, NY 10172-0087

(111) If to the City:

For the city of Henderson, Kentucky and the
City of Henderson Utility Commission
Attention: Mr. Kendel Bryan
100 Fifth Street
P.O. Box 8
Henderson, Kentucky 42420

(iv) If to Big Rivers

Big Rivers Electric Corporation
Attention: Mr. Paul Schmitz
201 Third Street
P.O. Box 24
Henderson, Kentucky 42420

7. Consent to Cross Easements. For purposes of the
Mortgage and the Restructuring Agreement dated as of August 31,
1987, as amended, among Big Rivers, the Government and the
predecessors in interest of the Banks, each of the Mortgagees
does hereby consent to the execution and recordation of the
Easement Agreement.

8. Successors and Assigns. This instrument shall be
binding upon the parties hereto, their respective successors and
assigns.

9. Effective Date. The effectiveness of this instrument
shall commence upon approval by the Kentucky Public Service
Commission of the 1993 Amendments.

10. Counterparts. This instrument may be executed in any
number of counterparts, each of which shall be deemed to be an
original, and all of which shall together constitute one and the
same instrument.
IN WITNESS WHEREOF, the Mortgagees and the City have caused this instrument to be duly executed in their behalf, all as of the day and year first written above.

CITY OF HENDERSON, KENTUCKY

By William L. Newman, Mayor

ATTEST
Joann Roberts, City Clerk
(City Seal)

CITY OF HENDERSON UTILITY COMMISSION

By B.E. Higginson, Chairman

ATTEST
Dudley H. Everson, Secretary

BIG RIVERS ELECTRIC CORPORATION

By Morton Henshaw, President

ATTEST
William Briscoe, Secretary
Date 9/3/93

Executed by the Mortgagee
in the presence of

Lisa J. Sander

Witnesses

Date: 9/3/93

Executed by the Mortgagee
in the presence of

Mable Jones

Witnesses

THE BANK OF NEW YORK
By

CHEMICAL BANK
By

EDWIN FORTI
MANAGING DIRECTOR
CHEMICAL BANK

UNITED STATES OF AMERICA
By

James B. Huff, Sr.
Administrator
Rural Electrification Administration

ATTEST.

Witness

Richard Lawrence
COUNTY OF HENDERSON
COMMONWEALTH OF KENTUCKY

The foregoing instrument was signed and acknowledged before me by William Newman, Mayor, and attested by Joann Roberts, City Clerk as the act and deed of the CITY OF HENDERSON, Kentucky and as their individual acts and deeds in Henderson County, Kentucky on this 31\textsuperscript{st} day of August, 1993.

IN TESTIMONY WHEREOF, I have placed my hand and seal on this 31\textsuperscript{st} day of August, 1993.

Mary Sue Baron
Notary Public
State at Large

My Commission Expires:

6-23-96

COUNTY OF HENDERSON
COMMONWEALTH OF KENTUCKY

The foregoing instrument was signed and acknowledged before me by B.E. Higginson, Chairman of the CITY OF HENDERSON UTILITY COMMISSION, and attested by Dudley H. Everson, Secretary as the act and deed of the CITY OF HENDERSON UTILITY COMMISSION, Kentucky and as their individual acts and deeds in Henderson County, Kentucky on this 31\textsuperscript{st} day of August, 1993.

IN TESTIMONY WHEREOF, I have placed my hand and seal on this 31\textsuperscript{st} day of August, 1993.

Mary Sue Baron
Notary Public
State at Large

My Commission Expires:

6-23-96
COUNTY OF HENDERSON
COMMONWEALTH OF KENTUCKY

The foregoing instrument was signed and acknowledged before me by Morton Henshaw, President of BIG RIVERS ELECTRIC CORPORATION, and attested by William Briscoe, Secretary as the act and deed of the BIG RIVERS ELECTRIC CORPORATION, Henderson, Kentucky and as their individual acts and deeds in Henderson County, Kentucky on this 27th day of August, 1993.

IN TESTIMONY WHEREOF, I have placed my hand and seal on this 27th day of August, 1993

[Signature]
Notary Public
State at Large

My Commission Expires:

January 12, 1997
District of Columbia

STATE OF NEW YORK ss.
COUNTY OF NEW YORK

I, ____________, a Notary Public in and for the county and state aforesaid, do hereby certify that ____________, Vice President of THE BANK OF NEW YORK, a corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Vice President of said corporation, appeared before me this day in person and acknowledged that he, being thereof duly authorized, signed, sealed and delivered said instrument as his free and voluntary act as such Vice President of said corporation, and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

Given under my hand and official seal this 7th day of August, A.D. 1993.

[Signature]
Notary Public in and for New York County, New York
District of Columbia

[Notarial Seal]

My commission expires: 1-31-94
STATE OF NEW YORK  ) ss
COUNTY OF NEW YORK  )

I, GERARD M. ANDREACCIO, a Notary Public in and for the county and state aforesaid, do hereby certify that SUNNY FET KUNDAYE DIETER, of CHEMICAL BANK, a corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Vice-President of said corporation, appeared before me this day in person and acknowledged that she, being thereunto duly authorized, signed, sealed and delivered said instrument as her free and voluntary act as such Vice-President of said corporation, and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

Given under my hand and official seal this 3rd day of September, 1993.

[Notary Seal]

Notary Public in and for New York County, New York
GERARD M. ANDREACCIO
Notary Public, State of New York
No. 24-5079525
Qualified in Nassau County
CertificateFiled in New York County
Commission Expires January 31, 1995

DISTRICT OF COLUMBIA  ) ss

On this 7th day of August, 1993, personally appeared before me JAMES B. HUFF, SR., who, being by me duly sworn, did say that he is the Administrator of the Rural Electrification Administration, an agency of UNITED STATES OF AMERICA, and acknowledged to me that, acting under a delegation of authority duly given and evidenced by law and presently in effect, he executed the foregoing instrument as the act and deed of United States of America for the uses and purposes therein mentioned.

IN TESTIMONY WHEREOF I have heretofore set my hand and official seal the day and year last above written

[Notary Seal]

Notary Public
residing at Washington, D.C.

My commission expires: 1-31-94
STATE OF KENTUCKY
COUNTY OF HENDERSON

I, Wilma G Martin, Clerk of Henderson County, certify that the foregoing instrument was this day at 10:00 O'clock P.M. lodged in my said office for record and that I have recorded it in the foregoing and this certificate in my said office.

Given under my hand this 9th day of September 1993.

BY WILMA G. MARTIN

Deputy Assistant General Counsel
Room 2349 South Agriculture Building
Washington, D.C. 20250-1400
U.S. DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION

REB BORROWER DESIGNATION Kentucky 62 Big Rivers

THE WITHIN Amendments to Contracts (May 1, 1993 Amendments) among City of
Henderson, Kentucky, City of Henderson Utility Commission and Big Rivers

Electric Corporation

SUBMITTED BY THE ABOVE DESIGNATED BORROWER PURSUANT TO THE
TERMS OF THE LOAN CONTRACT, IS HEREBY APPROVED SOLELY FOR THE
PURPOSES OF SUCH CONTRACT

FOR THE ADMINISTRATOR

DATED

9/7/93
CERTIFICATE

The undersigned, Dudley H Everson, Secretary of the Utility Commission for the City of Henderson, Kentucky, does hereby certify that the Resolution set out below was adopted at a duly called meeting of the Utility Commission on June 29, 1993, to-wit

RESOLVED, that the Chairman, B. E. Higginson, is hereby authorized and directed to execute for and in behalf of the Utility Commission AMENDMENTS TO CONTRACTS AMONG CITY OF HENDERSON, KENTUCKY, CITY OF HENDERSON UTILITY COMMISSION AND BIG RIVERS ELECTRIC CORPORATION, the terms and provisions of which agreement are incorporated herein by reference.

Witness the signature of Dudley H Everson this 29th day of June, 1993.

Dudley H Everson, Secretary
CERTIFICATION OF CITY CLERK

I, Joann Roberts, hereby certify that I am the duly qualified and acting City Clerk of the City of Henderson, Henderson County, Kentucky, and that the attached is a true and accurate copy of the Resolution No. 24-93, duly adopted, passed, read and signed, as prescribed by the Kentucky Revised Statutes at a special called meeting of the City Commission of the City of Henderson, Kentucky, held at the regular meeting place on the 29th day of June, 1993, and that the foregoing Resolution authorizing the Mayor of the City of Henderson, Kentucky, to execute AMENDMENTS TO CONTRACTS AMONG CITY OF HENDERSON, KENTUCKY, CITY OF HENDERSON UTILITY COMMISSION AND BIG RIVERS ELECTRIC CORPORATION has been duly recorded in the official records of said City.

IN WITNESS WHEREOF, I have hereunto set my hand as City Clerk and affixed hereto the official seal of said City, this the 29th day of June, 1993.

Joann Roberts, City Clerk

(City Seal)
RESOLUTION NO. 24-93

RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE AN AGREEMENT AMENDING CONTRACTS AMONG THE CITY OF HENDERSON, KENTUCKY, THE CITY OF HENDERSON UTILITY COMMISSION AND BIG RIVERS ELECTRIC CORPORATION

WHEREAS, the Henderson Utility Commission has requested the Board of Commissioners to approve certain amendments to the Power Sales Contract, Power Plant Construction & Operation Agreement, and Joint Facilities Agreement relating to the operation of the City's Station Two electric generating facility and the allocation of power from said facility, and

WHEREAS, the amendments to the aforesaid contracts are necessary and advisable to accommodate the construction and installation of a flue gas desulfurization system (scrubbers) at Station Two;

NOW THEREFORE, be it resolved by the Board of Commissioners for the City of Henderson, Kentucky

1. The Mayor, William L. Newman, be and he hereby is authorized and directed to execute for and in behalf of the City a certain AMENDMENTS TO CONTRACTS AMONG CITY OF HENDERSON, KENTUCKY, CITY OF HENDERSON UTILITY COMMISSION AND BIG RIVERS ELECTRIC CORPORATION, the terms and provisions of which agreement are incorporated herein by reference.

2. This Resolution shall become effective immediately upon its passage

On motion of Commissioner Mike Farmer, seconded by Commissioner Bill Womack, that the foregoing Resolution be adopted, the vote was called. On roll call the vote stood

Commissioner Taylor: AYE; Commissioner Farmer: AYE; Commissioner Johnson: AYE; Commissioner Womack: AYE; Mayor Newman: AYE.
On motion of Director Hamilton, seconded by Director Cooper, and carried by unanimous vote, of the directors as declared by the President the following resolutions were adopted:

RESOLVED that execution by Morton Henshaw, President of Big Rivers Electric Corporation, as attested by William B. Briscoe, Secretary of the corporation, of the "May 1, 1993, Amendments" between the City of Henderson, Kentucky, the City of Henderson Utility Commission, and Big Rivers Electric Corporation be ratified and approved, these Amendments having previously been approved by the Board, but not executed by all the parties until the 29th day of June, 1993.

I, William B. Briscoe, Secretary Treasurer of the Board of Directors of Big Rivers Electric Corporation hereby certify that the above is a true and correct excerpt from the minutes of Regular Meeting of said Corporation held on 7-9-93.
Director Hamilton moved that the amendments to all contracts among the City of Henderson, Kentucky, City of Henderson Utility Commission, and Big Rivers Electric Corporation be approved as presented and that the President be authorized to execute said amendments with management and corporate counsel authorized to make minor changes as deemed necessary. Director Powers seconded the motion which carried by unanimous vote.

I, William B. Bruscoe, Secretary Treasurer of the Board of Directors of Big Rivers Electric Corporation hereby certify that the above is a true and correct excerpt from the minutes of Regular Meeting of said Corporation held on 3-12-93.
These Amendments entered into as of May 1, 1993 (the "May 1, 1993 Amendments") by and between City of Henderson, Kentucky, a municipal corporation and city of the second class organized under the laws of Kentucky, of 222 First Street, Henderson, KY 42420, City of Henderson Utility Commission, a public body politic and corporate organized under Kentucky Revised Statutes 96 520 and related statutes, of 100 Fifth Street, Henderson, KY 42420, the said City and Commission being referred to herein collectively as "City", and Big Rivers Electric Corporation, a rural electric cooperative corporation organized under Chapter 279 of the Kentucky Revised Statutes, P O. Box 24, 201 Third Street, Henderson, KY 42420, known as "Big Rivers" herein

WITNESSETH

WHEREAS, the parties hereto are parties to a Power Sales Contract, a Power Plant Construction and Operation Agreement and a Joint Facilities Agreement all dated August 1, 1970 and Big Rivers and City of Henderson Utility Commission are parties to an Agreement For Transmission and Transformation Capacity dated April 11, 1975, the Spare Transformer Agreement dated July 11, 1972, the System Reserves Agreement dated January 1, 1974, the Agreement of April 8, 1980 regarding O&M and R&R Funds, and the Agreement of February 15, 1991 concerning Administrative and General Costs, all of such contracts and agreements as amended being known herein as the "Contracts" and incorporated herein by reference, and
WHEREAS, pursuant to the Contracts, and to ordinances of the City of Henderson, Kentucky providing for the sale of its electric revenue bonds, an electric generating station consisting of generating Units 1 and 2, each described in the Contracts as having 175-megawatt capacity, and related facilities all known herein as "Station Two", were constructed and are now owned by the City of Henderson, Kentucky and operated under the Contracts with Big Rivers, and

WHEREAS, City and Big Rivers have agreed that Station Two must be equipped with a Flue Gas Desulfurization System ("known herein as the "Station Two FGD System") to comply with the 1990 Amendments to the Clean Air Act (Acid Rain Act), and

WHEREAS, certain facilities now owned by Big Rivers subject to certain mortgage liens, and used in operating the FGD System of Big Rivers' Green Generating Station, can be used jointly by the Green Station and by Station Two, thus greatly reducing the cost of the Station Two FGD System, and

WHEREAS, the Station Two FGD System will require financing in whole or in part by sale of emission allowances granted under the Acid Rain Act, funds from the Station Two Renewal and Replacement Fund and the Station Two Operations and Maintenance Fund, and revenues from the respective electric utility systems of the parties hereto.

NOW, THEREFORE, in order to comply with the Acid Rain Act, and provide for the financing, construction, and operation of the Station Two FGD System as a part of Station Two, and in
consideration of the mutual covenants herein contained, it is covenanted and agreed among the parties hereto as follows

ALL CONTRACTS

1 The terms of all of the Contracts except the Joint Facilities Agreement and the Agreement for Transmission and Transformation Capacity shall terminate on October 31, 2003, unless otherwise terminated, or extended, as herein provided. Unless otherwise terminated, or extended, as herein provided, the Joint Facilities Agreement shall terminate in accordance with Section 8 of said Agreement, and the Agreement for Transmission and Transformation Capacity shall terminate in accordance with Section 7.2 of said Agreement.

Big Rivers shall have three options for extending the terms of the Contracts, as amended, on the same terms and conditions thereof, as follows:

1.1 By written notice to City on or before October 31, 1998, to extend the terms for the operating life of Station Two, the operating life of which shall be considered to continue for so long as Unit One and Unit Two, or either of them, is operated, or is capable of normal, continuous, reliable operation for the economically competitive production of electricity, temporary outages excepted.

1.2 If Big Rivers does not exercise the option granted in subparagraph 1.1, by written notice to City on or before October 31, 1998, Big Rivers may extend the terms for five years from October 31, 2003 to October 31, 2008.
1.3 If Big Rivers exercises the option granted in 1.2, by written notice to City on or before October 31, 2003, Big Rivers may extend the terms for an additional five year term from October 31, 2008 to October 31, 2013.

1.4 Notwithstanding any other provision in the Contracts, (a) all of them, except the Joint Facilities Agreement and the Agreement for Transmission and Transformation Capacity, and any options for their renewal, shall terminate 90 days after Big Rivers allocation of capacity from City's Station Two shall be zero, and (b) the terms of all of the Contracts shall be extended automatically until all Station Two revenue bonds of the City of Henderson which have been approved by Big Rivers have been paid.

2. The Contract Year of all of the Contracts shall commence on June 1 and end on May 31 of each year to conform to City's fiscal year, except that the Contract Year for the last year of the Contracts shall end on the last day of the term then in effect.

3. The effective date of these May 1, 1993 Amendments shall be the date following their execution upon which the last of all required approvals and creditors' lien subordinations or accommodations satisfactory to the parties hereof have been obtained, including approvals of the Rural Electrification Administration, the Kentucky Public Service Commission, and any other public regulatory body whose approval is required, provided, however, that the effective date shall then be retroactive to February 1, 1993.

4. Nothing herein contained shall constitute general
obligations of the City of Henderson within Kentucky Constitutional restrictions on such obligations. The obligations herein imposed on City of Henderson shall be borne entirely from revenues or other legally available funds of City’s electric light and power system.

POWER SALES CONTRACT

5 THE POWER SALES CONTRACT OF AUGUST 1, 1970, AS HERETOFORE AMENDED, IS FURTHER AMENDED AS FOLLOWS:

5.1 SECTION 2.2 IS AMENDED TO READ AS FOLLOWS:

Station Two. City’s 350-megawatt generating station (now rated at 315 MW net send out capacity), located at a site on Green River in Henderson County, Kentucky, and, to the extent furnished and owned by City, all auxiliary facilities, joint use facilities and related facilities, additions, expansions and improvements thereto, including the Station Two FGD System added thereto, and renewals and replacements, but excluding the City Transmission and Transformation Facilities as herein defined, and excluding facilities furnished and owned by Big Rivers. The ownership and location of Station Two, and auxiliary, joint use and related facilities thereon as owned or to be owned by City, and those furnished and owned or to be owned by Big Rivers are shown in Exhibits 1 and 2 hereto.

5.2 SECTION 3.3 IS AMENDED TO READ AS FOLLOWS:

The capacity of the Station Two which is surplus to the City’s needs will be allotted to Big Rivers on the basis of five years advance written notice from the City, and Big Rivers shall have the right to receive, and the obligation to take and pay for the capacity of Station Two so allotted to it in the manner herein provided. City may adjust its five year projection of capacity needs in an amount not to exceed five (5) megawatts in any one contract year. Any capacity not utilized by City may be used by Big Rivers. The present allocation of Station Two capacity is 82.86% to Big Rivers and 17.14% to City.

5.3 SECTION 3.6 AS AMENDED BY AMENDMENT NUMBER ONE OF MARCH 2, 1971 IS AMENDED TO READ AS FOLLOWS:

The Total Capacity of Station Two as referred to herein shall be the average of the total continuous net send-out
capability of all generating units in Station Two. The parties agree that the present total capacity is 315-megawatts. The parties recognize that Station Two capacity will be reduced by the power required to operate the Station Two FGD System. Either party hereto may request tests from time to time on thirty days prior notice to determine the current Total Capacity. Such tests shall be of at least twenty-four hours duration under actual load carrying conditions, when the equipment is operated at rated pressure and temperature with all auxiliary equipment in service, and at a power factor of approximately ninety percent (90%). The measurement will be made at the 161 KV metering points at the Station Two Switch Yard.

5.4 SECTION 3.7 IS AMENDED TO READ AS FOLLOWS:

The total continuous net send-out capability of any new unit of Station Two shall be tested on or before the date of commercial operation thereof, and the capacity as thus determined will remain the established Total Capacity of such unit until changed by tests requested by either party.

5.5 SECTION 6.2 IS AMENDED TO READ AS FOLLOWS:

Capacity charges to Big Rivers for any Monthly Billing Period shall be the same proportion of the Total Capacity costs of Station Two for such Monthly Billing Period as Big Rivers allocation of surplus net send-out capacity of Station Two during such Monthly Billing Period bears to the total net send-out capacity of Station Two for such Monthly Billing Period as established pursuant to Section 3 of this Agreement.

5.6 SECTION 6.6 IS AMENDED BY ADDING SUBPARAGRAPH (d) THERETO AS FOLLOWS:

(d) The additional payments described in this Section 6.6 and the fourteen and one-half cents per month per kilowatt of the Total Capacity of Station Two charged to the City as described in Section 13 6 of the Power Plant Construction and Operation Agreement between the parties of August 1, 1970, shall both terminate on October 31, 2003, despite changes in the terms of the Contracts.

5.7 THE FIRST SENTENCE OF SECTION 9.4 IS AMENDED TO READ AS FOLLOWS:

...
As quickly as is reasonably possible, but in no event later than one hundred twenty (120) days after the end of each Contract Year Big Rivers shall submit to City a detailed statement of the actual capacity costs for all Monthly Billing Periods of such Contract Year, based on the annual audit of accounts provided for in Section 15.

SECTION 15 IS AMENDED BY ADDING THERETO THE FOLLOWING.

15.2 In addition to and not in substitution for the other remedies of the City provided under this Agreement, or by other legal, equitable, or administrative remedies, if Big Rivers shall default in making any payment properly owing under this Agreement and (a) such default continues for sixty days following written notice thereof by the City to Big Rivers or (b) if an Event of Default occurs under the RESTRUCTURING AGREEMENT dated August 31, 1987 among Big Rivers, the United States of America, acting through the Administrator of Rural Electrification Administration, Manufacturers Hanover Trust Company and Irving Trust Company, and their successors and assigns by reason of which any or all of the creditors therein described declare all debts owing to one or more of such creditors to be due and payable, the City may at any time thereafter have the following additional rights and remedies:

(1) On 5 days prior written notice to Big Rivers, City may, until such default is corrected, make sales to others of power generated by Station Two and allocated heretofore to Big Rivers and shall collect the proceeds from such sales and, subject to the provisions of the Bond Ordinance, shall apply them as a credit to capacity charges owing by Big Rivers to the City, then to payments to Big Rivers on Big Rivers' cost of operation and maintenance of Station Two, including its fuel and lime costs and any excess to Big Rivers until Big Rivers' payment default is corrected.

(2) On thirty days written notice by City to Big Rivers, and if Big Rivers defaults to City have not been corrected, City may terminate all contracts with Big Rivers with respect to Station Two and assume immediate possession and operation of Station Two and sell and subject to the crediting procedure of
subparagraph (3), retain the proceeds of all sales of power generated by Station Two thereafter; provided that no such sales shall replace sales made by Big Rivers and/or its distribution co-op members under then existing contracts.

(3) No rights exercised by City under subparagraphs (1) and (2), or either of them, shall relieve Big Rivers of its continuing obligations to pay that portion of the debt service costs which are allocated to it when such rights were first exercised by City, credited in the case of sales under subparagraph (1) by any revenues provided from the sale of Big Rivers allocated capacity as provided in subparagraph (1) above, and credited in the case of sales under subparagraph (2) by any revenues received from the sale of Big Rivers prior allocation in excess of operation and maintenance costs of Station Two, including fuel and lime costs.

(4) In the exercise of its rights under the preceding subparagraphs (1) and (2), City shall have the right (a) to use Big Rivers transmission system for transmitting power in performance of off system power sales made by City from Station Two at fair market wheeling charges then prevailing in Indiana and Kentucky and (b) continue the use of Joint Use Facilities by bearing the costs thereof calculated according to the Joint Facilities Agreement.

(5) City shall make no sales under the preceding subparagraph (1) on any term or condition which would adversely affect the rights or security of holders of Station Two bonds, or impair or adversely affect the eligibility for tax exemption of interest on such bonds or, if notified by Big Rivers prior to any agreement to make such sales, adversely affect the rights, or security of holders of notes of Big Rivers secured by Big Rivers' interest in the Joint Use Facilities or in the Reid and Green Stations. City shall give Big Rivers written notice five (5) business days prior to entering into any agreement for such sales.

15.3 In addition to, and not in substitution for, the other remedies of Big Rivers provided under this
Agreement, or by any other legal, equitable or administrative remedies, if City defaults in making any payments properly owing under the Contracts and such default continues for 60 days following written notice thereof by Big Rivers to City Big Rivers may at any time thereafter, if all Station Two Revenue Bonds approved by Big Rivers have been paid, on 30 days written notice by Big Rivers to City, and if City's defaults to Big Rivers have not been corrected, then Big Rivers may terminate all contracts with City with respect to Station Two, in which event Big Rivers shall have the continued right to use of Joint Use Facilities by paying the capacity costs thereof calculated in accordance with the Joint Facilities Agreement.

5.10 SECTION 21.1 AS RENUMBERED TO 22.1 IN THE MARCH 2, 1971 AMENDMENT IS AMENDED AS PROVIDED IN SECTION 1 OF THE MAY 1, 1993 AMENDMENTS.

POWER PLANT CONSTRUCTION AND OPERATION AGREEMENT

6. THE POWER PLANT CONSTRUCTION AND OPERATION AGREEMENT OF AUGUST 1, 1970, AS AMENDED, IS FURTHER AMENDED AS FOLLOWS:

6.1 SECTION 1.3 IS AMENDED BY ADDING THERETO THE FOLLOWING:

Such Interconnection Agreement was supplemented and amended by an Amended Agreement dated October 13, 1981 and by a "FIRST AMENDMENT" dated January 10, 1989 which are in effect.

6.2 SECTION 4 IS AMENDED BY ADDING THE FOLLOWING:

4.5 City, with the approval of Big Rivers, has entered into a Contract dated February 5, 1993 with Wheelabrator Air Pollution Control Inc for the construction and installation of a portion of the Station Two FGD System. City will enter into such further contracts as are necessary, and as are approved by Big Rivers which approval shall not be unreasonably withheld, to complete the design, construction, installation and operation of the Station Two System City and Big Rivers shall each immediately seek such permits and approvals as are required of each of them.
4.6 Big Rivers shall provide one engineering representative and one clerk to work with the engineering firm employed by the City as the owner's representative on the Station Two FGD System project. City will provide one representative already assigned to Station Two. The cost of these three representatives, including salaries, benefits and out-of-pocket expenses, shall be considered capital costs of the project.

4.7 All proceeds from the sale of SO₂ allowances allocated to Station Two, from whatsoever source, in excess of those needed for Station Two operation shall be divided between City and Big Rivers in the proportions of 17.14% to City and 82.86% to Big Rivers. The sale of all Station Two allowances shall be approved by the City and Big Rivers.

4.8 Until such time as a sum equal to the net proceeds of the sale of Station Two SO₂ allowances has been paid on the costs of the Station Two FGD System, the parties hereto shall bear such scrubber costs in the proportions of 17.14% to the City and 82.86% to Big Rivers. Thereafter costs of the Station Two FGD System shall be borne in the proportion of capacity allocation established under Section 5.2 of the May 1, 1993 Amendments.

4.9 Except as otherwise agreed by the parties, all invoices for the design, construction and installation of the Station Two FGD System shall be issued to City and paid by City pursuant to Section 4.11 hereof. City shall bill Big Rivers monthly for its share of such costs as determined by Section 4.8 hereof and Big Rivers shall pay such share pursuant to Section 4.10 hereof.

4.10 Big Rivers shall pay the amounts billed to it by City under Section 4.9 hereof to the Trustee from time to time in sufficient amounts to satisfy progress payments required on contracts executed by City for the design, construction and installation of said FGD System. City's remaining portion of the costs for the Station Two FGD System shall be paid by City from time to time in sufficient amounts to satisfy progress payments required on said contracts.

4.11 City shall instruct the Trustee to remit all sums paid under Section 4.10 hereof for the design, construction, and installation of the Station Two FGD System to City for deposit into the Station Two
account in the Renewals and Replacement Fund, out of which City shall timely pay all costs due on the Station Two FGD System

JOINT FACILITIES AGREEMENT

7 THE JOINT FACILITIES AGREEMENT IS AMENDED AS FOLLOWS

7.1 SECTION 3.1 IS AMENDED BY ADDING THE FOLLOWING.

3.1(a) Big Rivers has heretofore allocated for the continuing joint use of the parties the facilities listed on Exhibit 1, Page 2, Part C hereto.

7.2 SECTION 3.2 IS AMENDED BY ADDING THE FOLLOWING AT THE END THEREOF:

The auxiliary facilities which City has previously allocated for the joint use of the parties are listed in Exhibit 1, Pages 1 and 2, Part B

7.3 NEW SUBPARAGRAPHS SHALL BE ADDED TO SECTION 3 AS FOLLOWS:

3.3 Big Rivers will allocate for the continuing joint use of the parties in the operation of their respective generating stations (Big Rivers Green Station and City's Station Two) those Green Station FGD System Facilities described in Exhibit 1, Page 3, Part C hereto. For such use, Big Rivers shall be paid by City a prorated share of the annual carrying costs, calculated as

\[
\text{Station Two net capacity} / \text{Station Two plus Green Station net capacities} \times \text{net book value of those facilities as of December 31, 1994, i.e. $21,675,601.32, further multiplied by a capital carrying charge rate of 11.5 percent.}
\]

City's payment to Big Rivers shall be included as a cost under Paragraph (g) of Section 6.3 of the Power Sales Contract between the parties.

3.4 The costs of operating and maintaining the FGD
Joint Facilities described in Exhibit 1, Page 3, Parts B and C hereto, and the cost of sludge stackout and disposal (including haulage and deposit in appropriate landfills) therefrom, shall be allocated to the Green Station and Station Two (except for the cost of coal and lime which shall be provided by each party for its own use) in the proportions in which the stations put sulfur through the Green and Station Two FGD systems, based upon the tonnage of lime and coal and the sulfur and BTU content of the coal, and calculated as shown in the following example:

**REAGENT PREPARATION**

1) Assume lime, power, maintenance and labor costs = $10,000,000/yr

2) From additive feed flowmeters - 70,000 Tons Per Year (TPY) of lime went to Green absorbers and 45,000 TPY went to Station Two absorbers

3) The Station Two portion of the "reagent prep" O&M costs:

$$\frac{\$10,000,000 \times \left[ \frac{45,000}{70,000 + 45,000} \right]}{1} = \$3,913,000/yr$$

4) Assume BREC coal to Station Two is 4% sulfur and 11,200 BTU/lb. HMPL coal to Station Two is 2.6% sulfur and 12,000 BTU/lb.

$$\frac{4 \times 19,500}{11,200} = 6.96 \text{ lb } SO_2/\text{mmBTU}$$

$$\frac{2 \times 19,500}{12,000} = 4.22 \text{ lbs. } SO_2/\text{mmBTU}$$

Where 19,500 is the conversion factor for 2 lbs of SO₂ per lb of sulfur, assuming 97.5% of the sulfur in the coal is captured in the flue gas stream.

5) The HMPL portion of Station Two "reagent prep" O & M would be:

$$\frac{\$3,913,000 \times \left[ \frac{(4.22) \times (\text{HMPL coal BTU burn})}{((4.22) \times (\text{HMPL coal BTU burn}) + (6.96) \times (\text{BREC coal BTU burn}))} \right]}{1}$$

1 The reagent preparation facilities and the waste treatment facilities are located in separate areas.
if for example the HMPL coal BTU burn were \(2,977,555 \times 10^6\) 
the BREC coal BTU burn were \(11,143,418 \times 10^6\) 
then the HMPL portion comes to \$546,200/yr

WASTE TREATMENT

The "waste treatment" area power, maintenance and labor costs and the scrubber sludge disposal and storage costs would be split similarly, except that Green and HMPL bleed flowmeters would be used to calculate TPY of waste to be treated and stored. The TPY of waste treated would be used in step (2) instead of TPY lime.

7.4 THE SECOND SENTENCE OF SECTION 4.1 IS AMENDED TO READ AS FOLLOWS:

Title to those joint use facilities or portions thereof provided by Big Rivers, including the FGD Joint Facilities, will remain in Big Rivers, and all such facilities will be clearly and permanently marked as the property of Big Rivers.

7.5 SECTION 5.1 IS AMENDED TO READ AS FOLLOWS.

5 1 The costs of providing City’s joint use facilities and of modifying Big Rivers’ joint use facilities (other than the FGD Scrubber facilities) as provided herein have been paid out of the proceeds of the Station Two Bonds. The cost of modifying the Joint Use Facilities described in Exhibit 1, Page 3, Parts B & C for use by Big Rivers’ Green Station and the City’s Station Two shall be allocated to Station Two. The cost of additional modifications shall be allocated between Big Rivers’ Green Station and the City’s Station Two using the methodology provided in Section 13 8 of the Power Plant Construction and Operation Agreement. The amounts so allocated to City’s Station Two shall be further allocated between Big Rivers and City in the proportion of capacity allocation established under Section 5 2 of the May 1, 1993 Amendments. Subject to the provisions of Sections 3 3 and 3 4 of this Agreement, the costs of operating, maintaining, repairing, renewing, replacing, and adding to such joint use facilities shall be allocated to the parties’ respective generating stations as provided in Section 13 of the parties’ Power Plant Construction and Operation Agreement.

STATION TWO DECOMMISSIONING COSTS

8 If Big Rivers exercises its option under Section 1 1 of
the May 1, 1993 Amendments to extend the life of the Contracts for the operating life of Station Two, as heretofore defined, the parties shall bear decommissioning costs of Station Two in the proportions in which they shared capacity costs during the life of Station Two.

IN TESTIMONY WHEREOF, the parties hereto have executed this Agreement in multiple counterparts as of the date first herein written.

This 29th day of June, 1993

CITY OF HENDERSON, KENTUCKY

By

William L. Newman, Mayor

ATTEST:

Dean Roberts
City Clerk
(City Seal)

CITY OF HENDERSON UTILITY COMMISSION

By

Chairman

ATTEST

William Briscoe, Secretary

BIG RIVERS ELECTRIC CORPORATION

By

Morton Henshaw, President

ATTEST:

William Briscoe, Secretary
June 25, 1993

Kendel Bryan, General Manager
City of Henderson Utility Commission
P.O. Box 8, 100 5th Street
Henderson, KY 42420

Dear Kendel:

In accordance with your message to Travis Housley, and in lieu of amending Exhibit 1 to the May 1, 1993 Amendments, this letter is to confirm that the following three items are included within the Etc., Part B, Item 20, as "Joint Use Facilities provided by and owned by the City but located on Big Rivers property":

1. Unit heat and air conditioner units for the substation control building,

2. Outdoor substation lighting and control building lighting; and


If this conforms to your understanding, please sign both copies of this letter, keep one for your files and return one to me for my file.

Sincerely yours,

BIG RIVERS ELECTRIC CORPORATION

By: [Signature]
P A. Schmitz, General Manager

This letter correctly states our understanding and agreement.

Dated this 70 day of June, 1993.

CITY OF HENDERSON UTILITY COMMISSION

By: [Signature]
Kendel Bryan, General Manager
EXISTING HMP&L STATION TWO FACILITIES

PART A

All Station Two facilities located on City property are owned by the City of Henderson Utility Commission except the BTG control board for Big Rivers' Reid Unit 1. This property is indicated as areas A and B on Exhibit 2. The Reid control board is now located in the Station Two control room. The Station Two facilities are:

1. Two Cooling Towers, Ecodyne Model 670-2-71011, S/N E-70-12783 and E-70-12784
2. Four Circulating Water Pumps, Byron Jackson Model 57RXM S/N 711-C-1621, 711-C-1622, 711-C-1623, and 711-C-1624
3. One Turbine Building including Control Room, Switchgear, Fans, Pumps, Motors, Coal Pulverizers and Other Plant Auxiliary Equipment
4. Two Steam Generators, Riley Stoker, National Board Nos 2292 (repair no 390) and 2379, S/N 3576 and 3675.
5. Two Turbine Generators, One General Electric S/N 178863, One Westinghouse S/N 13A43311/43321
6. Two Electrostatic Precipitators, Research Cottrell, Model No B11LC52F9X30
7. One Chimney, 350 feet tall, concrete shell with brick liner, serving both units

PART B

Joint Use Facilities Provided By and Owned by the City But Located on Big Rivers' Property

1. Barge Mooring Cells Nos 1N, 2N, 3N, 4N, 1S, 2S, 3S and 4S as shown on Burns & Roe Drawing No. 04-3280-S3200
2. One Coal Barge Unloader, McDowell Wellman, 1000 net ton/hr capacity
3. Eight Coal Conveyors 1, 2, 3A, 3B, 4A, 4B, 5B and 6B, as shown on attached Exhibit 2
4. One Reclaim Hopper which feeds coal conveyors 4A and 4B
5. One Crusher House fed by conveyor No 1
6. One Tugboat - The "William Newman" 37 feet long, 21 27 gross tons, 14 0 net tons, coastguard capacity 350 HP
7. One Water Treatment Plant With Demineralizer Building and associated equipment
8. One 50,000 Gallon Capacity Fuel Oil Storage Tank & Distribution System
9. One Flyash Silo, Sump & System Components
10. One Prefab Metal Warehouse adjacent to Fly Ash Silo
11. Coal Handling Equipment As Listed in Continuous Property Records
12. One Lot of Materials & Spare Parts in Big Rivers Warehouse No. 15 as defined by inventory control records
13. One Ash Pond and Effluent Lines
14. Circulating Water Lines as shown on attached Exhibit 2
15. Station Two Ash Pond Dredgings in Green Station Sludge Disposal Landfill adjacent to Green River south of Green Station
16. Four 161KV Oil Circuit Breakers, General Electric, S/N 0139A7206208, 0139A7206209, 0139A7206212, 0139A7206213, located in Plant Switchyard
17. Two Step-up Transformers, McGraw Edison, S/N C-04280-5-1, C-04280-5-2, located in Plant Switchyard
18. Two Auxiliary Transformers, Westinghouse, S/N RCP 37261, RCP 37262, located in Plant Switchyard
19. One Excitation Transformer, General Electric, S/N D-597562, located in Plant Switchyard
20. One Lot of Line Terminal Structures, Bus, Relay Panels, Etc, located in Plant Switchyard as shown on attached Exhibit 2

PART C Joint Use Facilities Owned by Big Rivers and located on Big Rivers property

1. Reid Intake Structure, Two Pumps, and Circulating Water System to serve Reid Unit 1
2. Coal System Crusher Tower supplied by coal conveyors 4A and 4B
3. Coal Conveyors Number 5A and 6A as shown on attached Exhibit 2
4. Plant Entrance Roads from highways 2096 and 2097 and Two Concrete Block Guardhouses
5. Reid Office Building and Maintenance Shop
6. Reid Grounding Transformer Eastern S/N PMR427988
7. Sewage Treatment Facility for Reid, Green and HMP&L Station Two power plants
8. Fire Water System for Reid Station
9. Switchyard Control House for Breaker Controls as shown on attached Exhibit 2

PART D Other Facilities Owned by the City of Henderson Utility Commission But Not Classified as Joint Use Facilities, a portion or all of which is located on Big Rivers property

1. One 161KV Line from Reid EHV Substation to City Substation No. 4
2. One Line Terminal Bay and Associated Equipment in Reid EHV Substation for City 161KV Line to City Substation No. 4
3. Fifty Percent (50%) Ownership of 161/69 KV Transformer G1, Westinghouse, S/N RLP 15941) at Henderson County Substation, and related substation facilities
4. Ten Percent (10%) Ownership of Big Rivers 161KV Line from Station Two Switchyard to Henderson County Substation
5. Forty Percent (40%) Ownership of Spare Step Up Transformer (General Electric S/N K 547026) & Railcar (No. BREX 242)
6. One 69KV Transmission Line from plant switchyard to City Substation No. 2
PROPOSED HMP&L STATION TWO
FACILITIES FOR FGD SCRUBBER SYSTEM

PART A
Station Two FGD Facilities To Be Owned by City of Henderson on Big Rivers Property

1. FGD System Chimney, 350’ Tall
2. Two Wheelabrator Absorber Modules, Building & Associated Equipment
3. Two Booster Fans
4. Auxiliary Building as shown on attached Exhibit 2 containing Controls and Electrical Equipment, Maintenance, Locker and Shower Facilities
5. One Station Two Slaker Building Enclosing Three Slaking Tanks & Equipment
6. One Station Two Additive Hold Tank
7. Two Lime Feed Conveyors from Big Rivers’ Green Station Lime Storage Silos 2C1 & 2C2
8. Two Additive Feed Systems, Station Two Scrubber System Includes Pipe & Pipe Rack
9. Two Bleed Slurry Systems to Big Rivers’ Green Station Primary Dewatering System Including Pipe, Pipe Rack & Splitter Boxes
10. Two New Thickener Underflow Lines and Two Flow Monitors
11. One New Filtrate Surge Tank and Controls
12. One Electrical Power Supply for FGD System, with redundant feeds including power transformer, bus work, relay panels and metering equipment

PART B
FGD Joint Use Facilities To Be Owned by City of Henderson on Big Rivers Property

1. Two Lime Slaking Water Pumps and Lines to Slaking Building
2. Two Pug Mill Mixers (Listed Manufacturer and Serial Nos when known)
3. One Vacuum Filter and Associated Equipment Including Building Expansion as shown on attached Exhibit 2
4. Two New Thickener Underflow Lines and Two Flow Monitors
5. Two Control Systems on Big Rivers’ Green Station Thickener Return Water Tanks

PART C
Existing Facilities Owned By Big Rivers Electric For Green Station FGD System As Shown On Attached Exhibit 2 Which Will Be Jointly Used By Green Station and HMP&L Station Two And Which Are Located On Big Rivers Property

1. One Lime Barge Unloader, Dravo Wellman 200/400 Net Ton/HR Capacity For Lime, 1500 Net Ton/HR Capacity For Coal
2. One Lime Conveyor L1 and Transfer Tower As Shown On Exhibit 2
3. Two Lime Silos 2C1 and 2C2 As Shown On Exhibit 2, and Six Lime Screw Conveyors 2CW-LFC, 2CE-LFC, 2C1-SC, 2C2-SC, 1CW-LFC, 1CE-LFC
4. Four Thickeners for Primary Dewatering of Bleed Slurry 1A, 1B, 2A, 2B, Including Tunnels, Pumps, and Ventilation Systems
6. Two Ash Silos and Pneumatic Transfer System
7. Two Green Station River Water Clarifiers CL-101 and CL-102, with Three Slaker Water Pumps 1A, 1B and 2A
8. One Solid Waste Loader, Hitachi S/N 171-0373
9. One Sludge Haul Road and Two Truck Scales
HMP&L facilities owned by the City located on City property

City owned joint use facilities located on Big Rivers property

Big Rivers owned joint use facilities on Big Rivers property

City owned FGD facilities on Big Rivers property

City owned FGD joint facilities on Big Rivers property

Existing Big Rivers owned FGD facilities on Big Rivers property to be shared with the City
BIG RIVERS ELECTRIC CORPORATION

INTEROFFICE CORRESPONDENCE

TO: Distribution List
FROM: Steve Jackson
DATE: May 12, 1993

RE: HMP&L Station Two and Joint Use Facilities Description

The attached documents were generated to address REA concerns expressed in review of the proposed amendment to the Big Rivers agreement with the City of Henderson. The documents attempt to provide a description of the equipment and property at the Reid, Station Two and Green site that are solely or jointly owned by the City or that are joint use facilities which each party has a right to use for the operation of their respective generating units. In addition these documents address the equipment that will be added for and shared between the Station Two scrubber and the Green Station scrubber in the same manner. The attached documents are:

Exhibit 1 pages 1 to 3 written description of existing and proposed Station Two and joint use facilities.

Exhibit 2 General Arrangement Site Plan drawing depicting the equipment described in Exhibit 1 when possible.

Anne: 1, 2, and 3 revised to match the information provided in Exhibit 1.

These documents have been provided to Mr. Morton Holbrook, Mr. Henry Neel and the REA. Please review them and provide me any comments or revisions required as soon as possible.

Distribution List
Paul Schmitz
Scott Reed
John West
Richard Greenwell
Travis Housley
Bill Blackbourn
Jeff Garner HMP&L-2 copies

Jim McIlwain-2 copies
Mike Thompson-2 copies
Don Mann
Greg Black
Dan Todd
Bob Phillips

JMP&L-2 copies
Mr Morton Holbrook
Holbrook, Wible, Sullivan & Mountjoy, P S C
100 St Ann Building
P O Box 727
Owensboro, KY 42302-0727

Dear Mr Holbrook

Enclosed is one copy of the Green/Station Two Shared Facilities Study report prepared by Burns and McDonnell. This report documents the adequacy of the existing Green Station FGD facilities and the equipment additions and modifications needed to handle the combined capacity for Green and Station Two FGD systems. This report is being provided in order to address the concern expressed by Mr Steve Slovikosky of the REA. He felt this document would provide them the ability to answer any questions that might be raised concerning the ability to share the Green FGD facilities with Station Two.

There are two minor modifications to the Lime Slaking and Slurry Feed system arrangement outlined in the report. These changes are a result of review and approval of the system arrangement outlined by Wheelabrator in their proposal. The changes include:

1. A single drag chain conveyor will feed lime from two existing lime silos and their screw conveyors instead of a dual drag chain conveyor system feeding from all four silos as proposed in the study.

2. The system will include two slurry feed loops, but only one slurry hold tank. Instead of the additional tank, a crosstie system will be provided with the Green Station slurry hold tanks to allow additional capacity by transfer of slurry from the other tanks.

By copy of this letter, we are providing this report to Mr Terry Brady and Mr Steve Slovikosky.

Let us know if any additional information is required.

Sincerely,

James H McIlwain
Manager of Construction

cc Terry Brady, Esq - REA
Steve Slovikosky - REA
EXISTING HMP&L STATION TWO FACILITIES

All Station Two facilities located on City property are owned by the City of Henderson Utility Commission except the BTG control board for Big Rivers' Reid Unit 1. This property is indicated as areas A and B on Exhibit 2. The Reid control board is now located in the Station Two control room. The Station Two facilities are:

1. Two Cooling Towers, Ecooyne Model 6702-71011, S/N E-70-12783 and E-70-12784
2. Four Circulating Water Pumps, Byron Jackson Model 57RXM S/N 711-C-1621, 711-C-1622, 711-C-1623, and 711-C-1624
3. One Turbine Building including Control Room, Switchgear, Fans, Pumps, Motors, Coal Pulverizers and Other Plant Auxiliary Equipment
4. Two Steam Generators, Riley Stoker, National Board Nos 2292 (repair no 390) and 2379, S/N 3576 and 3675
5. Two Turbine Generators, One General Electric S/N 178863, One Westinghouse S/N 13A4311/43321
6. Two Electrostatic Precipitators, Research Cottrell, Model No B11LC52F9X30
7. One Chimney, 350 feet tall, concrete shell with brick liner, serving both units

Joint Use Facilities Provided By and Owned By the City But Located on Big Rivers' Property

1. Barge Mooring Cells Nos 1N, 2N, 3N, 4N, 1S, 2S, 3S and 4S as shown on Burns & Roe Drawing No 04-3280-53200
2. One Coal Barge Unloader, McDowell Wellman, 1000 net ton/hr capacity
3. Eight Coal Conveyors 1, 2, 3A, 3B, 4A, 4B, 5B and 6B, as shown on attached Exhibit 2
4. One Peclaym Hopper which feeds coal conveyors 4A and 4B
5. One Crusher House fed by conveyor No 1
6. One Tugboat - The "William Newman" 37 feet long, 21 27 gross tons, 14 0 net tons, coastguard capacity 350 HP
7. One Water Treatment Plant With Demineralizer Building and associated equipment
8. One 50,000 Gallon Capacity Fuel Oil Storage Tank & Distribution System
9. One Flyash Silo, Sump & System Components
10. One Prefab Metal Warehouse adjacent to Fly Ash Silo
11. One Coal Handling Equipment As Listed In Continuous Property Records
12. One Lot of Materials & Spare Parts in Big Rivers Warehouse No 15 as defined by inventory control records
13. One Ash Pond and Effluent Lines
14. Circulating Water Lines as shown on attached Exhibit 2
15. Station Two Ash Pond Dredgings in Green Station Sludge Disposal Landfill adjacent to Green River south of Green Station
16. Four 161KV Oil Circuit Breakers, General Electric, S/N 0139A7206208, 0139A7206209, 0139A7206212, 0139A7206213, located in Plant Switchyard
17. Two Step-up Transformers McGraw Edison S/N C-04280-5-1 C-04280-5-2 located in Plant Switchyard
18. Two Auxiliary Transformers, Westinghouse, S/N RCP 37261, RCP 37262, located in Plant Switchyard

Exhibit 1 Page 1 of 5
One Excitation Transformer, General Electric, S/N D-597562, located in Plant Switchyard
One Lot of Line Terminal Structures, Bus, Relay Panels, Etc., located in Plant Switchyard as shown on attached Exhibit 2

Joint Use Facilities Owned by Big Rivers and located on Big Rivers property

1. Reid Intake Structure, Two Pumps, and Circulating Water System to serve Reid Unit 1
2. Coal System Crusher Tower supplied by coal conveyors 4A and 4B
3. Coal Conveyors Number 5A and 6A as shown on attached Exhibit 2
4. Plant Entrance Roads from highways 2096 and 2097 and Two Concrete Block Guardhouses
5. Reid Office Building and Maintenance Shop
6. Reid Grounding Transformer Eastern S/N PMR427988
7. Sewage Treatment Facility for Reid, Green and HMP&L Station Two power plants
8. Fire Water System for Reid Station
9. Switchyard Control House for Breaker Controls as shown on attached Exhibit 2

Other Facilities Owned by the City of Henderson Utility Commission But Not Classified as Joint Use Facilities, a portion or all of which is located on Big Rivers property

1. One 161KV Line from Reid EHV Substation to City Substation No. 5
2. One Line Terminal Bay and Associated Equipment in Reid EHV Substation for City 161KV Line to City Substation No. 5
3. Fifty Percent (50%) Ownership of 161/69 KV Transformer Gl, Westinghouse, S/N RLP 15941) at Henderson County Substation
4. Ten Percent (10%) Ownership of Big Rivers 161KV Line from Station Two Switchyard to Henderson County Substation
5. Forty Percent (40%) Ownership of Spare Step Up Transformer (General Electric S/N K 547026) & Railcar (No BREX 242)
6. One 69KV Transmission Line from Plant Switchyard to City Substation No. 2
PROPOSED HMP&L STATION TWO
FACILITIES FOR FGD SCRUBBER SYSTEM

FGD Joint Facilities To Be Owned by City of Henderson on Big Rivers Property

1. FGD System Chimney, 350' Tall
2. Two Wheelabrator Absorber Modules, Building & Associated Equipment
3. Two Booster Fans
4. Auxiliary Building as shown on attached Exhibit 2 containing Controls and Electrical Equipment Maintenance, Locker and Shower Facilities
5. One Station Two Slaker Building Enclosing Three Slaking Tanks & Equipment
6. One Station Two Additive Hold Tank
7. Two Lime Slaking Water Pumps and Lines to Slaking Building
8. Two Lime Feed Conveyors from Big Rivers' Green Station Lime Storage Silos 2C1 & 2C2
9. Two Additive Feed Systems, Station Two Scrubber System Includes Pipe & Pipe Rack
10. Two Bleed Slurry Systems to Big Rivers' Green Station Primary Dewatering System Including Pipe, Pipe Rack & Splitter Boxes
11. Two Pug Mill Mixer (Listed Manufacturer and Serial Nos when known)
12. One Vacuum Filter and Associated Equipment including Building Expansion as shown on attached Exhibit 2
13. Two New Thickener Underflow Lines and Two Flow Monitors
14. Two Control Systems on Big Rivers' Green Station Thickener Return Water Tanks
15. Two New Thickener Return Water Tanks & Controls
16. One New Filtrate Surge Tank and Controls
17. One Electrical Power Supply for FGD System with redundant feeds including 16/4 16KV transformer, bus work, relay panels and metering equipment

Existing Facilities Owned By Big Rivers Electric For Green Station FGD System As Shown On Attached Exhibit 2 Which Will Be Jointly Used By Green Station and HMP&L Station Two And Which Are Located On Big Rivers Property

1. One Lime Barge Unloader, Dravo Wellman 200/400 Net Ton/Hr Capacity For Lime, 1500 Net Ton/Hr Capacity For Coal
2. One Lime Conveyor LI, As Shown On Exhibit 2
3. One Lime Transfer Tower Fed By LI Conveyor As Shown On Exhibit 2
4. Six Lime Screw Conveyors 2CW-LFC, 2CE-LFC, 2C1-SC, 2C2-SC, 1CW-LFC, 1CE-LFC
5. Two Lime Silos 2C1 and 2C2 As Shown On Exhibit 2
6. Four Thickeners for Primary Dewatering of Bleed Slurry 1A, 1B, 2A, 2B
7. Three Vacuum Filters FL-1A, FL-1B, FL-1C
8. One Filter Feed System To Supply Three Vacuum Filters In Solid Waste Building As Shown On Exhibit 2
9. Two Ash Silos & Feed Systems
11. One Sludge Stackout Area As Shown On Exhibit 2
12. Three Existing Slaker Water Pumps 1A, 1B and 2A
13. Two Green Station River Water Clarifiers CL-101 and CL-102
14. One Green Station Bottom Ash Sluice Water System
15. One Sludge Haul Road and Two Truck Scales

Exhibit 1, Page 3 of 3
Listing of Joint Use Facilities Owned by Big Rivers Electric Corporation and Used in the Operation of Station Two and Big Rivers' Reid and Green Power Plants and More Particularly Described In Exhibit 1 and Located On Exhibit 2

1 Reid Intake Structure & Pumps
2 Coal System Crusher Tower
3 Conveyors Number 5A and 6A
4 Plant Entrance Roads and Guardhouses
5 Reid Office Building and Maintenance Shop
6 Reid Grounding Transformer
7 Site Sewage Treatment Facility
8 Fire Water System for Reid Station
9 Switchyard Control House for Breaker Controls
Listing of Joint Use Facilities Owned by City of Henderson Utility Commission and Used in the Operation of Station Two and Big Rivers’ Reid and Green Power Plants and More Particularly Described In Exhibit 1 and Located On Exhibit 2

1. Barge Mooring Cells Nos 1N, 2N, 3N, 4N, 1S, 2S, 3S, and 4S
2. Coal Barge Unloader
3. Coal Conveyors 1, 2, 3A, 3B, 4A, 4B, 5B and 6B
4. Reclalm Hopper
5. Crusher House
6. Tugboat - The “William Newman”
7. Water Treatment & Demineralizer Building & Plant
8. Fuel Oil Storage Tank & Systems
9. Flyash Silo, Sump & System Components
10. Warehouse adjacent to Fly Ash Silo
11. Coal Handling Equipment As Listed In Continuous Property Records
12. One Lot of Materials & Spare Parts in Big Rivers Warehouse No 15
13. Ash Pond and Effluent Lines
14. Circulating Water Lines
15. Station Two Ash Pond Dredgings in Green Station Sludge Disposal Landfill
16. Four 161KV Oil Circuit Breakers, General Electric, S/N 0139A7206208, 0139A7206209, 0139A7206212, 0139A7206213, located in Plant Switchyard
17. Two Step-up Transformers, McGraw Edison, S/N C-04280-5-1, C-04280-5-2, located in Plant Switchyard
18. Two Auxiliary Transformers, Westinghouse, S/N RCP 37261, RCP 37262, located in Plant Switchyard
19. One Excitation Transformer, General Electric, S/N D-597562, located in plant switchyard
20. One Lot of Structures, Bus, Relay Panels, Etc, located in Plant Switchyard
## FGD JOINT FACILITIES OWNED BY BIG RIVERS

To Which 15% Annual Carrying Charge Is To Be Applied

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Installed Value</th>
<th>Depreciated Value As Of 12/31/9-</th>
<th>Cost Split Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thickener equipment</td>
<td>$889,534.61</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lime Silo Equipment</td>
<td>$2,423,640.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foundations, Misc</td>
<td>$8,418,755.91</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Air Dryer IU</td>
<td>$16,189.41</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lime Conveyor</td>
<td>$5,725.40</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Screw Conveyors</td>
<td>$18,879.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Barge Unloader</td>
<td>$734,852.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Barge Crane</td>
<td>$39,844.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dust Collectors</td>
<td>$385,716.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Barge Trolley</td>
<td>$38,759.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large Bucket Elev</td>
<td>$211,047.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hoist, Barge Unloader</td>
<td>$65,390.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unloader &amp; Cells</td>
<td>$4,606,636.98</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lime Conveyor</td>
<td>$2,123,066.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Solid Waste Loader</td>
<td>$323,633.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clarifier</td>
<td>$399,277.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal Column 1</strong></td>
<td><strong>$36,336,667.71</strong></td>
<td></td>
<td><strong>$6,008,551.84</strong></td>
</tr>
<tr>
<td><strong>Installed Value</strong></td>
<td><strong>$42,345,219.55</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Mr Michael H Core
President and CEO
Big Rivers Electric Corporation
P O Box 24
Henderson, Kentucky 42420

Dear Mr Core

In response to your letter dated May 6, 1998, requesting approval of the 1998 Amendments to Contracts between Big Rivers Electric Corporation and the City of Henderson and the City of Henderson Utility Commission, the Rural Utilities Service (RUS) finds the Amendments acceptable for execution. Executed copies of the documents should be sent to RUS for formal approval.

Should you have any questions, please call me at (202) 720-1265.

Sincerely,

[Signature]

LARRIYA BELLUZZO
Program Advisor
Financial Services Staff
U.S. DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

RUS BORROWER DESIGNATION       KY 62 Big Rivers Electric Corp

THE WITHIN AMENDMENTS TO CONTRACTS AMONG CITY OF HENDERSON,
KENTUCKY, CITY OF HENDERSON UTILITY COMMISSION AND BIG RIVERS
ELECTRIC CORPORATION

SUBMITTED BY THE ABOVE DESIGNATED BORROWER PURSUANT TO THE
TERMS OF THE LOAN CONTRACT IS HEREBY APPROVED SOLELY FOR THE
PURPOSES OF SUCH CONTRACT

[Signature]
FOR THE ADMINISTRATOR

DATED
7/15/98
AMENDMENTS TO CONTRACTS
AMONG CITY OF HENDERSON, KENTUCKY
CITY OF HENDERSON UTILITY COMMISSION
AND BIG RIVERS ELECTRIC CORPORATION

These Amendments entered into and effective as of \( \text{July 15, 1998} \) (the "1998 Amendments") by and between City of Henderson, Kentucky, a municipal corporation and City of the third class organized under the laws of the Commonwealth of Kentucky, of 222 First Street, Henderson, KY 42420, City of Henderson Utility Commission, a public body politic and corporate organized under Kentucky Revised Statutes 96 520 and related statutes, of 100 Fifth Street, Henderson, KY 42420, the said City and Commission being referred to herein collectively as "City," and Big Rivers Electric Corporation, a rural electric cooperative corporation organized under Chapter 279 of the Kentucky Revised Statutes, P O Box 24, 201 Third Street, Henderson, KY 42420, known as "Big Rivers" herein

WITNESSETH

WHEREAS, the parties hereto are parties to a Power Sales Contract, a Power Plant Construction and Operation Agreement and a Joint Facilities Agreement all dated August 1, 1970 and Big Rivers and City of Henderson Utility Commission are parties to an Agreement for Transmission and Transformation Capacity dated April 11, 1975, the Spare Transformer Agreement dated July 11, 1972, the Systems Reserves Agreement dated January 1, 1974, the Agreement of April 8, 1980 regarding O&M and R&R Funds, and the Agreement of February 15, 1991 concerning Administrative and General Costs, and Amendments to such contracts dated May 1, 1993, all of such contracts and agreements as amended being known herein as the "Contracts" and incorporated herein by reference, and
WHEREAS, pursuant to the Contracts, and to ordinances of the City of Henderson, Kentucky providing for the sale of its electric revenue bonds, an electric generating station consisting of generating Units 1 and 2, each described in the Contracts as having a 175-megawatt capacity, and related facilities all known herein as “Station Two,” were constructed and are now owned by the City of Henderson and operated by Big Rivers under the Contracts with Big Rivers, and

WHEREAS, City and Big Rivers now seek to amend the Contracts to reflect new understandings between the parties regarding the Contracts and the business relationship between City and Big Rivers

NOW THEREFORE, in consideration of the mutual covenants herein contained it is covenanted and agreed among the parties hereto as follows

ALL CONTRACTS

1 The terms of all the Contracts except the Joint Facilities Agreement shall be extended for the operating life of Station Two, the operating life of which shall be considered to continue for so long as Unit 1 and Unit 2, or either of them, is operated, or is capable of normal, continuous, reliable operation for the economically competitive production of electricity, temporary outages excepted. Notwithstanding any other provision in the Contracts, all of the Contracts, except the Joint Facilities Agreement and the System Reserves Agreement, shall terminate 90 days after Big Rivers’ allocation of capacity from City’s Station Two shall be zero, provided, however, that the terms of all the Contracts shall be extended until all Station Two bonds of the City of Henderson which have been approved by Big Rivers have been paid. Notwithstanding the above, the Joint Facilities Agreement shall terminate in accordance with
Section 8 of said Agreement. This section expressly replaces the provisions of Section 1 of the May 1993 Amendments in their entirety.

2 The effective date of these 1998 Amendments shall be the date following their execution upon which the last of the following approvals of the 1998 Amendments is obtained:

2.1 Approval of the Rural Utilities Service and

2.2 Approval of the Kentucky Public Service Commission

3 Nothing herein contained shall constitute general obligations of the City of Henderson within Kentucky Constitutional restrictions on such obligations. The obligations herein imposed on City of Henderson shall be borne entirely from revenues or other legally available funds of City's electric light and power system.

POWER SALES CONTRACT

4 The Power Sales Contract of August 1, 1970, as heretofore amended, is further amended as follows:

(a) **SECTION 3 4 IS HEREBY AMENDED TO BE AND READ IN ITS ENTIRETY AS FOLLOWS**

3.4 City agrees that it will not, after the execution and approval of this Agreement, (1) make any dispositions to others for resale of its generating capacity, other than pursuant to Section 3 8 added by these 1998 Amendments, except for the purpose of disposing of any surpluses resulting from good faith over-estimates of its needs, or (2) add any commercial or industrial customers in excess of thirty (30) megawatts each to its electric system, if to do either (1) or (2), as the case may be, would require the withdrawal of additional capacity from its Existing System and/or from Units One and Two of its Station Two. Expansions in the ordinary course of business of any commercial or industrial plants being served by City at the time of the execution of these 1998 Amendments shall not be considered added commercial or industrial customers subject to the 30 megawatt size limitation for the purposes of this Agreement. Surplus capacity resulting from good faith over estimates as referred to in (1) above shall be first offered to Big Rivers at City's
cost, Big Rivers and City understand that City shall be entitled to meet (in increasing incremental amounts, as necessary) the load of any new commercial or industrial customer (which shall not exceed the 30 megawatt cap per customer established above) through its annual adjustment to its five year capacity reservation forecasts in amounts not exceeding five (5) megawatts per Contract Year (as described in Section 3.3 of this Agreement) and its subsequent capacity reservation forecasts under this Agreement.

(b) A NEW SECTION 28 TO POWER SALES CONTRACT IS HEREBY CREATED AND INCLUDED AS FOLLOWS

28.1 City shall have the right (subject to the further limitations and provisions of this Section 28) to utilize within the City's service territory as of the date of these 1998 Amendments, including all areas within the existing City limits, capacity and energy from Station Two in excess of its reserved capacity allocations, as adjusted under Section 3.3 of this Agreement (such excess capacity and energy being referred to herein as "Station Two Economic Development Power"), to serve up to 50% of Economic Development Loads (defined below) of customers to the extent such customers are not otherwise served as of the date of commencement of the proposed service by City from reserved capacity allocations under this Agreement (each an "Economic Development Opportunity"), provided, however, that the maximum amount of Station Two Economic Development Power that may be utilized by City at any time shall not exceed 25 megawatts in the aggregate for all such Economic Development Opportunities, collectively City's right to utilize Station Two Economic Development Power with respect to any Economic Development Opportunity is further conditioned upon City having made a binding written offer to purchase from Big Rivers, at the applicable rate set forth in Exhibit 1, the capacity and energy requirements of such Economic Development Opportunity not supplied by City with its reserved capacity or with Station Two Economic Development Power to meet such Economic Development Load. For purposes hereof, "Economic Development Load" means the demand for capacity and associated energy of (i) a new customer of City within City's service territory (as described above) or (ii) an existing customer of City in that service territory (as described above) created by a substantial expansion of such customer's plant or facility (defined as a projected annual increase in kWh consumption or kW demand of such customer of 20% or more as a result of a plant expansion). Upon utilization by City of Station Two Economic Development Power, such power shall be treated for
purposes of this Agreement, except Section 3 3 and clause (2) of Section 3 4 of this Agreement as capacity of Station Two reserved to the City hereunder.

28 2 For any Economic Development Opportunity of City as to which City exercises its right under Section 28 1 to retain and utilize Station Two Economic Development Power by providing Big Rivers with a binding written offer to purchase, at the applicable rate set forth in Exhibit 1, the capacity and energy in the aggregate required by City for such Economic Development Opportunity in addition to the City’s reserved capacity and Station Two Economic Development Power available under Section 28 1, City hereby agrees that Big Rivers shall have a period of fifteen days following receipt of City’s written offer to accept the terms of such offer and to agree to supply the power at the applicable rate in Exhibit 1, over an agreed upon term. If Big Rivers rejects such offer or fails to accept such offer within such fifteen-day period, City shall be entitled to retain and utilize Station Two Economic Development Power in accordance with Section 28 1, and shall be entitled to negotiate with third-party suppliers to provide the remainder of the capacity and energy required to serve the Economic Development Load. Prior to entering into a binding contract with any such third-party supplier, City agrees to offer Big Rivers the right to match the price offered by such third-party supplier over the term offered by such third-party supplier, which right Big Rivers must exercise within five days of receipt of such third-party offer from City. If Big Rivers rejects such offer or fails to accept such offer within such five day period, City shall be free to execute a contract with such third-party supplier, provided, however, that if City shall not have contracted for the purchase of such capacity and energy with such third-party supplier within thirty-days after the expiration of that five-day period, no such contract shall be entered into without again first offering Big Rivers the opportunity to serve such remaining Economic Development Load upon the terms described in the preceding sentence.

28 3 In the event that Big Rivers fails to provide that portion of capacity and energy required to supply an Economic Development Opportunity that it has agreed to supply from Big Rivers’ resources, whether at the specified prices contained in Exhibit 1, or upon terms matching those of a third-party supplier in accordance with Section 28 2, as the case may be, City shall be entitled to take from Station Two capacity and energy, in addition to the Station Two Economic Development Power to which City is already entitled, in such amounts as were to have been provided by Big
Rivers, with subsequent adjustments to the allocation of costs in accordance with this Agreement.

28 4 Big Rivers and City agree that the specified rates for capacity and energy contained in Exhibit 1 shall be fixed for a period of seven years after the date these 1998 Amendments become effective. Rates for periods after the date seven years after these 1998 Amendments become effective shall be subject to future negotiation.

(c) A NEW SECTION 3.8 TO POWER SALES CONTRACT IS HEREBY CREATED AND INCLUDED AS FOLLOWS

3 8 Big Rivers and City hereby agree that the following provisions shall apply to energy from capacity not utilized by City or from capacity in excess of the capacity calculated in accordance with Section 3 6 of this Agreement.

(a) In the event that at any time and from time to time City does not take the full amount of energy associated with its reserved capacity from Station Two (determined in accordance with this Agreement), Big Rivers may, at its discretion, take and utilize all such energy (or any portion thereof designated by Big Rivers) not scheduled or taken by City (the "Excess Henderson Energy"), in accordance with Section 3.8(c).

(b) If at any time Station Two capacity is generated in excess of the Total Capacity of Station Two determined in accordance with Section 3.6 of this Agreement ("Excess Henderson Capacity"), Big Rivers shall take and utilize all energy associated with such Excess Henderson Capacity, unless otherwise agreed to by Big Rivers and City, in accordance with Section 3.8(c).

(c) Following the end of each calendar month, Big Rivers shall notify City of the amount of Excess Henderson Energy and energy associated with Excess Henderson Capacity, if any, taken by Big Rivers during the previous month, and Big Rivers shall pay City prior to the 25th day of the then current month for the amount of Excess Henderson Energy and energy associated with the Excess Henderson Capacity so taken by it at a rate equal to $1.50 per mWh. In addition, Big Rivers shall provide, at its own cost, the full replacement of all fuels and reagents consumed from the
Station Two fuel and reagent reserves for the production of the Excess Henderson Energy and energy associated with the Excess Henderson Capacity so taken by it. Further, Big Rivers shall pay the portion of sludge disposal costs attributable to the Excess Henderson Energy and energy associated with Excess Henderson Capacity, as calculated in accordance with Section 3.4 of the Joint Facilities Agreement.

(d) City agrees that Big Rivers, as operator, shall be allowed, but shall not be required, to operate Station Two to obtain capacity above the Total Capacity of Station Two determined in accordance with Section 3.6 of this Agreement. City further agrees that it shall not at any time be permitted to sell or commit to any person other than Big Rivers any Excess Henderson Energy without having first offered Big Rivers the opportunity to purchase such Excess Henderson Energy. Big Rivers shall have a reasonable period of time after submission of the City's scheduled energy requirements to decide whether to purchase any Excess Henderson Energy not scheduled by City. Big Rivers agrees to notify City thereafter if it does not intend to purchase such energy, and agrees to give City a response within a reasonable time so that City may take efforts to resell such power to third-parties. City agrees to compensate Big Rivers according to Big Rivers' Open Access Transmission Tariff to the extent City utilizes any transmission on Big Rivers' transmission system in marketing Excess Henderson Energy.

(d) A NEW SECTION 19.2 TO POWER SALES CONTRACT IS HEREBY CREATED AND INCLUDED AS FOLLOWS.

19.2 Big Rivers and City agree that on or before the date on which the Station Two Bonds are retired, and the remaining balance of monies contained in the Station Two Account in the Renewals and Replacements Fund in accordance with Section 1 of the Agreement dated April 8, 1980 between Big Rivers and City shall have been disbursed, the following shall occur:

(a) Big Rivers shall establish a new Big Rivers Station Two Renewals and Replacements Fund and shall deposit immediately available funds in the amount of $600,000. Thereafter, Big Rivers agrees that each month it shall make levelized payments into the Big Rivers Station Two Renewals and Replacements Fund, not to exceed $50,000 each month, so as to restore a minimum balance of $600,000. All interest on such amounts shall be repaid to Big Rivers at the end of each calendar year, and all amounts in such
fund shall be paid to Big Rivers upon termination or expiration of this Agreement. Amounts from this Fund shall be withdrawn in accordance with Section 19 2(c), and

(b) City shall establish a new Henderson Station Two Renewals and Replacements Fund and shall deposit immediately available funds in the amount of $150,000. Thereafter, City agrees that each month it shall make levelized payments into the Henderson Station Two Renewals and Replacements Fund, not to exceed $12,500, so as to restore a minimum balance of $150,000. All interest on such amounts shall be repaid to Henderson at the end of each calendar year and all amounts in such fund shall be paid to City upon termination or expiration of this Agreement. Amounts from this fund shall be withdrawn in accordance with Section 19 2(c).

(c) All required expenditures for renewals and replacements shall be made from the Big Rivers Station Two Renewals and Replacements Fund and the Henderson Station Two Renewals and Replacements Fund in proportion to their effective allocation of Station Two capacity between City and Big Rivers, in accordance with Section 3 of this Agreement. No expenditures shall be made from these accounts other than for renewals and replacements that would have been permitted under the Bond Ordinance.

(d) A NEW SECTION 19 3 TO POWER SALES CONTRACT IS HEREBY CREATED AND INCLUDED AS FOLLOWS.

19 3 Big Rivers and City agree that on or before the date on which the Station Two Bonds are retired, and the remaining balance of monies contained in the Station Two Account in the Operation and Maintenance Fund in accordance with Section 1 of the Agreement dated April 8, 1980 between Big Rivers and City shall have been disbursed, the following shall occur:

(a) Big Rivers shall establish a new Big Rivers Station Two O&M Fund and shall deposit immediately available funds in the amount of $400,000. Thereafter, Big Rivers agrees that each month it shall make levelized payments into the Big Rivers Station Two O&M Fund, not to exceed $33,300 each month, so as to restore a minimum balance of $400,000. All interest on such amounts shall be repaid to Big Rivers at the end of each calendar year, and all amounts in such fund shall be paid to Big Rivers upon termination.
or expiration of this Agreement. Amounts from this Fund shall be withdrawn in accordance with Section 19.3(c), and

(b) City shall establish a new Henderson Station Two O&M Fund and shall deposit immediately available funds in the amount of $100,000. Thereafter, City agrees that each month it shall make levelized payments into the Henderson Station Two O&M Fund not to exceed $8,300, so as to restore a minimum balance of $100,000. All interest on such amounts shall be repaid to Henderson at the end of each calendar year and all amounts in such fund shall be paid to City upon termination or expiration of this Agreement. Amounts from this fund shall be withdrawn in accordance with Section 19.3(c).

(c) All required expenditures for operation and maintenance shall be made from the Big Rivers Station Two O&M Fund and the Henderson Station Two O&M Fund in proportion to the then effective allocation of Station Two capacity between City and Big Rivers, in accordance with Section 3 of this Agreement. No expenditures shall be made from these accounts other than for operation and maintenance expenses that would have been permitted to be paid as "Operating Expenses" under the Bond Ordinance.

JOINT FACILITIES AGREEMENT

The Joint Facilities Agreement as heretofore amended by the May 1, 1993 Amendments, is further amended as follows:

SECTION 3.3 IS AMENDED TO READ AS FOLLOWS

3.3 Big Rivers will allocate for the continuing joint use of the parties in the operation of their respective generating stations (Big Rivers' Green Station and City's Station Two) those Green Station FGD System Facilities described in Exhibit 1, Page 3, Part C hereto. For such use, Big Rivers shall be paid by City a prorated share of the annual carrying costs, calculated as
Station Two net capacity
Station Two plus Green Station net capacities

Currently 312 MW
766 MW

times the then net book value of those facilities, further multiplied by a capital carrying charge rate of 11.5 percent. Big Rivers' net book value shall be determined by taking the net book value of those facilities as of December 31, 1994, i.e. $21,675,601.32, adjusting them annually for depreciation (according to the depreciation methodology set forth in Exhibit 2), and taking into account additional costs resulting from renewals and replacements thereof. Big Rivers authorizes City to inspect Big Rivers' books to verify the original cost of these facilities, annual depreciations thereto, and the costs of any renewals and replacements thereof. All inspections by City of Big Rivers shall be at mutually agreeable times determined in advance after written request from City.

SYSTEM RESERVES AGREEMENT

The System Reserves Agreement of January 1, 1974 is hereby amended as follows

SECTIONS 21 AND 31 ARE DELETED AND REPLACED BY A NEW SECTION 21 TO READ AS FOLLOWS

The City and Big Rivers covenant and agree that each will comply with any system reserve capacity requirements now required or imposed at a future date applicable to it (as such requirements may be modified from time to time and as such requirements apply to it given its respective operational characteristics) by NERC, ECAR, any successor organizations to NERC and ECAR (as applicable), any applicable regulatory or governmental agency, and any regional transmission authority, reliability council or like organization, in each case having any system reserve capacity requirements applicable to it. Absent such a requirement, neither City nor Big Rivers shall have any obligation pursuant to this Agreement to maintain system reserves. Notwithstanding the above limitations, City agrees to comply with any requirements validly imposed by any of the above entities upon Big Rivers based on Big Rivers' role as control area operator, but only if and to the extent that such requirements imposed on Big Rivers are on account of or due to the generation and/or load of the City.
Except as specifically modified above, the Contracts remain in full force and effect and are not altered by this Agreement.

IN TESTIMONY WHEREOF, the parties hereto have executed this Agreement in multiple counterparts as of the date first hereon written.

This 15th day of January 1998

CITY OF HENDERSON, KENTUCKY

By

CITY OF HENDERSON UTILITY COMMISSION

By

Chairman

ATTEST

John Roberts

ATTEST

William Lee

-11-
ATTEST

Mark A. Hite

BIG RIVERS ELECTRIC CORPORATION
By

Title President and CEO
Exhibit 1

BIG RIVERS - CITY OF HENDERSON
ECONOMIC DEVELOPMENT RATES

1. Big Rivers will sell power to City of Henderson according to the following rate schedule (subject to the conditions of Section 28.2 of the Agreement) per mWh:

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>$20.00</td>
</tr>
<tr>
<td>Year 2</td>
<td>$20.00</td>
</tr>
<tr>
<td>Year 3</td>
<td>$20.00</td>
</tr>
<tr>
<td>Year 4 (1st six months)</td>
<td>$20.00</td>
</tr>
<tr>
<td>Year 4 (following six months)</td>
<td>$21.00</td>
</tr>
<tr>
<td>Year 5</td>
<td>$21.00</td>
</tr>
<tr>
<td>Year 6</td>
<td>$21.00</td>
</tr>
<tr>
<td>Year 7</td>
<td>$21.00</td>
</tr>
<tr>
<td>Year 8 and thereafter</td>
<td>to be negotiated</td>
</tr>
</tbody>
</table>

Year 1 shall commence on the first day of the month in which the 1998 Amendments become effective, and Year 2 and following years shall each commence on the anniversary of the first day of that month.

2. The Economic Development Rates offered by Big Rivers are for power only and are exclusive of any transmission charges. Big Rivers is required to pay or charge itself to deliver this power to City on Big Rivers' transmission system. Except as otherwise provided below, Big Rivers will charge the City those transmission rates that Big Rivers is required by FERC to charge itself for delivery of such power. To the extent Big Rivers, in supplying this capacity and energy uses only transmission facilities for which City has already established transmission rights, Big Rivers will not charge an additional transmission fee. In the event Big Rivers obtains Economic Development Power from systems other than that of Big Rivers, Big Rivers shall not charge City an additional charge required to wheel such power to Big Rivers' transmission system.
For purposes of Section 3.3 of the Joint Facilities Agreement and the calculation thereunder of the annual capital carrying costs for the Green Station FGD System Facilities (the "FGD Facilities") the following depreciation methods and accounting practices shall be used:

1. **Existing FGD Facilities**
   - The FGD Facilities as such facilities shall exist as of the date of execution of the 1998 Amendments to Contracts among the City of Henderson, Kentucky ("City"), the City of Henderson Utility Commission ("HUC") (the City and HUC being sometimes collectively referred to herein as "Henderson") and Big Rivers Electric Corporation ("Big Rivers"), shall be depreciated on a straight-line basis over an agreed useful life of 25 years, with depreciation commencing as of June 1, 1995 and expiring May 31, 2020. The net book value of those facilities as of June 1, 1995 shall be $21,675,601 for purposes of this Agreement. Notwithstanding the above described language, Big Rivers, City, and HUC agree that the above-described depreciation methodology and its effect upon payments due by any party shall be prospective only and shall have no effect relating to any payments made prior to the date of execution of the 1998 Amendments to Contracts.

2. **Additions to the FGD Facilities**
   - All additions, betterments, improvements and replacements to the FGD Facilities shall be capitalized in accordance with the prevailing Capitalization Guidelines approved by HUC and the operator of Big Rivers' Green generating station as of the date of such addition, betterment or improvement placed in service. On the date hereof and until otherwise agreed, the "Capitalization Guidelines" shall be the capitalization guidelines attached hereto. Those additions, betterments, improvements or replacements which are capitalized under the Capitalization Guidelines (the "Capital Asset") shall, for purposes of the determination of the annual carrying costs of the FGD Facilities, be depreciated on a straight-line basis over the useful life of the Capital Asset (which useful life must be agreed upon by the parties prior to installation of the Capital Asset), provided that such useful life shall in no event exceed the useful life of the FGD Facilities as set forth in the most recently completed Depreciation Study for that facility or a Depreciation Study for the FGD Facilities which is commissioned by the Parties upon the reasonable request of a Party, immediately following the installation of such addition, betterment, improvement or replacement.

3. **Retirement from Service**
   - If any Capital Asset that is a component of the FGD Facilities is disposed of, removed or otherwise retired from service as a consequence of the installation of a new Capital Asset, then, for purposes of the determination of the annual capital carrying costs of the FGD Facilities, the net book value of such retired asset, determined as of the date the new Capital Asset is placed in service, shall be subtracted from the net book value of the FGD Facilities as of such date.

Attached hereto is a depreciation schedule for illustration purposes only. The attached schedule illustrates the application of the depreciation methodology provided herein to a hypothetical set of facts and is not intended to establish the actual depreciation schedule for the FGD Facilities, nor is it to be interpreted to establish the actual depreciation schedule for the FGD Facilities, nor is it to be interpreted to establish the annual capital carrying costs for the FGD Facilities allocable to Station Two.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Date</td>
<td>12/31/70</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Original Cost</td>
<td>$ 27,900,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning Balance</td>
<td>$ 21,075,000</td>
<td>$ 21,169,017</td>
<td>$ 20,954,017</td>
<td>$ 19,456,017</td>
<td>$ 17,201,017</td>
<td>$ 16,047,017</td>
<td>$ 14,993,017</td>
<td>$ 14,139,017</td>
<td>$ 13,485,017</td>
<td>$ 13,130,017</td>
<td>$ 12,907,017</td>
<td>$ 12,638,017</td>
<td>$ 12,443,017</td>
<td>$ 12,369,017</td>
<td>$ 12,345,017</td>
<td>$ 12,321,017</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>$ 055,000</td>
<td>$ 067,000</td>
<td>$ 053,000</td>
<td>$ 053,000</td>
<td>$ 053,000</td>
<td>$ 053,000</td>
<td>$ 053,000</td>
<td>$ 053,000</td>
<td>$ 053,000</td>
<td>$ 053,000</td>
<td>$ 053,000</td>
<td>$ 053,000</td>
<td>$ 053,000</td>
<td>$ 053,000</td>
<td>$ 053,000</td>
<td>$ 053,000</td>
<td></td>
</tr>
<tr>
<td>Net Book Value</td>
<td>$ 1,660,000</td>
<td>$ 2,321,000</td>
<td>$ 2,421,000</td>
<td>$ 2,011,000</td>
<td>$ 1,814,000</td>
<td>$ 1,659,000</td>
<td>$ 1,501,000</td>
<td>$ 1,347,000</td>
<td>$ 1,211,000</td>
<td>$ 1,100,000</td>
<td>$ 1,031,000</td>
<td>$ 0972,000</td>
<td>$ 093,000</td>
<td>$ 089,000</td>
<td>$ 086,000</td>
<td>$ 083,000</td>
<td></td>
</tr>
<tr>
<td>Section 1250 of Depreciation (31.5%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Date</td>
<td>11.5%</td>
<td>11.5%</td>
<td>11.5%</td>
<td>11.5%</td>
<td>11.5%</td>
<td>11.5%</td>
<td>11.5%</td>
<td>11.5%</td>
<td>11.5%</td>
<td>11.5%</td>
<td>11.5%</td>
<td>11.5%</td>
<td>11.5%</td>
<td>11.5%</td>
<td>11.5%</td>
<td>11.5%</td>
<td></td>
</tr>
<tr>
<td>Disbursement Amount</td>
<td>$ 205,000</td>
<td>$ 205,000</td>
<td>$ 205,000</td>
<td>$ 205,000</td>
<td>$ 205,000</td>
<td>$ 205,000</td>
<td>$ 205,000</td>
<td>$ 205,000</td>
<td>$ 205,000</td>
<td>$ 205,000</td>
<td>$ 205,000</td>
<td>$ 205,000</td>
<td>$ 205,000</td>
<td>$ 205,000</td>
<td>$ 205,000</td>
<td>$ 205,000</td>
<td>$ 205,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Initial Date</td>
<td>12/31/70</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Original Cost</td>
<td>$ 2,000,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning Balance</td>
<td>$ 2,000,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Book Value</td>
<td>$ 2,000,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Section 1250 of Depreciation (31.5%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Date</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disbursement Amount</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Initial Date</td>
<td>12/31/70</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Original Cost</td>
<td>$ 2,000,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning Balance</td>
<td>$ 2,000,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Book Value</td>
<td>$ 2,000,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Section 1250 of Depreciation (31.5%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Date</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disbursement Amount</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Initial Date</td>
<td>12/31/70</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Original Cost</td>
<td>$ 2,000,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning Balance</td>
<td>$ 2,000,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Book Value</td>
<td>$ 2,000,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Section 1250 of Depreciation (31.5%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Date</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disbursement Amount</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Disbursement Account</td>
<td>$ 315,000</td>
<td>$ 369,775</td>
<td>$ 329,162</td>
<td>$ 290,073</td>
<td>$ 201,102</td>
<td>$ 133,406</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Capitilization Guidelines

The Parties hereby agree that these Capitalization Guidelines together with the attached Company Policy Number 10 of Big Rivers, Capitalization of Expenditures, dated November 30, 1993 shall constitute the “Capitalization Guidelines” identified in Exhibit 2 to the 1998 Amendments and shall serve as the Capitalization Guidelines for the purposes of Exhibit 2. These Capitalization Guidelines (including without limitation, the attached Company Policy No. 10) may not be amended, modified or supplemented following the Execution Date without the prior written consent of each of the Parties.

The Parties agree that the attached Company Policy No. 10 of Big Rivers (which is incorporated by reference herein) shall serve to amend and supplement the RUS Uniform System of Accounts Bulletin 1767B for purposes of the Accounting Practices, and for purposes of any determination of whether an expenditure shall be a Capital Asset for the purpose of Exhibit 2.
SCOPE: Determining when to capitalize an expenditure to "Electric Plant in Service" account 101 000 as opposed to expense in accordance with REA Bulletin 181-1

POLICY: To be capitalized, an item of property must be covered by one of the following classifications

- (A) New Retirement Unit
- (B) Retirement Unit Replacement
- (C) Retirement System Addition
- (D) Retirement System Replacement
- (E) New Minor Property Item
- (F) Minor Property Item Replacement with Betterment
- (G) Computer Software and Software Upgrades

RULES: See the corresponding lettered paragraph below for rules governing each case. Stated dollar values are after consideration of freight, sales tax, discount, etc.

(A) New Retirement Unit

1. Cost more than $1,000 in boiler or turbogenerator plant or $500 in other accounts, and
2. Be readily separable and separately useable, and
3. Have an expected useful life of more than one year. Valves that are requisitioned, including those invented, which cost more than $1,000 and are over 2" in size and are not replacements for an existing system are to be capitalized. (System valve replacements are to be charged to maintenance.)

(B) Retirement Unit Replacement

1. Cost more than $1,000 in boiler or turbogenerator plant or $500 in other accounts, and
2. Be a replacement of a similar retirement unit or consist of replacing minor property items that total to more than 50% of the existing retirement unit cost. If the 50% test is met, it is assumed a new retirement unit has been created. Retire 100% of the old unit and recapitalize the salvageable portion along with the new minor property item(s). (The replacement of existing minor property items costing 50% or less of the original retirement unit is to be charged to maintenance.)

(C) Retirement System Addition

1. Be an addition to or an expansion of a system, and
2. Cost more than $1,000 in boiler or turbogenerator plant or $500 in other accounts, and
3. Be of permanent nature, and
4. Be an integral part of an existing system. (A system is a grouping of generic or interacting items forming a unified whole. Classification as a system is for accounting convenience and enables an efficient and methodical means to account for a grouping of items which are frequently changing as a result of additions and replacements. Classification as a system may be appropriate where specific item identity is difficult to ascertain. Financial Services will make all system determinations. When it is evident that multiple items are purchased on multiple requisitions, possibly on different dates, for the same system project, the capitalization decision shall be based on the total project cost.)
(D) Retirement System Replacement

1. Be an integral part of an existing system, and
2. Be of permanent nature, and
3. Cost more than 50% of the existing retirement system. If the 50% test is met, it is assumed a new retirement system has been created. Retire 100% of the old system and recapitalize the salvageable portion along with the new replacement cost. (Replacement of an existing system costing 50% or less of the original system is to be charged to maintenance.)

(E) New Minor Property Item

1. Minor Property item not previously existing, and
2. Be of a permanent nature, and
3. Cost exceeds 25% of the retirement unit of which it will become a part or $10,000, the smaller of the two. (Otherwise, the addition of minor property items is to be charged to operations.)

(F) Minor Property Item Replacement with Betterment

1. Be of a permanent nature, and
2. Result in a substantial betterment with the primary aim of making the property affected more useful, more efficient, more durable, or capable of greater capacity. Capitalize the cost in accordance with the NOTE 1, below.

(G) Computer Software and Software Upgrades

1. Capitalize any new software purchase of $1,000 or more if used with a boiler or turbogenerator computer or $500 or more if used for any other computer, as long as the new software has a useful life of more than one year.

2. Any software upgrade should be capitalized if the cost of the upgrade exceeds 25% of the software which it will become a part or $10,000, the smaller of the two. The 25% must be $1,000 or more if used with a boiler or turbogenerator computer or $500 or more if used for any other computer. The software upgrade must have a life of more than one year.

NOTE 1

In all cases above except (E), the amount capitalized is governed by standard accounting principles. For (E) above, the amount capitalized is equal to the difference between the cost of the new minor property item and the cost of replacement without betterment at today's prices. The remaining dollars are to be charged to maintenance.

NOTE 2

A work order is required when constructing, fabricating, modifying, installing, or removing capital facilities or equipment. See Estimate Construction Work Order procedure number 011 210 08 for details.

REFERENCES

Excerpts taken from REA Bulletin 181-1 (Page 101-13) and 181-2 (Page 1)
Item 2) *Please provide a copy of each Station Two Service contract related to Big Rivers’ operation of Station Two cited in the Application in this proceeding.*

Response) Please see Power Sales Contract and related contract amendments produced in response to Item 1 of the KIUC’s initial information request in this case. Attached hereto are copies of certain contracts that were cited in the Application in this proceeding and are listed below.

a. Power Plant Construction and Operation Agreement between City of Henderson, Kentucky and Big Rivers Rural Electric Co-Operative Corporation dated August 1, 1970 and related amendments;

b. Joint Facilities Agreement between City of Henderson, Kentucky and Big Rivers Rural Electric Co-Operative Corporation dated August 1, 1970, and related amendments;

c. Station Two G&A Allocation Agreement dated July 16, 2009;

d. Spare Transformer Agreement dated July 11, 1972, and related amendments;

e. System Reserves Agreement dated January 1, 1974 between City of Henderson Utility Commission and Big Rivers Electric Corporation and related amendments;

f. Agreement for Assignment of Responsibility for Complying with Reliability Standards between Henderson Municipal Power & Light and Big Rivers Electric Corporation;
BIG RIVERS ELECTRIC CORPORATION

NOTICE OF TERMINATION OF CONTRACTS AND APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A DECLARATORY ORDER AND FOR AUTHORITY TO ESTABLISH A REGULATORY ASSET

CASE NO. 2018-00146

Response to the Kentucky Industrial Utility Customers, Inc.'s Initial Request for Information dated June 15, 2018

July 6, 2018

1 g. Amendment to Agreement for Assignment of Responsibility for Complying with Reliability Standards between Henderson Municipal Power & Light and Big Rivers Electric Corporation;

h. Grant of Rights and of Easement dated April 1, 2005;

i. Cross-Grants of Rights of Access and of Easements dated July 20, 1993; and

j. Memorandum of Understanding related to TOP, 1 GOP 2 and BA 3 Reliability Standard Functions between Big Rivers Electric Corporation and Henderson Municipal Power & Light.

Witness) Robert W. Berry

---

1 TOP = Transmission Operator in North American Electric Reliability Corporation's ("NERC's") Mandatory Reliability Standards.
2 GOP = Generator Operator in NERC's Mandatory Reliability Standards.
3 BA = Balancing Authority in NERC's Mandatory Reliability Standards.
Case No. 2018-00146

KIUC 1-2 (RWB)(Att) - 1970 Power Plant Construction and Operation Agreement
Purpose of such consent:

TRANSOR THE LOAN CONTRACT IS HEREBY APPROVED SPECIFIC TO THE SUBMISSION BY THE ABOVE DESIGNATED BORROWE FOR THE

DATED

Dated August [date], 1971, with the Federal Power Commission.

The commission hereby accepts the submission of the above agreement.

[Signature]

RURAL ELECTRIFICATION ADMINISTRATION
U.S. DEPARTMENT OF AGRICULTURE

[Stamp]
POWER PLANT CONSTRUCTION AND OPERATION AGREEMENT
BETWEEN
CITY OF HENDERSON, KENTUCKY
and
BIG RIVERS RURAL ELECTRIC CO-OPERATIVE CORPORATION

August 1, 1970
INDEX

PART I STIPULATIONS AND DEFINITIONS

Section 1 Stipulations 1

Section 2 Definitions 4

PART II FACILITIES

Section 3 Acquisition of Site 6

Section 4 Construction of Plant 7

Section 5 Transmission and Transformation Facilities 8

Section 6 Joint Use Facilities 9

Section 7 Fuel Supply 9

Section 8 General Plant Equipment 9

Section 9 Capital Accounts 10

Section 10 Sale of Bonds 10

PART III CONSTRUCTION, START-UP AND OPERATION

Section 11 Construction Assistance 11

Section 12 Start-Up Assistance 13

Section 13 Operation, Maintenance and Control 14
PART IV    BUDGETING, ACCOUNTING AND BILLING

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 14</td>
<td>Budgeting</td>
<td>19</td>
</tr>
<tr>
<td>Section 15</td>
<td>Accounting and Auditing</td>
<td>19</td>
</tr>
<tr>
<td>Section 16</td>
<td>Billing and Payments</td>
<td>20</td>
</tr>
<tr>
<td>Section 17</td>
<td>Metering, Meter Testing and Billing Adjustments</td>
<td>22</td>
</tr>
<tr>
<td>Section 18</td>
<td>Insurance</td>
<td>24</td>
</tr>
</tbody>
</table>

PART V     GENERAL PROVISIONS

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 19</td>
<td>Construction and Operating Standards</td>
<td>26</td>
</tr>
<tr>
<td>Section 20</td>
<td>Inspections, Right of Access</td>
<td>26</td>
</tr>
<tr>
<td>Section 21</td>
<td>Relationship of the Parties</td>
<td>27</td>
</tr>
<tr>
<td>Section 22</td>
<td>Indemnification</td>
<td>28</td>
</tr>
<tr>
<td>Section 23</td>
<td>Uncontrollable Forces</td>
<td>28</td>
</tr>
<tr>
<td>Section 24</td>
<td>Arbitration</td>
<td>29</td>
</tr>
<tr>
<td>Section 25</td>
<td>Default</td>
<td>30</td>
</tr>
<tr>
<td>Section 26</td>
<td>Waiver</td>
<td>30</td>
</tr>
<tr>
<td>Section 27</td>
<td>Notices</td>
<td>30</td>
</tr>
</tbody>
</table>
PART VI OTHER PROVISIONS

Section 28 Compliance with Bond Ordinance 31
Section 29 Additional Generating Units 31
Section 30 Compliance with Governmental Regulations 31
Section 31 Obligations of the Parties 32
Section 32 City Includes Utility Commission 32
Section 33 Term and Termination 33
Section 34 Sale or Other Disposition of Plant 33
Section 35 Amendments 35
Section 36 Severability 35
Section 37 Assignment 35
Section 38 Approval 35
Section 39 Conditions Precedent 36
Section 40 Authority to Execute 37
POWER PLANT CONSTRUCTION AND OPERATION AGREEMENT

THIS AGREEMENT made and entered into as of August 1, 1970 by and between CITY OF HENDERSON, KENTUCKY, hereinafter referred to as CITY, and BIG RIVERS RURAL ELECTRIC CO-OPERATIVE CORPORATION, a Kentucky Corporation with principal offices in Henderson, Kentucky, hereinafter referred to as BIG RIVERS.

WITNESSETH THAT:

PART I
STIPULATIONS AND DEFINITIONS

SECTION 1 - STIPULATIONS

1.1 City owns and operates an electric generating and distribution system (Municipal Electric Light & Power System) with total generating capability of forty-eight thousand (48,000) kilowatts and firm system capacity of twenty-two thousand (22,000) kilowatts, with which it serves the needs of City and its inhabitants for electric power and energy.

1.2 Big Rivers owns and operates electric generating stations and related transmission facilities with present generating capacity (including capacity under construction) of five hundred ninety thousand (590,000) kilowatts with which it supplies power and energy to its member Rural Electric Co-operative Corporations, which in turn serve the local consumers in their respective service areas.
The electric systems of City, Big Rivers, Southern Illinois Power Co-operative, an Illinois Corporation, and Hoosier Energy Division of Indiana Statewide Rural Electric, Inc., an Indiana Corporation, are interconnected to form what is known as the KII Pool under provisions of an interconnection agreement of April 1, 1968.

1.4 City's present system load is in excess of the firm capacity of its Municipal Power & Light System and it provides its deficient needs through the provisions of the KII Pool Agreement.

1.5 City is presently planning a comprehensive annexation program whereby the area of its corporate limits will be increased by approximately three-fold.

1.6 City's consulting engineers have determined that City will require additional generating capabilities by the year 1973 in order to provide for the needs of its electric consumers. Said engineers have further determined and recommended to City that the most feasible and economical plan for providing the City's present and anticipated electric generation needs is the construction by City of a relatively large and more efficient generating station, whereby City can provide adequate, low-cost power and energy for the present and future needs of its Municipal Electric Light & Power System, with interim sales of surplus power and energy: (a) to Big Rivers as provided in the parties' Power Sales Agreement of even date herewith; (b) through the provisions of the KII Pool Agreement; (c) or otherwise.

1.7 City's consulting engineers have reported that the site of City's present generating plant is inadequate for the addition of the required generating facilities and that
space requirements and the growing need and public demand for
control of the urban environment make the selection of a
remote, rural site most desirable.

1.8 City's consulting engineers have determined
and recommended to City that the most feasible and economical
plan for the City's addition of such generating station is
the establishment of a new generating station, presently
consisting of two, one hundred seventy-five (175) megawatt,
coal-fired, steam-electric generators, with provisions for
the future addition of other generating units, at a site on
the Green River in Henderson County Kentucky, adjacent to the
Reid Station of Big Rivers, and so arranged as to provide for
the joint utilization by City and Big Rivers of auxiliary
facilities and operating personnel in such manner as to achieve
optimum economies in construction and operation, all as authorized
by KRS 96.520, as amended. The addition of such generating station
to City's electric facilities would provide City a firm system
capacity of two hundred twenty-three thousand (223,000) kilowatts,
which is estimated to meet City's needs for electric power and
energy for an additional twenty (20) years.

1.9 Big Rivers has agreed, subject to the terms of this
Agreement that it will sell and convey such site and all required
easements to City, that it will permit City to construct its
generating station in the manner so recommended by its consulting
engineers, and that it will enter into a power sales agreement
with City for the purchase of all surplus capacity and related.
energy available from time to time from said generating
station.

1.10 City has accepted the determinations and recommend-
dations of its consulting engineers and has determined to pro-
ceed with the design, construction, start-up and operation of
such electric generating station (hereinafter referred to as
Station Two) subject to the terms and provisions of this Agree-
ment and other Agreements referred to herein.

1.11 City has employed the services of a nationally
recognized engineering firm to design and supervise construction
of its Station Two; has employed the services of financial ad-
visers to assist in the sale of sufficient revenue bonds with
which to finance the acquisition, construction and start-up of
said Station Two and has employed the services of nationally
recognized bond counsel. Upon the execution and approval of
this Agreement City will direct its said employees to proceed
with the performance of such services.

SECTION 2 - DEFINITIONS

2.1 Existing System: The electric utility system by
which City serves the needs of City and its inhabitants (and
some non-inhabitants) at the time of the execution of this Agree-
ment, and all additions, expansions and improvements thereto and
renewals and replacements thereof hereafter made, other than
Station Two.

2.2 Station Two: City's proposed 350-megawatt generating
station and all auxiliary facilities, joint use facilities.
(provided by City) and other related facilities to be constructed at a site on Green River in Henderson County, Kentucky, together with all additions, expansions and improvements thereto and renewals and replacements thereof (which shall not include the City Transmission and Transformation Facilities as herein defined).

2.3 Auxiliary Facilities: Power plant facilities which are physically separated from the steam generators, turbines and electric generators comprising the generating station, and which are required for the operation, maintenance and/or control thereof, and/or the delivery of power and energy therefrom, but excluding the City Transmission and Transformation Facilities.

2.4 Joint Use Facilities: Auxiliary facilities which are so constructed and/or arranged as to be useful to City and Big Rivers in the operation, maintenance and control of their respective generating stations.

2.5 Date of Commercial Operation: The date upon which the first unit of City's Station Two has been placed in normal continuous operation so as to produce power and energy in a commercially acceptable manner.

2.6 Contract Year: With respect to the first contract year, the period from Date of Commercial Operation or June 30, 1974, whichever shall first occur, to and including the next succeeding December 31, and thereafter, the successive twelve-month periods beginning January 1 and ending December 31.

2.7 Monthly Billing Period: Each calendar month of any Contract Year.

2.8 Bond Ordinance: The Electric Light & Power Revenue Bond Ordinance adopted by City authorizing the issuance of Station Two Bonds, together with ordinances supplemental thereto
2.9 Station Two Bonds (the Bonds): The Electric Light & Power Revenue Bonds authorized, sold and issued by City pursuant to the Bond Ordinance, to provide for the costs of acquisition, construction and start-up of City Station Two and shall include: (i) the Electric Light & Power Revenue Bonds, Station Two Series authorized and issued under the Bond Ordinance; and (ii) additional Bonds, if any, authorized and issued under the Bond Ordinance to provide for such costs of Station Two in excess of original estimates.

2.10 City Transmission and Transformation Facilities: The transmission and transformation facilities to be provided by City connecting Station Two to City's Existing System.

2.11 Trustee: The Trustee appointed pursuant to the Bond Ordinance.

PART II
FACILITIES

SECTION 3 - ACQUISITION OF SITE

3.1 Big Rivers agrees to sell and convey to City a site and necessary easements and rights-of-way for City's construction and operation of its Station Two, all in accordance with the parties Purchase-Sale Agreement of even date herewith.

3.2 Such site, easements and rights-of-way shall be conveyed and/or granted to City free and clear of any encumbrances whatsoever which would have priority over the rights of the holders of City's Electric Revenue Bonds.

3.3 [New in 2002 Amendments, Section 104]
SECTION 4 - CONSTRUCTION OF PLANT

4.1 City will direct its employed engineering firm to proceed immediately with the design and development of plans and specifications for the construction of Station Two, consisting of two, one hundred seventy-five (175) megawatt coal-fired, steam-electric generating units, with all necessary auxiliary facilities, with such arrangement as will provide for the joint use by City and Big Rivers of auxiliary facilities and operating personnel so as to result in optimum economies of construction and operation. Such plans and specifications shall be subject to prior approval by City and, to the extent that Big Rivers' Reid Station is affected thereby, by Big Rivers.

4.2 City agrees to obtain all necessary permits for the construction and operation of its Station Two, moorage and associated facilities and further agrees to use its best efforts to cause any and all of such permits to extend for a term equal to the term of this Agreement, or to obtain any new or additional permits required to enable it to operate and maintain its Station Two for such term.

4.3 Upon completion by the engineers of such plans and specifications, and upon approval thereof by City and Big Rivers, as hereinabove provided, City will diligently proceed with the construction of Station Two in the most economical and efficient manner, consistent with good utility practices, and in such manner as to least interfere with the continued operation by Big Rivers of its Reid Station during the period of construction and the start-up of such facilities.
4.4 Big Rivers will provide construction assistance to City during the design, construction and start-up of City's Station Two in accordance with the provisions of Section 4.5, Construction Assistance, of this Agreement.

SECTION 5 - TRANSMISSION AND TRANSFORMATION FACILITIES

5.1 Adequate switchyard and 161 KV step-up transformers will be provided by City as a part of Station Two.

5.2 City will provide, at its own cost, one 69 KV transmission line and related transformation facilities connecting its Station Two to its Existing System (herein referred to as City Transmission and Transformation Facilities), with provision for increasing of transmission capacity to meet City's future needs.

5.3 Big Rivers will maintain at all times and provide for City's use, at no cost to City, surplus capacity on its two existing 69 KV transmission lines from point of City's Station Two switchyard to points of substations of City's Existing System, and will likewise provide for City's use any surplus capacity on additional transmission facilities which Big Rivers may hereafter construct in such a manner as to permit the transmission of electric energy from City's Station Two to its Existing System. In its use of such transmission facilities, City will not, in any manner, disrupt or adversely affect Big Rivers' service to its own customers.

5.4 Any transmission facilities required by City in addition to those provided as hereinabove recited, shall be provided by City at its own cost.
SECTION 6 - JOINT USE FACILITIES

6.1 City and Big Rivers mutually agree that they will each provide such joint use facilities as are determined by the City's employed engineering firm (and approved by City and Big Rivers) to be furnished by each, respectively, and will each provide, on a best efforts basis, for the continued operation and maintenance thereof for the joint use and benefit of the parties, all as provided in the parties' Joint Facilities Agreement of even date herewith.

SECTION 7 - FUEL SUPPLY

7.1 An initial coal supply will be established out of the proceeds of the Station Two Bonds as a facility of City's Station Two. Bond proceeds in the amount of $465,000 will be allotted therefore.

7.2 Such coal supply will be maintained as a fuel reserve throughout the term of this Agreement through the addition of replacement fuels as such reserve is from time to time, consumed in the operation of City's Station Two.

7.3 Start-up fuels will be supplied by Big Rivers as provided in Section 12, Start-Up Assistance.

SECTION 8 - GENERAL PLANT EQUIPMENT

8.1 City will acquire out of the proceeds of the Station Two Bonds, as part of the initial facilities of Station Two, general plant equipment sufficient to efficiently operate and maintain Station Two.
SECTION 9 - CAPITAL FUNDS AND ACCOUNTS

9.1 The following capital funds and accounts (among others) will be established out of the proceeds of the Station Two Bonds as facilities of City's Station Two:

(a) a Station Two Account in the Operating & Maintenance Fund (hereinafter referred to as the Station Two Account) in the amount of $500,000.00.

(b) a Debt Reserve Account in the amount required therefore under prov
hereinafter referred to as the Station Two Debt Reserve Account.

(c) a Station Two Account in the Renewals and Replacements Fund (hereinafter referred to as the Station Two R. & R. Account) in the amount of $750,000.00.

9.2 Such accounts and funds shall be held, managed, controlled, invested, expended, applied and maintained as provided by the Bond Ordinance and the parties' Power Sales Contract of even date herewith.

SECTION 10 - SALE OF BONDS

10.1 City will authorize, sell and issue its Station Two Bonds bearing an average interest rate and maturity schedule acceptable to City with final maturity of not less than thirty (30) years from date of issuance, in a principal amount of $76,000,000. The City shall also use its best efforts to sell and issue any additional Bonds required to provide for costs of Station Two in excess of original estimates.

10.2 The proceeds of such Bonds will be held, managed, controlled, invested, expended and applied as provided by the
PART III
CONSTRUCTION, START-UP AND OPERATION

SECTION II - CONSTRUCTION ASSISTANCE

11.1 In connection with the acquisition and construction of City's Station Two, Big Rivers will provide to City, at the costs hereinafter recited, construction services and facilities as follows:

(a) advice on the selection of the most economical and feasible power plant design.
(b) review and recommendation on approval of plans and specifications.
(c) evaluation of all construction and equipment bids and proposals; recommendation on contract awards and purchases.
(d) coordination and supervision of all contractors and/or suppliers engaged in the actual construction of Station Two.
(e) complete accounting services for all phases of acquisition and construction of Station Two.
(f) compilation of a complete and accurate record of all drawings, specifications, contracts, reports, test results, correspondence and other written materials pertinent to the acquisition and construction of Station Two.
(g) witnessing of all testing of materials and/or equipment incorporated into Station Two.
(h) providing water and electric service required in the construction of Station Two.
(i) furnishing, at no charge, space in Big Rivers Reel...
Station for City's consulting and construction engineers.

(j) providing such other assistance, services and/or facilities in connection with the acquisition and construction of Station Two as may from time to time be agreed upon by the parties.

11.2 City will reimburse Big Rivers for all its reasonable out-of-pocket expenses in providing the services and facilities enumerated in Section 11.1, plus an additional overhead allowance in the amount of twenty per cent (20%) on all such labor costs and ten per cent (10%) on all such materials and supplies. Such costs will be paid from the proceeds of Station Two Bonds.

11.3 It is understood that the services to be performed by Big Rivers under the provisions of this Section 11 are on an advisory basis, and that City has the right to make all final determinations in connection therewith. However, to the extent that the design and/or construction of Station Two shall have a material effect upon the economical and/or continuous operation of Big Rivers Reid generating plant, Big Rivers shall have the right of approval or disapproval of such determinations by City.

11.4 City will provide adequate Builders Risk Insurance covering the complete construction and installation of its Station Two and shall further provide adequate insurance for protection of Big Rivers Reid Station and related facilities against damages from construction operations. The costs of such insurance will be paid out of the proceeds of the Station Two Bonds.
SECTION 12 - START-UP ASSISTANCE

12.1 Big Rivers will provide to City, at the costs hereinafter recited, technical skills, labor, fuels, materials and other services required for starting up and placing into commercial operation City's Station Two.

12.2 Operating tests of all equipment and auxiliary facilities of Station Two will be performed by or under the direction of Big Rivers, and suitable reports thereof will be made to City. Big Rivers will direct City's engineers, contractors and suppliers in the making of all changes, adjustments, repairs, replacements, alterations or additions required in order to place City's Station Two and its various components into commercial operation and in compliance with the plans and specifications therefore adopted by City. Big Rivers will place Station Two into commercial operation as soon as reasonably possible and will immediately notify City thereof.

12.3 City will reimburse Big Rivers for its reasonable out-of-pocket expenses in providing the start-up assistance, services and/or materials referred to in this Section 12, plus an additional overhead allowance in the amount of twenty per cent (20%) on all such labor costs and ten per cent (10%) on all such materials, except fuels. Fuels will be furnished at cost. Such costs will be paid from the proceeds of the Station Two Bonds.

12.4 Electric energy produced from each unit of City's Station Two during start-up and prior to the Date of Commercial Operation shall be marketed wherever and whenever possible.
All amounts received from such sales of energy shall be for the account of City and shall be applied to the costs of construction of City's Station Two.

SECTION 13 - OPERATION, MAINTENANCE AND CONTROL

13.1 Except as otherwise provided herein, City shall have full ownership, management, operation and control of its Station Two.

13.2 Subject to City's ownership, management and control, during the term of this Agreement Big Rivers will provide, as an independent contractor, all operating personnel, materials, supplies and technical services required for the continuous operation of City's Station Two so as to fulfill City's obligations (a) to provide the needs of City and its inhabitants as defined in the Power Sales Contract, (b) to Big Rivers as provided in the Power Sales Contract, (c) to the KII Pool members, as provided in the KII Pool Agreement and (d) to others to whom City may, from time to time, become contractually obligated in connection with its Station Two.

13.3 Purchases of materials and supplies required in the operation and maintenance of City's Station Two shall be made for City's account, subject to approval and acceptance by City and in compliance with all laws applicable thereto.

13.4 Big Rivers covenants and agrees that during the term of this Agreement it will at all times operate City's Station Two on a best efforts basis, in an efficient and economical manner, and will maintain, preserve and keep said Station Two and every
part and parcel thereof in good repair, working order and
condition, and will, from time to time, make all necessary and
proper repairs, renewals and replacements thereto so that at all
times the business to be carried on by City in connection therewith
shall be properly and efficiently conducted.

13.5 Big Rivers will keep and maintain complete and
accurate records of its operation and maintenance of City's
Station Two, including without limitation: (a) the continued
output of Station Two and the uses thereof by City, Big Rivers
and others, (b) the continued input of labor, materials,
supplies and services to Station Two, (c) records of all main-
tenance and repairs to Station Two, (d) records of all renewals
and replacements of Station Two, (e) records of Station Two
fuel consumptions, replacements and reserves, (f) current in-
ventories of all supplies, equipment and replacement parts
maintained in connection with Station Two, (g) such other records
as shall be of assistance to City in the ownership, operation,
maintenance, management and control of Station Two.

13.6 City will pay Big Rivers, on a monthly basis, its reasonable expenditures incurred in the operation and
maintenance of City's Station Two under the terms of this Agree-
ment, as defined and allocated to City's Station Two under the
provisions of Section 13.8 - Allocation of Costs, plus an
additional payment of fourteen and one-half (14.1/2) cents
per month, per kilowatt of the total capacity of Station Two, as
such total capacity is from time to time determined and established
as provided in the parties Power Sales Contract of even date here-
with.
13.7 Such payments to Big Rivers by City shall be made monthly on the basis of the Annual Budget then in effect, and in accordance with the provisions of Sections 14 and 18 of this Agreement.

13.8 Allocation of Costs:

It is recognized that Big Rivers will operate and maintain its Reid Generating Station with the same operating personnel and facilities as it will use for the operation of City's Station Two. For purposes of defining and allocating the costs thereof the parties agree as follows:

(a) The following costs of operation and maintenance will be allocated to the particular generating station to which they are applied, and will be charged directly to such generating station:

(1) Costs of materials, supplies and fuels attributable directly to a generating plant.

(2) Costs of repairs, maintenance and spare parts attributable directly to a generating plant.

(3) Costs of renewals, replacements and additions attributable directly to a generating plant.

(4) Costs of emergency and/or maintenance capacity and energy attributable directly to a generating plant.

(5) Property taxes validly imposed upon each party's plant and related facilities.

(6) Costs of insurance attributable to a generating plant.

(b) The following costs of operation and maintenance will be allocated between Big Rivers Reid Station and City's Station
Two on the basis of each generating station's total capacity
as related to the sum of such total capacities:

(1) All operating labor and fuel handling labor.

(2) All maintenance labor common to both plants.

(3) All supplies common to both plants.

(4) All maintenance materials common to both plants.

(5) All costs of operation, maintenance, repair, addition, renewal and replacement of joint use facilities as described in Section 6 of this Agreement.

(6) All applicable taxes except property taxes on plant and taxes directly attributable to cost of fuels and/or sales of power and energy.

(7) All administrative costs.

(8) Costs of professional services.

(9) All costs of accounting and records keeping.

(10) All remaining costs of insurance.

(11) All other costs of operation and maintenance not otherwise allocated under the provisions of this Section 13.

(c) Each party will provide its own fuels for the operation of City's Station Two.

(d) Each party will bear its own costs for construction, operation, maintenance and repair of its transmission and transformation facilities beyond points of delivery from the Station Two Switchyard. Big Rivers will make no charge to City for the use of Big Rivers' transmission facilities from point of City's Station Two switchyard to the several substations of City's Existing System.
(e) Big Rivers will keep adequate records of the costs of operating and maintaining City's Station Two and its Reid Station, and the allocation of such costs to City's Station Two, and will make such records available to City and its representatives at all reasonable times and places.

13.9 Right to Intervene

Should Big Rivers at any time during the term of this Agreement fail, for any reason whatsoever, to provide, on a best efforts basis, the continuous and economical operation of City's Station Two as provided in this Agreement, then City shall have the right to immediately take over the complete operation and maintenance of its Station Two and all auxiliary facilities and joint use facilities required in the operation thereof, and to continue the operation and maintenance thereof under the terms and provisions of this Agreement until it shall be determined that Big Rivers is able to properly resume such operation and maintenance in the manner provided in this Agreement.

13.10 Each of the parties hereby grants to the other all reasonable rights of access, ingress and egress to the generating plant, joint use facilities, auxiliary facilities, related facilities, transmission and transformation facilities and such other lands, properties and/or facilities as shall be necessary, advisable or convenient in order to efficiently and continuously carry on the operation of City's Station Two and Big Rivers' Reid Station under the terms and provisions of this Agreement.
PART IV

BUDGETING, ACCOUNTING AND BILLING

SECTION 14 - BUDGETING

14.1 Prior to the commencement of each Contract Year and so as to comply with the provisions of the Bond Ordinance there shall be prepared by Big Rivers and submitted to City a proposed operating budget for such Contract Year. Big Rivers will provide therewith all data and information necessary or convenient for City's review and evaluation of such proposed operating budget.

14.2 The proposed operating budget and all supporting data and information will be reviewed by City and upon approval thereof, including any amendments thereof or additions thereto, by City, City will adopt such budget as the Annual Budget for the coming Contract Year.

14.3 Upon its adoption by City, and its approval by Big Rivers, the Annual Budget will become the basis for payments to Big Rivers for the operating and maintenance of City's Station Two during the Contract Year for which it is adopted.

14.4 The Annual Budget may be amended by the parties as provided in the Bond Ordinance.

SECTION 15 - ACCOUNTING AND AUDITING

15:1 Big Rivers will keep and maintain complete and accurate books, records and accounts of its operation and maintenance of City's Station Two all in accordance with the rules and regulations prescribed by any governmental agency having jurisdiction thereof, the provisions of the Bond Ordinance relating thereto, and in accordance with the uniform system of...
accounts prescribed by the Federal Power Commission. All such records shall be available for inspection and utilization by City and its representatives at all reasonable times and places.

15.2 Such books, records and accounts shall be subject to annual audit as provided in the Bond Ordinance.

SECTION 16 - BILLING AND PAYMENTS

16.1 On or before the twentieth day of each calendar month of the Contract Year Big Rivers will present to City a statement of payment due covering the operation and maintenance of City's Station Two for the Monthly Billing Period just ended, such statement showing in detail the costs and charges included therein, with proper vouchers substantiating such charges. Such statements, when approved by the City, will become the basis for actual charges by Big Rivers to City for the operation and maintenance of City's Station Two for such Monthly Billing Period and shall be the basis for adjustments, if any, as provided in Section 16.6 hereof.

16.2 Monthly payments to Big Rivers for the operation and maintenance of City's Station Two shall be made on the basis of the Annual Budget then in effect, and shall be due and payable currently, for each Monthly Billing Period on or before the twentieth day of such month. Payments shall be deemed complete upon the posting thereof in the regular United States Mail, properly addressed and affixed with postage.

16.3 If any such payment or portion thereof is not paid when due as herein provided, a penalty in the amount of one per
cent (1%) of the unpaid amount may, at the option of Big Rivers, be added thereto at the commencement of each thirty (30) day period thereafter, and due and payable therewith. Provided however that in the case of a bona fide dispute as to the amount of any such monthly payment, then the delayed payment charge will be applicable only to that unpaid portion thereof which is not reasonably in dispute.

16.4 Off-Setting Accounts

The City shall have the right to off-set accounts payable to Big Rivers against accounts receivable from Big Rivers under the provisions of the parties Power Sales Contract, or otherwise. Off-setting of accounts shall be employed in determining any delayed payment charges as provided herein.

16.5 Big Rivers shall have the right at any time, and from time to time, to require City to give bond (either cash or with corporate surety acceptable to Big Rivers) for the payment to Big Rivers of operating and maintenance charges as provided in this Agreement, less the amount of any off-setting payments due from Big Rivers to City under the provisions of the parties' Power Sales Contract, for a period of time not exceeding two Monthly Billing Periods during any Contract Year. The amount of any such bond shall be adjusted in order to be applicable to the current Contract Year. The cost of any such surety bond shall be charged as a Station Two operating expense.

16.6 On or before one hundred twenty (120) days after the end of each Contract Year, Big Rivers shall submit to City
a detailed summary of its monthly statements for payment for the
operation and maintenance of City's Station Two, showing the
actual charges due to be paid to Big Rivers by City for the entire
Contract Year based upon the annual audit of accounts provided
for in Section 15.2. If, on the basis of such summary the actual
aggregate operation and maintenance charges for such Contract Year
exceeded the amounts paid to Big Rivers under the Annual Budget,
or otherwise, then City shall pay to Big Rivers promptly the
amount to which Big Rivers is so entitled. If, on the basis of
such summary, the actual aggregate payments made to Big Rivers
for operation and maintenance of City's Station Two under pro-
visions of the Annual Budget, or otherwise, exceeded the actual
amount due therefore, then such excess shall be credited against
City's next monthly payment or payments to Big Rivers due hereunder,
or paid to City if no such payments are due to Big Rivers.

SECTION 17 - METERING, METER TESTING AND BILLING ADJUSTMENTS

17.1 Printing Demand Meters, or equivalent meters, with
a sixty (60) minute demand interval, which will meter kilowatts,
and suitable watthour meters which will meter kilowatt hours
shall be used to meter the delivery of power and energy from
City's Station Two. The metered kilowatt demand of City, Big
Rivers and others from City's Station Two shall be the means
of measuring the capacity of City's Station Two used by each. The
metered kilowatt hours of energy used by City, Big Rivers and
others from City's Station Two shall be the basis for fuel re-
placements to the Station Two fuel reserve as provided in Section
7 hereof.

17.2 The meters will be arranged so as to provide a
total measurement of kilowatt demand and a total measurement of kilowatt hours delivered to City and others from City's Station Two.

17.3 Big Rivers will make such tests and inspections of said meters as may be necessary to maintain them at the highest practical commercial standard of accuracy, with tests performed at intervals of not more than twelve months. Big Rivers will advise City promptly of the results of all such tests. City will be given prior notice of and may have representatives present at such tests and inspections. Big Rivers will make additional tests of said meters at the reasonable request of City and in the presence of City's representatives.

17.4 Big Rivers will make all meter readings and/or recordings necessary to provide an accurate report of the kilowatt demand and consumption of electric energy by City, Big Rivers and others from City's Station Two during each Monthly Billing Period, and at the end of each Monthly Billing Period will promptly report to City thereon.

17.5 The metered kilowatt hours of energy used by City, Big Rivers and others from City's Station Two shall be the basis for fuel replacements to the Station Two fuel reserve. Big Rivers shall at all times accurately measure and record the heat content and quantity of all fuels consumed in the operation of Section Two, and shall properly allocate and report to City at the end of each Monthly Billing Period the fuels consumed by City, Big Rivers and others through their respective uses of electric energy from City's Station Two.
SECTION 18 - INSURANCE

18.1 Except to the extent that City's Station Two is insured during construction, installation and other acquisition thereof by City, its contractors and/or suppliers, at all times during the term of this Agreement City shall maintain at least the following insurance on its Station Two, the costs thereof prior to Date of Commercial Operation to be paid as a construction cost, and thereafter as an operating expense:

(a) fire, extended coverage and vandalism, broad form, in an amount at least equal to ninety per cent (90%) of the full insurable value of City's Station Two, Twenty-Five Thousand Dollars ($25,000) deductible, against loss or damage from fire, lightening, tornado, windstorm, flood or wavewash, hail, explosion, riot, riot attending a strike, civil commotion, vandalism and malicious mischief, aircraft, vehicles and smoke. In determining the full insurable value recognition of risks applicable to individual coverages shall be taken into consideration and such value with respect thereto shall be established as would be carried in accordance with sound business practices for electric utilities.

(b) A standard form of comprehensive general liability insurance against claims for personal injury (including wrongful death) and property damage with minimum limits as follows:

1. personal injury, $1,000,000 each person
   $1,000,000 each occurrence
2. property damage, $1,000,000 each occurrence
(c) A standard form of comprehensive automobile liability insurance with minimum limits as follows:

1. Personal injury, $500,000 each person
   $1,000,000 each occurrence
2. Property damage, $100,000 each occurrence
   100,000 aggregate

(d) Workmen's Compensation Insurance as required by the laws of Kentucky.

(e) Prior to the initial firing of the boiler, broad form boiler and machinery breakdown, in the minimum amount of $7,000,000 for Unit One and an additional $7,000,000 for Unit Two, $200,000 deductible.

(f) Inland Marine Insurance on all off-highway vehicles and Marine Insurance on docks, barges, work boats and other marine items, in amounts equal to maximum insurable values.

18.2 Such insurance shall provide coverage for City, and for Big Rivers to the extent that risk of loss shall be imposed on Big Rivers through the provisions of this Agreement and other agreements herein referred to.

18.3 Such insurance will be obtained by Big Rivers for the account of City, subject to approval and acceptance by City.

18.4 During the term of this Agreement all insurance proceeds from policies obtained pursuant to this Section shall be paid and applied by the City, Big Rivers and/or the insurance company or companies providing same in accordance with the provisions of the Bond Ordinance.
18.5. In case of any damage, destruction, accident, occurrence or other loss covered in part or in full by any such insurance policy or policies, Big Rivers shall give prompt notice thereof to City, the Trustee, and the insurance company or companies providing coverage therefore.

PART V
GENERAL PROVISIONS

SECTION 19 - CONSTRUCTION AND OPERATING STANDARDS

19.1 City's Station Two and its auxiliary facilities, joint use facilities and other related facilities which are the subject of this Agreement shall be constructed, operated and maintained in accordance with standards and specifications equal to those provided by the National Electric Safety Code of the United States Bureau of Standards, and as required by any regulatory authority having jurisdiction thereof.

SECTION 20 - INSPECTIONS, RIGHT OF ACCESS

20.1 Each party hereto shall permit the duly authorized representatives and employees of the other party to enter upon its premises for the purpose of reading or checking meters, inspecting, testing, repairing, renewing or replacing any or all of the facilities and equipment owned by the other party located on such premises, or for the purpose of performing any other work necessary in order to carry out the provisions of this Agreement. Such inspections shall be conducted so as not to interfere with the scheduled operation of such plants.
20.2 Each party shall be responsible for the safety of its own representatives and employees when on the premises of the other pursuant to the right of access granted in this Agreement, and shall hold harmless and indemnify the party granting access from any loss or damage whatsoever by reason of any injury, including death, of such representatives and/or employees, unless the same shall be due to the negligence or willful misconduct of the party granting such access or its authorized agents or employees.

SECTION 21 - RELATIONSHIP OF THE PARTIES

21.1 Except as otherwise specifically provided herein, the terms of this Agreement shall not be construed as an agreement for partnership, joint venture, association or other relationship whereby either party shall be responsible for the obligations and/or liabilities of the other party hereto.

21.2 Except as otherwise specifically provided herein, neither party to this Agreement shall be liable for any act, omission or legal obligation of the other party hereto with respect to: (a) the parties to this Agreement, (b) the agents, servants and/or employees of the parties to this Agreement, or (c) any persons, corporations or other entities not a party to this Agreement.

21.3 Except as otherwise specifically provided herein, neither party to this Agreement shall, by reason of the provisions hereof, be deemed a principal, agent, sub-contractor or employee
of the other party hereto, nor shall either party to this Agree-
ment have the authority to bind the other party to this Agree-
ment to any contract or any other obligation, without specific
written authority therefore.

SECTION 22 - INDEMNIFICATION

22.1 Big Rivers, as operator of City's Station Two assumes
full responsibility and liability for the maintenance and operation
of the same, on a best efforts basis, and shall indemnify and
save harmless the City from all liability and expense on account
of any and all damages, claims or actions, including injury to or
death of persons or damage to property arising from any act
or accident in connection with the operation and maintenance of
City's Station Two and all facilities related thereto, caused
by the negligence or any malfeasance or nonfeasance of Big Rivers,
its agents, servants and/or employees; and the City shall in-
demnify and save harmless Big Rivers from all liability and
expense on account of any damages, claims or actions including
injury to or death of persons or property arising from any act
or accident caused by the negligence or any malfeasance or non-
feasance of the City, its agents, servants and/or employees.

SECTION 23 - UNCONTROLLABLE FORCES:

23.1 Neither party hereto shall be considered in
default or breach with respect to any obligation under this
Agreement if prevented from fulfilling such obligation by

-28-
reason of an Uncontrollable Force. Any party unable to fulfill any obligation by reason of Uncontrollable Forces shall exercise due diligence to remove such disability as soon as reasonably possible.

23.2 The term "Uncontrollable Force" shall mean any force which is not within the control of any party to this Agreement, and which by exercise of due diligence and foresight could not reasonably have been avoided, including, but not limited to; an act of God, fire, flood, earthquake, explosion, strike, sabotage, an act of the public enemy, civil or military authority, including court orders, injunctions, and orders of government agencies having proper jurisdiction, insurrection or riot, an act of the elements, failure of equipment, or inability to obtain or ship materials or equipment because of the effect of similar causes on suppliers or carriers.

SECTION 24 - ARBITRATION

24.1 Any controversy or claim arising out of, or relating to this Agreement or the breach thereof, including disagreements between the Trustee and either or both parties to this Agreement, may be submitted to Arbitration at the time, in the manner and upon the terms agreed upon by the parties.

24.2 Arbitrations shall not be considered the sole or exclusive means of settling controversies which may arise under the terms and provisions of this Agreement, nor shall Arbitration be considered a condition precedent to any action in court of law or equity or proceedings before any governmental agency or regulatory body having jurisdiction thereof.
SECTION 25 - DEFAULT

25.1 In the event of a default by either party in the performance of any one or more of the provisions of this Agreement, the aggrieved party shall, in addition to the remedies specified in this Agreement, have the right to use and employ all rights and remedies available through courts of law and/or equity, governmental agencies and/or regulatory bodies having jurisdiction thereof.

SECTION 26 - WAIVER

26.1 The failure of either party to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights, but the same shall continue and remain in full force and effect.

SECTION 27 - NOTICES

27.1 Any payment, written notice, demand or request required or permitted under this Agreement shall be deemed properly given to or served upon the recipient when posted through the regular United States mail, properly addressed, and affixed with postage as follows:

to City: General Manager, Municipal Power & Light
        P.O. Box 8
        Henderson, Kentucky 42420

to Big Rivers: Manager, Big Rivers R.E.C.C.
               P.O. Box 24
               Henderson, Kentucky 42420
to the Trustee: as established pursuant to the Bond Ordinance.

27.2 The designation of the person to be notified, or the addresses of such persons, may be changed at any time upon written notice to the other parties.

PART VI
OTHER PROVISIONS

SECTION 28 - COMPLIANCE WITH BOND ORDINANCE

28.1 This Agreement shall be subject to the terms and provisions of the Bond Ordinance. City and Big Rivers agree that they will not amend, modify or otherwise alter this Agreement in any manner that will conflict with the provisions of the Bond Ordinance as the same may, from time to time, exist.

SECTION 29 - ADDITIONAL GENERATING UNITS

29.1 It is understood and agreed that, space being available, additional generating units may be added to City's Station Two during the term of this Agreement in order to provide for the future and expanding needs of City and its inhabitants for electric power and energy with sales of surplus power and energy to Big Rivers, subject to mutual agreement of the parties as to the terms and conditions applicable thereto.

SECTION 30 - COMPLIANCE WITH GOVERNMENTAL REGULATIONS

30.1 City and Big Rivers will, at all times, faithfully obey and comply with existing and future laws, rules and reg-
ulations of federal, state or local governmental bodies lawfully affecting the operations and activities of and in connection with City's Station Two.

SECTION 31 - OBLIGATIONS OF THE PARTIES

31.1 All sums payable by the City under the terms and provisions of this Agreement shall be payable and borne solely from the revenues of City's electric utility system, including its Existing System, its Station Two generating plant and such other additions, extensions or facilities as it may from time to time own and/or operate, and from the proceeds of its Electric Revenue Bonds. No debt or obligation of City under this Agreement shall constitute a general obligation of the City.

31.2 City covenants that it will, subject to the approval of any regulatory bodies having jurisdiction thereof, at all times maintain rates for services rendered by its electric utility system which will be sufficient to adequately meet the costs of ownership, proper operation and maintenance thereof, including the costs of operation and maintenance of its Station Two, as provided in this Agreement.

SECTION 32 - CITY INCLUDES UTILITY COMMISSION

32.2 It is recognized by the parties that the City operates, manages and controls its electric utility system through its City of Henderson Utility Commission, appointed pursuant to KRS. 96.530. All references to City under the terms and provisions of this Agreement shall include its City of Henderson Utility Commission to the extent applicable.
32.2 The parties agree that all rights and obligations of City under the terms and provisions of this Agreement shall also constitute rights and obligations of the City of Henderson Utility Commission. By its execution of this Agreement the City of Henderson Utility Commission covenants and agrees that all references to City under the terms and provisions of this Agreement shall include the City of Henderson Utility Commission, and that it shall be obligated under this Agreement accordingly.

SECTION 33 - TERM AND TERMINATION

33.1 The term of this Agreement shall commence upon the execution hereof by City and Big Rivers and shall terminate on October 31, in the year Two Thousand and Three (2003) unless otherwise terminated as hereinafter provided.

33.2 Notwithstanding the provision of Section 33.1, this Agreement shall terminate in event of the termination of the parties Power Sales Agreement of even date herewith, as provided therein.

SECTION 34 - SALE OR OTHER DISPOSITION OF PLANT.

34.1 City and Big Rivers mutually agree that neither will sell or otherwise dispose of its electric generating plant and auxiliary facilities (referring to City's Station Two, Big Rivers' Reid Station, all auxiliary facilities, joint use facilities and alterations and additions thereof) unless the same has been
offered to the other party hereto in writing, and such other party has failed, for a period of one year, after receipt of such offer to accept same and pay the purchase price or other agreed consideration therefor. After such one-year period, or upon written refusal of said offer, whichever first occurs, the selling party may proceed to make such sale or other disposition to others not a party to this Agreement upon at least equal terms or conditions. Provided however, that if such sale or disposition to others, not a party to this Agreement, shall not have occurred within the one-year period immediately following termination of the other parties right to accept said offer, no such sale or other disposition shall thereafter be made by the selling party without again first offering same to the other party to this Agreement as above provided.

34.2 Any sale, assignment or other disposition by either party to others not a party to this Agreement shall be made subject to all of the rights, obligations, terms and conditions of this Agreement, the Joint Facilities Agreement, the parties Power Sales Contract, the parties real estate Purchase-Sale Agreement and any amendments or additions thereto which are then applicable, and it shall be a condition of such sale or other disposition that the purchaser or acquirer thereof assume all of the obligations of the disposing party under the terms of said Agreements.

34.3 The provisions of this Section 34 pertaining to City's sale or other disposition of its Station Two and other facilities mentioned herein shall be subject to all laws applicable thereto.
SECTION 35 - AMENDMENTS

35.1 No amendments of this Agreement shall be effective unless reduced to writing and executed by all parties hereto.

35.2 It is understood that Big Rivers may not agree to any amendment, modification or alteration of this Agreement without first obtaining approval of the Administrator of the Rural Electrification Administration.

SECTION 36 - SEVERABILITY

36.1 In the event that any part of this Agreement is declared illegal or no longer in force by reason of an order issued by a court or regulatory body of competent jurisdiction, all remaining portions of this Agreement which are not affected by such order shall continue in full force and effect.

SECTION 37 - ASSIGNMENT

37.1 This Agreement shall be binding upon the parties hereto, their respective successors and assigns. Provided however, that this Agreement shall not be assigned by either party (except for an assignment by Big Rivers to the United States of America) without the written consent of the other party, and any such assignment shall be subject to the provisions of Section 34.2 of this Agreement.

SECTION 38 - APPROVAL

38.1 This Agreement shall be subject to the approval
of all local, state or federal regulatory bodies having jurisdiction thereof and shall become effective only upon the execution thereof by the parties and approval by the Administrator of the Rural Electrification Administration.

SECTION 39 - CONDITIONS PRECEDENT

39.1 This Agreement in its entirety is entered into subject to the following express conditions precedent:

(a) That the parties shall enter into and execute the Power Sales Contract, the real estate Purchase-Sale Agreement and the Joint Facilities Agreement which are referred to in this Agreement.

(b) That the parties shall be able to obtain all approvals and authorizations from public authorities and the Administrator of the Rural Electrification Administration necessary to enable them lawfully to enter into and carry out this Agreement, and other Agreements referred to in Section 39.1 (a).

(c) That the City shall be able to issue and sell its Station Two Bonds bearing a rate of interest and maturity schedule acceptable to City, with a final maturity of not less than thirty years from date of issuance, in the principal sum of $76,000,000.

(d) That all conditions precedent recited in the parties Power Sales Contract, the real estate Purchase-Sale Agreement and the Joint Facilities Agreement have occurred.

39.2 If all of the said conditions precedent do not occur within one year from the date hereof, this Agreement shall
be void and all rights hereunder shall terminate unless the parties agree in writing to extend the time for the happening of said conditions precedent.

SECTION 40 - AUTHORITY TO EXECUTE

40.1 This Agreement is executed by the duly authorized officers or representatives of the parties pursuant to authority granted to each of them by the lawful action of their respective official commissions or boards.

Executed at Henderson, Kentucky this ___ day of ____, 19__.

CITY OF HENDERSON, KENTUCKY

BY

William L. Newman, Mayor

ATTEST:

Theresa Craft
City Clerk
(City Seal)

CITY OF HENDERSON, UTILITY COMMISSION

BY

Louis Hatchett

ATTEST:

Dudley A. Emerson
Secretary
BIG RIVERS RURAL ELECTRIC CO-OPERATIVE CORPORATION

BY Robert Reid, Sr., President

ATTEST:

D.B. Wilson, Secretary

This instrument prepared by:

of WEST MARKWELL & BRYANT
Suite 320 - Imperial Building
110 Third Street
Henderson, Kentucky 42420
EXCERPT FROM MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS
OF BIG RIVERS RURAL ELECTRIC COOPERATIVE CORPORATION
HELD IN HENDERSON, KENTUCKY, ON AUGUST 21, 1970

After thorough discussion it was moved by Robert D. Green seconded by D. B. Wilson that Big Rivers execute the Power Sales Contract, the Power Plant Construction and Operation Agreement and the Joint Facilities Agreement and to approve the Electric Light and Power Revenue Bond Ordinance to be adopted August 27, 1970. Motion carried.

I, Robert D. Green, Vice President of Board of Directors of Big Rivers Rural Electric Cooperative Corporation hereby certify that the above is a true and correct excerpt from the minutes of the regular meeting of said corporation held on August 21, 1970.

[Signature]
Robert D. Green, Vice President
Case No. 2018-00146
KIUC 1-2 (RWB)(Att) - 1970 Joint Facilities Agreement
U. S. DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION

REA BORROWER DESIGNATION: Kentucky 62 Big Rivers

THE WITHIN Joint Facilities Agreement dated August 1, 1970,
with the City of Henderson, Kentucky.

SUBMITTED BY THE ABOVE DESIGNATED BORROWER PURSUANT TO THE
TERMS OF THE LOAN CONTRACT, IS HEREBY APPROVED SOLELY FOR THE
PURPOSES OF SUCH CONTRACT.

DATED
MAR 2 6, 1971

Deputy Administrator
EXCERPT FROM MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS
OF BIG RIVERS RURAL ELECTRIC COOPERATIVE CORPORATION
HELD IN HENDERSON, KENTUCKY, ON AUGUST 21, 1970

After thorough discussion it was moved by Robert D. Green seconded
by D. B. Wilson that Big Rivers execute the Power Sales Contract,
the Power Plant Construction and Operation Agreement and the Joint
Facilities Agreement and to approve the Electric Light and Power
Revenue Bond Ordinance to be adopted August 27, 1970. Motion carried.

I, Robert D. Green, Vice President
of Board of Directors of Big Rivers
Rural Electric Cooperative Corporation
hereby certify that the above is a
true and correct excerpt from the
minutes of the regular meeting of said
corporation held on August 21, 1970.

Robert D. Green, Vice President
JOINT FACILITIES AGREEMENT
BETWEEN
CITY OF HENDERSON, KENTUCKY
and
BIG RIVERS RURAL ELECTRIC CO-OPERATIVE CORPORATION

August 1, 1970
<table>
<thead>
<tr>
<th>INDEX</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>SECTION 1 - STIPULATIONS</td>
<td>1</td>
</tr>
<tr>
<td>SECTION 2 - DEFINITIONS</td>
<td>2</td>
</tr>
<tr>
<td>SECTION 3 - ALLOCATION OF FACILITIES</td>
<td>2</td>
</tr>
<tr>
<td>SECTION 4 - TITLE TO JOINT USE FACILITIES</td>
<td>3</td>
</tr>
<tr>
<td>SECTION 5 - COSTS</td>
<td>4</td>
</tr>
<tr>
<td>SECTION 6 - OPERATION AND MAINTENANCE</td>
<td>4</td>
</tr>
<tr>
<td>SECTION 7 - ACCESS</td>
<td>4</td>
</tr>
<tr>
<td>SECTION 8 - TERM</td>
<td>4</td>
</tr>
<tr>
<td>SECTION 9 - OPERATING STANDARDS</td>
<td>5</td>
</tr>
<tr>
<td>SECTION 10 - UNCONTROLLABLE FORCES</td>
<td>5</td>
</tr>
<tr>
<td>SECTION 11 - OBLIGATIONS OF CITY</td>
<td>6</td>
</tr>
<tr>
<td>SECTION 12 - CITY INCLUDES UTILITY COMMISSION</td>
<td>6</td>
</tr>
<tr>
<td>SECTION 13 - AMENDMENTS</td>
<td>7</td>
</tr>
<tr>
<td>SECTION 14 - SUBJECT TO POWER PLANT CONSTRUCTION AND OPERATION AGREEMENT</td>
<td>7</td>
</tr>
<tr>
<td>SECTION 15 - ASSIGNMENT</td>
<td>7</td>
</tr>
<tr>
<td>SECTION 16 - CONDITIONS PRECEDENT</td>
<td>7</td>
</tr>
<tr>
<td>SECTION 17 - AUTHORITY TO EXECUTE</td>
<td>8</td>
</tr>
</tbody>
</table>
JOINT FACILITIES AGREEMENT

THIS AGREEMENT made and entered into as of August 1, 1970 by and between CITY OF HENDERSON, KENTUCKY, a Municipal Corporation of the third class, hereinafter referred to as CITY, and BIG RIVERS RURAL ELECTRIC CO-OPERATIVE CORPORATION, a Kentucky Corporation with principal offices in Henderson, Kentucky, hereinafter referred to as BIG RIVERS.

WITNESSETH THAT:

SECTION 1 - STIPULATIONS

1.1 City and Big Rivers have entered into an Agreement of even date herewith providing for City's construction of an electric generating station (referred to as Station Two) at a site on the Green River in Henderson County, Kentucky, adjacent to the Reid Station of Big Rivers, and so arranged as to provide for the joint utilization by City and Big Rivers of certain auxiliary facilities and operating personnel, and providing for the operation of such Station Two by Big Rivers on an independent contractor basis.

1.2 A nationally recognized engineering firm has been employed by City to develop plans and specifications for the construction of City's Station Two and its related facilities, including such facilities as are to be used jointly by City and Big Rivers in the operation of their respective generating stations, which plans and specifications shall be subject to approval by Big Rivers insofar as its Reid Station will be
affected thereby.

1.3 It is recognized by the parties that material economies in construction and operation can be achieved through the joint use by both parties of certain operating facilities which serve as auxiliaries of their respective generating stations.

1.4 The costs of the joint use facilities to be provided by each of the parties under the terms of this Agreement and in accordance with City's plans and specifications are proportionately equal to the relative benefits to be derived therefrom by each.

1.5 It is the intention of the parties, by this Agreement, each to devote to the joint use of both parties, as long as they or either of them, or their respective successors or assigns, shall continue to operate a generating station or stations in connection therewith, those joint use facilities to be provided by each, and to provide for the continuous operation and maintenance thereof for the parties' joint and separate benefits.

SECTION 2 - DEFINITIONS

2.1 The words, phrases, and terms used in this Agreement shall have the same definitions as recited in the parties' Power Plant Construction and Operation Agreement of even date herewith.

SECTION 3 - ALLOCATION OF FACILITIES

3.1 Big Rivers will allocate for the continuing joint use of the parties in the operation of their respective generating
plants those of its existing auxiliary facilities as are determined by City's employed engineering firm (and approved by Big Rivers) to be allocated for such joint use, and will permit City to make such modifications thereof as are provided by the plans and specifications for City's Station II.

3.2 City will acquire and allocate for the continuing joint use of the parties in the operation of their respective generating plants those additional auxiliary facilities (not provided by Big Rivers) designated on City's plans and specifications for such joint use.

SECTION 4 - TITLE TO JOINT USE FACILITIES

4.1 Title to those joint use facilities or portions thereof provided by City will remain in City, and all such facilities will be clearly and permanently marked as the property of City. Title to those joint use facilities or portions thereof provided by Big Rivers will remain in Big Rivers, and all such facilities will be clearly and permanently marked as the property of Big Rivers. All such joint use facilities shall be, and with the execution and approval of this Contract are irrevocably allocated and devoted to the continued use thereof by each of the parties, their respective successors or assigns, as long as either of them shall continue to operate and/or maintain a generating station in connection therewith.
SECTION 5 - COSTS

5.1 The costs of providing City's joint use facilities and of modifying Big Rivers' joint use facilities as provided herein will be paid out of the proceeds of the Station Two Bonds. The costs of operating, maintaining, repairing, renewing, replacing and adding to such joint use facilities shall be allotted to the parties' respective generating stations as provided in Section 13 of the parties' Power Plant Construction and Operation Agreement.

SECTION 6 - OPERATION AND MAINTENANCE

6.1 Except as otherwise provided in the parties' Power Plant Construction and Operation Agreement, the parties will be severally and jointly responsible for the continued operation, maintenance, repair, renewal and replacements of such joint use facilities so as to assure the continuous operation of the parties' respective generating station or stations served thereby.

SECTION 7 - ACCESS

7.1 Each party hereby grants to the other the free and uninterrupted access to, and right of ingress and egress to and from such joint use facilities and any portions thereof as may be necessary or convenient so as to provide for the continuous operation and maintenance thereof.

SECTION 8 - TERM

8.1 Unless otherwise terminated by mutual agreement of the parties, the terms and provisions of this Agreement shall
continue in full force and effect as to each joint use facility
as long as either party, or its successors or assigns, shall
continue to operate or maintain a generating station which is
served by any such joint use facility, and will not be ter-
minated by reason of the termination of any other agreement or
contract between the parties.

SECTION 9 - OPERATING STANDARDS.

9.1 The joint use facilities which are the subject of
this Agreement shall be constructed, operated and maintained in
accordance with standards and specifications equal to those
provided by the National Electric Safety Code of the United
States Bureau of Standards, and as required by any regulatory
authority having jurisdiction thereof.

SECTION 10 - UNCONTROLLABLE FORCES.

10.1 Neither party hereto shall be considered in default
or breach with respect to any obligation under this Agreement if
prevented from fulfilling such obligation by reason of an Uncon-
trollable Force. Any party unable to fulfill any obligation by
reason of Uncontrollable Forces shall exercise due diligence to
remove such disability as soon as reasonably possible.

10.2 The term "Uncontrollable Force" shall mean any force
which is not within the control of any party to this Agreement,
and which by exercise of due diligence and foresight could not
reasonably have been avoided, including, but not limited to,
an act of God, fire, flood, earthquake, explosion, strike, sabo-
tage, an act of the public enemy, civil or military authority,
including court orders, injunctions, and orders of government agencies having proper jurisdiction, insurrection or riot, an act of the elements, failure of equipment, or inability to obtain or ship materials or equipment because of the effect of similar causes on suppliers or carriers.

SECTION 11 - OBLIGATIONS OF CITY

11.1 The obligations of City under the terms and provisions of this Agreement shall be the sole obligation of the City's electric utility system, including its Existing System, its Station Two generating plant and such other additions, extensions, or related facilities that it may from time to time own and/or operate. No obligation of City under this Agreement shall constitute a general obligation of the City.

SECTION 12 - CITY INCLUDES UTILITY COMMISSION

12.1 It is recognized by the parties that the City operates, manages and controls its electric utility system through its City of Henderson Utility Commission, appointed pursuant to KRS 96.530. All references to City under the terms and provisions of this Agreement shall include its City of Henderson Utility Commission to the extent applicable.

12.2 The parties agree that all rights and obligations of City under the terms and provisions of this Agreement shall also constitute rights and obligations of the City of Henderson Utility Commission. By its execution of this Agreement the City of Henderson Utility Commission covenants and agrees that all references to City under the terms and provisions of this Agreement shall be the sole obligation of the City.
Agreement shall include the City of Henderson Utility Commission, and that it shall be obligated under this Agreement accordingly.

SECTION 13 - AMENDMENTS

13.1 No amendments of this Agreement shall be effective unless reduced to writing and executed by all parties hereto.

13.2 It is understood that Big Rivers may not agree to any amendment, modification or alteration of this Agreement without first obtaining approval of the Administrator of the Rural Electrification Administration.

SECTION 14 - SUBJECT TO POWER PLANT CONSTRUCTION AND OPERATION AGREEMENT

14.1 This Agreement is subject to any and all provisions of the parties' Power Plant Construction and Operation Agreement which relate to joint use facilities.

SECTION 15 - ASSIGNMENT

15.1 This Agreement shall be binding upon the parties hereto, their respective successors and assigns. Provided however, that this Agreement shall not be assigned by either party (except for an assignment by Big Rivers to the United States of America) without the written consent of the other party.

SECTION 16 - CONDITIONS PRECEDENT

16.1 This Agreement is entered into subject to the
following express conditions precedent:

(a) That all conditions precedent recited in the parties' Power Plant Construction and Operation Agreement shall have occurred.

SECTION 17 - AUTHORITY TO EXECUTE

17.1 This Agreement is executed by the duly authorized officers or representatives of the parties pursuant to authority granted to each of them by the lawful action of their respective official commissions or boards.

Executed at Henderson, Kentucky this 27 day of August, 19___

CITY OF HENDERSON, KENTUCKY

BY William L. Newman, Mayor

ATTEST:

Theresa Crafton
City Clerk
(City Seal)

CITY OF HENDERSON UTILITY COMMISSION

BY Louis Hatchett, Chairman

ATTEST:

Dudley H. Emerson
Secretary

-8-
BIG RIVERS RURAL ELECTRIC
CO-OPERATIVE CORPORATION

BY
Robert Reid, Sr., President

ATTEST:

D. B. Wilson, Secretary

This instrument prepared by:

of WEST MARKWELL & BRYANT
Suite 320 - Imperial Building
110 Third Street
Henderson, Kentucky 42420
STATION TWO
G & A ALLOCATION AGREEMENT

THIS STATION TWO G & A ALLOCATION AGREEMENT is entered into and effective as of January 16, 2009, by and between THE CITY OF HENDERSON UTILITY COMMISSION ("HUC"), a public body politic and corporation organized under the Kentucky Revised Statutes § 96.530 and related statutes, doing business as HENDERSON MUNICIPAL POWER & LIGHT, and BIG RIVERS ELECTRIC CORPORATION ("Big Rivers"), a Kentucky rural electric cooperative corporation, (HUC and Big Rivers are sometimes hereinafter referred to collectively as the "Parties" and individually as a "Party").

RECITALS:

A. In 1970, the City of Henderson, Kentucky (the "City") and Big Rivers entered into a Power Plant Construction and Operation Agreement, a Power Sales Contract and a Joint Facilities Agreement, each dated August 1, 1970 (collectively, the "Station Two Contracts") providing for the construction of Station Two, the operation of Station Two by Big Rivers and the sale of a portion of the output of Station Two by the City to Big Rivers.

B. Big Rivers and HUC were parties to an Agreement dated February 15, 1991 (the "1991 G&A Agreement") which, among other terms, allocated general and administrative expenses incurred by each of them in the operation of their respective utilities to Station Two.

C. In 1998, the City, HUC, Big Rivers, WKE Station Two Inc. ("Station Two Subsidiary"), LG&E Energy Marketing Inc. ("LEM") and Western Kentucky Leasing Corp. ("WKEC") entered into a certain Agreement and Amendments to Agreements (the "Station Two Agreement") under which Station Two Subsidiary assumed certain of Big Rivers' responsibilities for the operation and maintenance of Station Two under the Station Two Contracts, and, simultaneously with the execution and delivery of the Station Two Agreement, the 1991 G&A Agreement was terminated by the provisions of a July 15, 1998 G&A Allocation Agreement among HUC, Big Rivers and Station Two Subsidiary.

D. The July 15, 1998 Station Two G&A Allocation Agreement between HUC, Big Rivers and WKE Station Two, Inc. provides at Section 2.2 that "immediately following the termination of this Agreement, and providing that Big Rivers shall at that time have rights in and to the Station Two Contracts, Big Rivers and HUC shall negotiate in good faith to effect a new agreement between them relating to the subject matter described in this Agreement and that reflects the circumstances surrounding the Station Two Assets and each of them, respectively, at that time."

E. Big Rivers, LG&E Energy Marketing, Inc. and Western Kentucky Energy Corp. entered into a Transaction Termination Agreement dated as of March 26, 2007,
providing for, *inter alia*, the termination of the Station Two Agreement and the July 15, 1998 Station Two G&A Allocation Agreement, thus necessitating the execution and delivery of a new G&A Allocation Agreement for Station Two between HUC and Big Rivers.

**AGREEMENT:**

**NOW, THEREFORE,** the Parties hereby agree as follows:

1. **DEFINED TERMS.** For purposes of this Agreement, capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Station Two Contracts. The following terms, for purposes hereof, shall have the meaning set forth below:

1.1 *Capacity Factor.* “Capacity Factor” shall mean a fraction, the numerator of which is the net rated capacity of Station Two (fixed for purposes hereof at 312 net MW) and the denominator of which is the total net rated capacity of all the Generating Plants (inclusive of Station Two) (fixed for purposes hereof at 1771 net MW). Accordingly, the Capacity Factor shall equal 312 net MW/1771 net MW (or 17.62%).

1.2 *Joint Facilities Agreement.* “Joint Facilities Agreement” shall mean the Joint Facilities Agreement, dated August 1, 1970, between HUC and Big Rivers, as amended.

1.3 *Labor Costs.* “Labor Costs” shall mean the salaries, wages, bonuses and other compensation expenses (other than Labor Related Costs) of personnel in administrative support positions that are allocable to Station Two pursuant to the terms described below.

1.4 *Labor Related Costs.* “Labor Related Costs” shall include (a) payroll insurance, payroll taxes and other payroll withholdings required under applicable laws, (b) holiday, vacation, sick days and other paid leave days, (c) retirement plan costs, employer contributions to retirement plans, and 401(k) matching contributions, (d) premiums and other costs for medical insurance, dental insurance, life insurance, and workers compensation insurance, (e) tuition reimbursements, and (f) all other expenses of employment benefits and employment related benefits, whether or not subject to Title I of the Employee Retirement Income Security Act of 1974, as amended.

1.5 *Office Supplies Costs and Expenses.* “Office Supplies Costs and Expenses” shall include a broad range of miscellaneous expenses of operating an office and supporting the administrative personnel allocable to Station Two under the terms described below, including, without limitation, utilities, telephone, postage, overnight delivery services, copier leases, fax machine leases, computer supplies, miscellaneous non-capitalized office equipment (such as typewriters, calculators, hole punches, staplers, etc.) and other general office supplies (paper, copy machine toner, paper clips, staples, pens, etc.), expenses of repairs and maintenance of facilities housing such administrative support personnel and the equipment utilized by such personnel in the performance of
their duties, seminars and training costs of such administrative support personnel, professional dues and subscriptions for administrative support personnel, and travel expenses of such personnel.

1.6 **Operation Agreement.** "Operation Agreement" shall mean the Power Plant Construction and Operation Agreement dated August 1, 1970 between HUC and Big Rivers, as amended.

1.7 **Power Sales Agreement.** "Power Sales Agreement" shall mean the Power Sales Contract, dated August 1, 1970 between HUC and Big Rivers, as amended.

1.8 **Station Two Agreement.** "Station Two Agreement" shall mean the Agreement and Amendments to Agreements by and among City of Henderson, Kentucky, HUC, Big Rivers, WKE Station Two Inc., LEM and WKEC.

1.9 **Transaction Termination Agreement.** "Transaction Termination Agreement" shall mean the Transaction Termination Agreement, dated as of March 26, 2007, among Big Rivers, LG&E Energy Marketing Inc., and Western Kentucky Energy Corp.

1.10 **Unwind Closing Date.** "Unwind Closing Date" shall have the meaning set forth in the Transaction Termination Agreement.

2. **TERM; EFFECT OF AGREEMENT.**

2.1 **Term Defined.** The term ("Term") of this Agreement shall commence and take effect as of the Unwind Closing Date and shall expire as of the date that Big Rivers Electric Corporation shall no longer be a party to the Operation Agreement.

2.2 **Effect of Agreement.** Simultaneously with the execution and delivery of this Agreement, Big Rivers, the City, HUC, WKEC and LEM are entering into a Second Amendatory Agreement providing, *inter alia*, for the amendment of the Station Two Agreement to provide for the expiration of the Station Two Agreement concurrently with the execution and delivery of this Agreement and the termination of the July 15, 1998 Station Two G & A Allocation Agreement. The terms and provisions of this Agreement shall supersede the terms and provisions of the July 15, 1998 Station Two G & A Allocation Agreement, and all other prior agreements and understandings, if any, of the Parties related to the subject matter covered hereby.

3. **INVENTORY MAINTENANCE COSTS.**

The cost to maintain Station Two parts inventory after the date that this Agreement becomes effective shall be allocated between the Parties on an annual basis (in accordance with the provisions of the Operation Agreement, the Power Sales Contract and the Joint Facilities Agreement) in direct proportion to the generation capacity of Station Two reserved by HUC and allotted to Big Rivers pursuant to the terms of the Power Sales Contract.
The following additional terms shall apply with respect to Station Two parts inventory:

(a) Payment shall be made at the time of purchase for all additions and replacements to Station Two parts inventory.

(b) Parts issued for use at Station Two from other warehouses maintained by Big Rivers will be charged to Station Two at the time of issue.

(c) Station Two shall receive credit at the time of issue for parts taken from Station Two inventory for use at Big Rivers' Generating Plants (other than Station Two).

(d) Additions and replacements to Station Two parts inventory shall continue to be made in accordance with applicable competitive bidding laws and approved by HUC.

(e) Station Two parts inventory in existence at the time of termination of the Operation Agreement and any extensions or renewals thereof, shall become the property of the City.

4. ALLOCATION OF GENERAL AND ADMINISTRATIVE EXPENSES.

The allocations of general and administrative expenses by Big Rivers and HUC set forth below in this Section 4 shall be the sole and exclusive expenses charged by those Parties, respectively, to Station Two for general and administrative support services. For purposes of the Station Two Contracts, the aggregate sum of the general and administrative expenses of each of the Parties, determined as set forth below, shall constitute the general and administrative expenses allocable during the Term to Station Two for purposes of Section 13.8 of the Operation Agreement and Section 6.3(e) of the Power Sales Contract. Notwithstanding that Section 13.8(b) of the Operation Agreement may require that certain costs set forth in this Agreement should be further allocated between the Reid Station and Station Two, the Parties hereby agree that the expenses described below solely relate to the Parties' respective obligations to Station Two and shall be allocated solely to Station Two.

4.1 Allocations by Big Rivers. Big Rivers shall charge the following expenses to Station Two during the Term as its sole and exclusive general and administrative expenses allocable to Station Two during the Term for purposes of the Station Two Contracts:

(a) For each person in a general and administrative support position identified on Exhibit A attached hereto (a "Big Rivers Support Position"), an amount equal to the Labor Costs and the Labor Related Costs paid by Big Rivers to or for the benefit of such person multiplied by the percentage (the "Big Rivers Station Two Percentage") set forth opposite the Big Rivers Support Position held by that person in the column headed "% Big Rivers Station Two Percentage" on Exhibit A attached hereto (the amount determined for each such person holding such a position is sometimes hereinafter referred
to as the "Administrative Employee Expense," together with all other Administrative Employee Expenses within a particular administrative group identified on Exhibit A, is sometimes hereinafter referred to as the "Group Administrative Personnel Expense"). The actual cost of administration allocated to and charged to Station Two by Big Rivers shall be the sum of the Group Administrative Personnel Expenses for all administrative groups identified on Exhibit A (or the sum total of each administrative personnel's Administrative Employee Expense). In determining the expenses of administration that Big Rivers may charge for any particular Big Rivers Support Position, Big Rivers may include an amount for more than one employee in such position to the extent that the services of more than one employee shall be reasonably necessary in that position to enable Big Rivers to administer and perform its duties and obligations under the Station Two Contracts.

(b) For each administrative group identified on Exhibit A attached hereto, a charge for Office Supplies Costs and Expenses shall be determined as follows: that group's charge shall equal the product of (x) the "Blended Group Administrative Personnel Rate" (described below) multiplied by (y) the Office Supplies Costs and Expenses paid by Big Rivers (or any of its Affiliates) which are reasonably necessary to support the administrative personnel in that group. For purposes hereof, each administrative group's Blended Group Administrative Personnel Rate shall be a fraction, the numerator of which is the Group Administrative Personnel Expense for that particular group, and the denominator of which shall equal the total Labor Costs and Labor Related Costs for that particular group.

(c) The sum of all fees and expenses paid or incurred by Big Rivers for the services of professionals who are not employees of Big Rivers (primarily legal services, accounting and auditing services, actuarial services, generation dispatch services, Information System services and engineering services) in support of the operations of Station Two and activities directly related thereto, all fees and costs incurred in relation to regulatory matters or regulatory proceedings involving Station Two or the operation of Station Two, plus, a reasonable allocation of Labor Costs and Labor Related Costs of professionals who are employees of Big Rivers where such employee professionals provide services specifically in support of the operations of Station Two and activities directly related thereto, including, without limitation, actions taken in relation to regulatory matters or regulatory proceedings, involving Station Two or the operator of Station Two.

(d) For each administrative building located in Henderson County, Kentucky occupied by personnel of Big Rivers an amount equal to the "Property Factor" (defined below) multiplied by the sum of all expenses paid or incurred by Big Rivers, where applicable, for rent, property taxes, property insurance expenses, depreciation of that building and/or amortization of
the leasehold improvements of that building. For purposes of this Agreement, the term "Property Factor" shall mean a fraction, the numerator of which shall equal the sum of the Allocated Square Footages (defined below) from that building and the denominator of which shall be the total square footage of that building utilized for office space (but specifically excluding common areas of the building). For purposes of the formula described above, there shall be allocated square footage from that building (the "Allocated Square Footage") to each Big Rivers Support Position in an amount equal to (x) the square footage of the building utilized by that position, multiplied by (y) the Big Rivers Station Two Percentage for that position. Exhibit B attached hereto illustrates the method of allocating costs under this Section 4.1(d).

4.2 Allocations by HUC. HUC shall charge the following expenses to Station Two during the Term as its sole and exclusive general and administrative expenses allocable to Station Two during the Term for purposes of the Station Two Contracts:

(a) For each person in a general and administrative support position identified on Exhibit C attached hereto (a "HUC Support Position"), an amount equal to the Labor Costs and the Labor Related Costs paid by HUC to or for the benefit of such person multiplied by the percentage (the "HUC Percentage") set forth opposite the HUC Support Position held by that person in the column headed "EXPENSE ALLOCATION PERCENTAGE TO STATION TWO" on Exhibit C attached hereto (the amount determined for each such person holding such a position is sometimes hereinafter referred to as the "Administrative Employee Expense," together with all other Administrative Employee Expenses within a particular administrative group. The actual cost of administration allocated to and charged to Station Two by HUC shall be the sum of the Administrative Personnel Expenses for all administrative groups identified on Exhibit C and the sum total of each administrative personnel's Administrative Employee Expense. In determining the expenses of administration that HUC may charge for any particular HUC Support Position, HUC may include an amount for more than one employee in such position to the extent that the services of more than one employee shall be reasonably necessary in that position to enable HUC to administer and perform its duties and obligations under the Station Two Contracts.

(b) For each administrative group identified on Exhibit C attached hereto, a charge for Office Supplies Costs and Expenses shall be determined as follows: that group’s charge shall equal the product of (x) the "Blended Group Administrative Personnel Rate" (described below) multiplied by (y) the Office Supplies Costs and Expenses paid by HUC which are reasonably necessary to support the administrative personnel in that group. For purposes hereof, each administrative group’s Blended Group Administrative Personnel Rate shall be a fraction, the numerator of which
is the Group Administrative Personnel Expense for that particular group, and the denominator of which shall equal the total Labor Costs and Labor Related Costs for that particular group.

(c) The sum of all fees and expenses paid or incurred by HUC for the services of professionals who are not employees of HUC (primarily legal services, accounting and auditing services, actuarial services and engineering services, and other professional services) in support of the operations of Station Two and activities directly related thereto, all fees and costs incurred in relation to regulatory matters or regulatory proceedings involving Station Two or the operation of Station Two, plus, a reasonable allocation of Labor Costs and Labor Related Costs of professionals who are employees of HUC where such employee professionals provide services specifically in support of the operations of Station Two and activities directly related thereto, including, without limitation, actions taken in relation to legal, regulatory matters, or regulatory proceedings, involving Station Two or the operator of Station Two.

(d) For each administrative building located in Henderson County, Kentucky, occupied by personnel of HUC an amount equal to the "Property Factor" (defined below) multiplied by the sum of all expenses paid or incurred by HUC, where applicable, for rent, property taxes, maintenance and improvement expenses, property insurance expenses, mortgage expenses, depreciation of that building and/or amortization of the leasehold improvements of that building. For purposes of this Agreement, the term "Property Factor" shall mean a fraction, the numerator of which shall equal the sum of the Allocated Square Footages (defined below) from that building and the denominator of which shall be the total square footage of that building utilized by HUC for Station Two. For purposes of the formula described above, there shall be allocated square footage from that building (the "Allocated Square Footage") to each HUC Support Position in an amount equal to (x) the square footage of the building utilized by that position, multiplied by (y) the HUC Percentage for that position. Exhibit C attached hereto shows the expense allocation percentage for the HUC Headquarters Buildings and each general and administrative support position and group.

5. BUDGETING; MONTHLY PAYMENTS; ANNUAL RECONCILIATIONS.

5.1 General Provision for Budgeting and Payments. The general and administrative expenses allocable to Station Two under the terms and provisions of this Agreement shall be treated as "administrative costs" or "costs of administration and general expense" under the terms and provisions of the Operation Agreement (excluding any allocation of such costs, however, to the Reid Station as may be required pursuant to Section 13.8(b) thereof), and the Power Sales Contract. In addition, the maintenance cost for inventory allocated to Station Two, and between the Parties hereto, shall be
controlling for purposes of the Station Two Contracts. All costs shall be subject to the terms and provisions in the Station Two Contracts providing (x) that such costs be budgeted annually by the Parties and included in the Operating Budget (as between Big Rivers and HUC) and the Annual Budget, (y) that such costs be paid or reimbursed monthly to the Parties, as applicable (whether as an operating expense under the Operation Agreement payable by Henderson, as a component of the capacity charge payable by Big Rivers to Henderson under the Power Sales Agreement), on the basis of one-twelfth (1/12th) the Annual Budget then in effect, and (z) that such costs, as paid by the parties during the Contract Year, shall be reconciled on an annual basis against actual general and administrative costs incurred by the Parties and allocable to Station Two under the terms and provisions hereof.

5.2 Responsibility for Payment of Others. Notwithstanding anything set forth in this Agreement to the contrary, each of the Parties shall be primarily responsible for payment and discharge, in full, of those general and administrative expenses of that party that are due and owing persons not a party to this Agreement. Each Party hereby agrees to indemnify and hold harmless each of the other Parties for any and all claims, causes of action, costs and expenses that such other Parties may suffer or incur as a result of, arising out of or otherwise relating to failure of such indemnifying party to pay and discharge those sums and obligations (constituting a general and administrative expenses hereunder) due and owing any such other Person.

5.3 Audit Rights. Each of the Parties, upon reasonable advance written notice and during normal hours of business operation, shall have the right, at such Party’s expense, to audit and inspect the books and records of another Party to the extent reasonably necessary to verify the accuracy of the costs and expenses charged by such other Party to Station Two under the terms and provisions of this Agreement. Notwithstanding the foregoing, no Party shall be required to disclose to another party any records or information specific to any individual employee’s Labor Costs or Labor Related Costs; instead, with respect to such employee information (when a request is specifically made for such information) the Party receiving such request will permit access to its records to an independent firm of certified public accountants for inspection on premises, and then, only such access as shall be reasonably necessary to enable that firm to certify to the requesting Party as to the reliability of the expenses allocated to Station Two. The Party receiving the request for employee information, in its discretion, may request that the firm of certified public accountants agree to reasonable confidentiality and limited use restrictions before providing such firm access to its books, records and information.

6. MISCELLANEOUS.

6.1 Amendment and Modification. No amendment or modification of this Agreement shall be valid unless made in writing and duly executed by the Parties.

6.2 Governing Law. This Agreement shall be governed by and interpreted in accordance with the internal laws of the Commonwealth of Kentucky.
6.3 Disputes. Any disputes arising between or among the Parties to the Agreement shall be resolved in accordance with the procedures provided for in the Station Two Contracts.

6.4 Successors and Assigns. This Agreement shall bind and inure to the benefit of the Parties and their respective successors and permitted assigns.

6.5 Counterparts. This Agreement may be executed in counterparts, each of which taken together shall constitute a single Agreement.

6.6 Entire Agreement. This Agreement, including all attached Exhibits, contains the entire and final understanding of the Parties with respect to the subject matters covered hereby and, during the Term hereof, supersedes all prior agreements and understandings between the parties related to such subject matters.

6.7 Headings. The headings in this Agreement are included for purposes of convenience only and should not be considered a part of this Agreement in construing or interpreting any provision hereof.

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date first written above.
THE CITY OF HENDERSON UTILITY COMMISSION

By: __________________________
Title: __________________________

BIG RIVERS ELECTRIC CORPORATION

By: __________________________
Title: President and CEO

[Station Two G & A Allocation Agreement]
THE CITY OF HENDERSON UTILITY COMMISSION

By: [Signature]
Title: General Manager

BIG RIVERS ELECTRIC CORPORATION

By: [Signature]
Title: [Title]
<table>
<thead>
<tr>
<th>Department Name</th>
<th>Big Rivers Non-Station Percentage</th>
<th>Big Rivers Station Two Percentage</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>President/CEO</td>
<td>95%</td>
<td>5.0%</td>
<td>Estimated Time</td>
</tr>
<tr>
<td>Executive Assistant</td>
<td>95%</td>
<td>5.0%</td>
<td>Estimated Time</td>
</tr>
<tr>
<td>Legal Counsel – Internal</td>
<td>95%</td>
<td>5.0%</td>
<td>Estimated Time</td>
</tr>
<tr>
<td>V.P. Enterprise Risk Management Strategic Planning and Support Staff</td>
<td>82.0%</td>
<td>18.0%</td>
<td>Capacity Split</td>
</tr>
<tr>
<td>Vice President Production</td>
<td>82.0%</td>
<td>18.0%</td>
<td>Capacity Split</td>
</tr>
<tr>
<td>Headquarters Production Staff</td>
<td>82.0%</td>
<td>18.0%</td>
<td>Capacity Split</td>
</tr>
<tr>
<td>Payroll</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll Supervisor</td>
<td>84.0%</td>
<td>16.0%</td>
<td>Headcount Split</td>
</tr>
<tr>
<td>Payroll Clerk</td>
<td>84.0%</td>
<td>16.0%</td>
<td>Headcount Split</td>
</tr>
<tr>
<td>Payroll Clerk</td>
<td>84.0%</td>
<td>16.0%</td>
<td>Headcount Split</td>
</tr>
<tr>
<td>Supply Chain</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manager Supply Chain</td>
<td>82.0%</td>
<td>18.0%</td>
<td>Capacity Split</td>
</tr>
<tr>
<td>Supply Chain Supervisor</td>
<td>82.0%</td>
<td>18.0%</td>
<td>Capacity Split</td>
</tr>
<tr>
<td>Contract Specialist</td>
<td>82.0%</td>
<td>18.0%</td>
<td>Capacity Split</td>
</tr>
<tr>
<td>Department/Division Secretary</td>
<td>82.0%</td>
<td>18.0%</td>
<td>Capacity Split</td>
</tr>
<tr>
<td>Procurement Agent-Reid/Green/HMPL</td>
<td>65.0%</td>
<td>35.0%</td>
<td>Site Capacity</td>
</tr>
<tr>
<td>Procurement Agent-Henderson Office</td>
<td>82.0%</td>
<td>18.0%</td>
<td>Capacity Split</td>
</tr>
<tr>
<td>Inventory Control Supervisor</td>
<td>82.0%</td>
<td>18.0%</td>
<td>Capacity Split</td>
</tr>
<tr>
<td>Inventory Analyst</td>
<td>82.0%</td>
<td>18.0%</td>
<td>Capacity Split</td>
</tr>
<tr>
<td>Manager – Fuels</td>
<td>100.0%</td>
<td>0.0%</td>
<td>Exception Coding – Services Rendered</td>
</tr>
<tr>
<td>Fuels Coordinator</td>
<td>100.0%</td>
<td>0.0%</td>
<td>Exception Coding – Services Rendered</td>
</tr>
<tr>
<td>Storekeeper-Reid/Green/HMPL</td>
<td>65.0%</td>
<td>35.0%</td>
<td>Capacity Split Reid/Green/Station II</td>
</tr>
<tr>
<td>Storekeeper-Reid/Green/HMPL</td>
<td>65.0%</td>
<td>35.0%</td>
<td>Capacity Split Reid/Green/Station II</td>
</tr>
<tr>
<td>Human Resources &amp; Admin. Support</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VP Administrative Services</td>
<td>84.0%</td>
<td>16.0%</td>
<td>Headcount Split</td>
</tr>
<tr>
<td>Manager HR &amp; Adm. Support</td>
<td>84.0%</td>
<td>16.0%</td>
<td>Headcount Split</td>
</tr>
<tr>
<td>HR Associate</td>
<td>84.0%</td>
<td>16.0%</td>
<td>Headcount Split</td>
</tr>
<tr>
<td>HR Generalist</td>
<td>84.0%</td>
<td>16.0%</td>
<td>Headcount Split</td>
</tr>
<tr>
<td>Health/Safety Specialist Reid/Green/HMPL</td>
<td>65.0%</td>
<td>35.0%</td>
<td>Capacity Split Reid/Green/Station II</td>
</tr>
<tr>
<td>Corporate Safety Adm.</td>
<td>84.0%</td>
<td>16.0%</td>
<td>Headcount Split</td>
</tr>
<tr>
<td>Corporate Training Instructor</td>
<td>84.0%</td>
<td>16.0%</td>
<td>Headcount Split</td>
</tr>
<tr>
<td>Secretary</td>
<td>84.0%</td>
<td>16.0%</td>
<td>Headcount Split</td>
</tr>
<tr>
<td>Insurance/Pension Administrator</td>
<td>84.0%</td>
<td>16.0%</td>
<td>Headcount Split</td>
</tr>
<tr>
<td>Manager Compensation/Benefits</td>
<td>84.0%</td>
<td>16.0%</td>
<td>Headcount Split</td>
</tr>
<tr>
<td>Messenger Mail Clerk</td>
<td>82.0%</td>
<td>18.0%</td>
<td>Capacity Split</td>
</tr>
<tr>
<td>Security Guard Supervisor</td>
<td>82.0%</td>
<td>18.0%</td>
<td>Capacity Split</td>
</tr>
<tr>
<td>Security Guards –Reid/Green/Station II</td>
<td>65.0%</td>
<td>35.0%</td>
<td>Capacity Split Reid/Green/Station II</td>
</tr>
<tr>
<td>External Relations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VP External Relations &amp; Supply Chain</td>
<td>95.0%</td>
<td>5.0%</td>
<td>Pre-Determined</td>
</tr>
<tr>
<td>Director Legislative/Regulatory</td>
<td>95.0%</td>
<td>5.0%</td>
<td>Pre-Determined</td>
</tr>
<tr>
<td>Administrative Assistant</td>
<td>95.0%</td>
<td>5.0%</td>
<td>Pre-Determined</td>
</tr>
<tr>
<td>Communication Coordinator</td>
<td>84.0%</td>
<td>16.0%</td>
<td>Headcount Split</td>
</tr>
<tr>
<td>Community Relations Representative</td>
<td>84.0%</td>
<td>16.0%</td>
<td>Headcount Split</td>
</tr>
<tr>
<td>Department Name</td>
<td>Big Rivers Non-Station Percentage</td>
<td>Big Rivers Station Two Percentage</td>
<td>Rationale</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>----------------------------------</td>
<td>----------------------------------</td>
<td>------------------------------------</td>
</tr>
<tr>
<td><strong>Information Services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manager Information Technology</td>
<td>82.0%</td>
<td>18.0%</td>
<td>Capacity Split</td>
</tr>
<tr>
<td>Supervisor Control Systems</td>
<td>82.0%</td>
<td>18.0%</td>
<td>Capacity Split</td>
</tr>
<tr>
<td>Secretary</td>
<td>82.0%</td>
<td>18.0%</td>
<td>Capacity Split</td>
</tr>
<tr>
<td>IT Engineer</td>
<td>90.0%</td>
<td>10.0%</td>
<td>Capacity Split</td>
</tr>
<tr>
<td>IT Engineer</td>
<td>90.0%</td>
<td>10.0%</td>
<td>Capacity Split</td>
</tr>
<tr>
<td>IT Engineer</td>
<td>90.0%</td>
<td>10.0%</td>
<td>Capacity Split</td>
</tr>
<tr>
<td>IT Engineer</td>
<td>90.0%</td>
<td>10.0%</td>
<td>Capacity Split</td>
</tr>
<tr>
<td>IT Analyst</td>
<td>90.0%</td>
<td>10.0%</td>
<td>Capacity Split</td>
</tr>
<tr>
<td>IT Analyst</td>
<td>90.0%</td>
<td>10.0%</td>
<td>Capacity Split</td>
</tr>
<tr>
<td>System Programmer/Analyst</td>
<td>82.0%</td>
<td>18.0%</td>
<td>Capacity Split</td>
</tr>
<tr>
<td>Information Services Coordinator</td>
<td>90.0%</td>
<td>10.0%</td>
<td>Pre-Determined</td>
</tr>
<tr>
<td><strong>Environmental</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manager Environmental</td>
<td>82.0%</td>
<td>18.0%</td>
<td>Capacity Split</td>
</tr>
<tr>
<td>Department/Division Secretary</td>
<td>82.0%</td>
<td>18.0%</td>
<td>Capacity Split</td>
</tr>
<tr>
<td>Environmental Supervisor - Air</td>
<td>82.0%</td>
<td>18.0%</td>
<td>Capacity Split</td>
</tr>
<tr>
<td>Environmental Supervisor - Land</td>
<td>82.0%</td>
<td>18.0%</td>
<td>Capacity Split</td>
</tr>
<tr>
<td>Senior Environmental Scientist</td>
<td>82.0%</td>
<td>18.0%</td>
<td>Capacity Split</td>
</tr>
<tr>
<td>Senior Environmental Scientist</td>
<td>82.0%</td>
<td>18.0%</td>
<td>Capacity Split</td>
</tr>
<tr>
<td>Environmental Scientist</td>
<td>82.0%</td>
<td>18.0%</td>
<td>Capacity Split</td>
</tr>
<tr>
<td>Environmental Scientist</td>
<td>82.0%</td>
<td>18.0%</td>
<td>Capacity Split</td>
</tr>
<tr>
<td>Senior Chemist</td>
<td>100.0%</td>
<td>0.0%</td>
<td>Central Lab Coal Work – Charge for Services Rendered</td>
</tr>
<tr>
<td>Senior Chemist</td>
<td>100.0%</td>
<td>0.0%</td>
<td>Central Lab Coal Work – Charge for Services Rendered</td>
</tr>
<tr>
<td>Chemist 3</td>
<td>100.0%</td>
<td>0.0%</td>
<td>Central Lab Coal Work – Charge for Services Rendered</td>
</tr>
<tr>
<td>Chemist 3</td>
<td>100.0%</td>
<td>0.0%</td>
<td>Central Lab Coal Work – Charge for Services Rendered</td>
</tr>
<tr>
<td>Drafter</td>
<td>82.0%</td>
<td>18.0%</td>
<td>Capacity Split</td>
</tr>
<tr>
<td><strong>Accounting and Finance</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CFO &amp; V.P. Accounting</td>
<td>95.0%</td>
<td>5.0%</td>
<td>Pre-Determined</td>
</tr>
<tr>
<td>Managers of Accounting &amp; Budget</td>
<td>82.0%</td>
<td>18.0%</td>
<td>Capacity Split</td>
</tr>
<tr>
<td>Secretary</td>
<td>82.0%</td>
<td>18.0%</td>
<td>Capacity Split</td>
</tr>
<tr>
<td>Accountants/Station II</td>
<td>50.0%</td>
<td>50.0%</td>
<td>Capacity Split plus Station II Preparation of Accounting</td>
</tr>
<tr>
<td>Accounting Clerk</td>
<td>82.0%</td>
<td>18.0%</td>
<td>Capacity Split</td>
</tr>
<tr>
<td>Budget Analyst/Station II</td>
<td>65.0%</td>
<td>35.0%</td>
<td>Capacity Split Reid/Green/Station II</td>
</tr>
<tr>
<td>Accounts Payable Personnel</td>
<td>82.0%</td>
<td>18.0%</td>
<td>Capacity Split</td>
</tr>
<tr>
<td><strong>Generation Dispatch</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Costs</td>
<td>82.0%</td>
<td>18.0%</td>
<td>Capacity Split</td>
</tr>
<tr>
<td><strong>NERC Compliance – Generation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Costs</td>
<td>82%</td>
<td>18.0%</td>
<td>Capacity Split</td>
</tr>
<tr>
<td>Headquarters Cost</td>
<td>HMF&amp;L</td>
<td>10.0%</td>
<td>Pre-Determined</td>
</tr>
<tr>
<td>-------------------</td>
<td>-------</td>
<td>-------</td>
<td>---------------</td>
</tr>
<tr>
<td></td>
<td>BREC</td>
<td>90.0%</td>
<td>Pre-Determined</td>
</tr>
</tbody>
</table>
**Exhibit C**

**HENDERSON MUNICIPAL POWER & LIGHT**

**GENERAL AND ADMINISTRATIVE EXPENSES**

**ANNUAL ALLOCATION SUMMARY**

**FOR HMP&L STATION TWO**

<table>
<thead>
<tr>
<th>Employment Position</th>
<th>HMP&amp;L Expense Allocation Percentage to Station Two</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power Plant Prod. Director</td>
<td>100%</td>
<td>Actual Prior Period Expense and Estimated Subsequent Period Expense</td>
</tr>
<tr>
<td>Power Plant Coordinator</td>
<td>100%</td>
<td>Actual Prior Period Expense and Estimated Subsequent Period Expense</td>
</tr>
<tr>
<td>Admin. Assist. – Power Plant</td>
<td>100%</td>
<td>Actual Prior Period Expense and Estimated Subsequent Period Expense</td>
</tr>
<tr>
<td>General Manager</td>
<td>50%</td>
<td>Actual Prior Period Expense and Estimated Subsequent Period Expense</td>
</tr>
<tr>
<td>Admin. Assist. To General Mgr.</td>
<td>25%</td>
<td>Actual Prior Period Expense and Estimated Subsequent Period Expense</td>
</tr>
<tr>
<td>Comptroller</td>
<td>25%</td>
<td>Actual Prior Period Expense and Estimated Subsequent Period Expense</td>
</tr>
<tr>
<td>Accounting Technician</td>
<td>10%</td>
<td>Actual Prior Period Expense and Estimated Subsequent Period Expense</td>
</tr>
<tr>
<td>Legal Counsel – Internal</td>
<td>50%</td>
<td>Actual Prior Period Expense and Estimated Subsequent Period Expense</td>
</tr>
<tr>
<td>Engineer – Internal</td>
<td>25%</td>
<td>Actual Prior Period Expense and Estimated Subsequent Period Expense</td>
</tr>
<tr>
<td>Engineer Assistant</td>
<td>25%</td>
<td>Actual Prior Period Expense and Estimated Subsequent Period Expense</td>
</tr>
<tr>
<td>Accountants</td>
<td>50%</td>
<td>Actual Prior Period Expense and Estimated Subsequent Period Expense</td>
</tr>
<tr>
<td>Regulatory Compliance Manager</td>
<td>50%</td>
<td>Actual Prior Period Expense and Estimated Subsequent Period Expense</td>
</tr>
<tr>
<td>Budget Auditor</td>
<td>50%</td>
<td>Actual Prior Period Expense and Estimated Subsequent Period Expense</td>
</tr>
<tr>
<td>Headquarters Buildings Costs</td>
<td>46%</td>
<td>Actual Prior Period Expense and Estimated Subsequent Period Expense</td>
</tr>
</tbody>
</table>
Case No. 2018-00146
KIUC 1-2 (RWB)(Att) - 1972 Spare Transformer Agreement
U.S. DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION

REA BORROWER DESIGNATION
Kentucky 62-584 Rivers

THE WITHIN...transforms agreement dated July 21, 1978:

Address the City of Hendersonville, Columbia, City of
Henderson, Kentucky.

SUBMITTED BY THE ABOVE DESIGNATED BORROWER PURSUANT TO THE
TERMS OF THE LOAN CONTRACT IS HEREBY APPROVED SOLELY FOR THE
PURPOSE OF SUCH CONTRACT.

Dated

[Signature]

[Stamp]
SPARE TRANSFORMER AGREEMENT

AGREEMENT between CITY OF HENDERSON UTILITY COMMISSION, CITY OF HENDERSON, KENTUCKY (City) and BIG RIVERS RURAL ELECTRIC COOPERATIVE CORPORATION of Henderson, Kentucky (Big Rivers).

WITNESSETH:

WHEREAS the parties own and operate electric generating facilities, hereinafter described, which utilize stepup power transformers as necessary components in the supplying of electric service to their respective consumers, and

WHEREAS it is the desire of the parties to jointly acquire, own and utilize a spare 161 KV stepup power transformer so as to provide for the contingency of transformer failure in their respective electric facilities, and to define herein the terms and provisions under which such acquisition, ownership and utilization shall occur.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements herein made, it is hereby stipulated, covenanted and agreed as follows:

1. Generating Facilities: The electric generating facilities to which this agreement shall apply are as follows:
a. City's Station Two electric generating plant in Henderson County, Kentucky, Units 1 and 2.
b. Big Rivers' Coleman Station, Hancock County, Kentucky, Units 1, 2 and 3.
c. Such additional generating facilities as either of the parties may hereafter acquire.

2. Acquisition of Spare Transformer: The parties shall jointly acquire, through competitive bidding procedures as required of City by law, one 175-196 MVA, 17,500 volts (Delta) primary to 161,000 volts (Grounded Wye) secondary standby generator stepup transformer and accessories (hereinafter referred to as "spare transformer") and services and materials in connection therewith, all as specified by Burns and McDonnell Engineering Company of Kansas City, Missouri (Engineers), copy of which specification is attached herewith and made a part hereof; one, new or used depressed center rail car suitable for rail transportation of the spare transformer between the parties' electric generating stations, in accordance with the Engineers' specifications attached herewith as a part hereof; and all other accessories, materials, labors and/or services reasonably required to complete all facilities necessary for the parties' joint ownership, storage and use of the spare transformer which is the subject of this agreement, all of which shall be performed in accordance with the specifications.
attached herewith and such other plans and/or specifications as shall be mutually agreed upon by the parties.

3. Ownership and Costs of Acquisition: The costs of acquisition of the spare transformer, rail car, materials, labor and services defined in paragraph 2 hereof shall be paid by the parties as follows:

City - Forty Per Cent (40%)
Big Rivers - Sixty Per Cent (60%)

and the ownership thereof shall be vested in the parties in the same proportions as hereinabove stated.

4. Maintenance and Storage; Costs: The spare transformer and rail car to be acquired by the parties pursuant to this agreement shall be stored, from time to time, at either City's Station Two or Big Rivers' Coleman Plant. The party having such storage shall provide all materials and/or services required to properly maintain the standby transformer and rail car in good repair and working condition, and to protect the same from damage and deterioration. The reasonable costs of such storage, maintenance and protection shall be borne by the parties in the same ratio as their respective interests of ownership therein. The methods of maintenance and storage shall be as recommended by the Engineers. Costs of maintenance during use of the spare transformer shall be borne in accordance
with the provisions of paragraph 6 hereof.

5. Right to Use; Priority: Each of the parties shall have the right to use the spare transformer during the continuance of any maintenance or emergency outage of a generator stepup transformer of its generating facilities as defined in paragraph 1, provided that the party using such spare transformer shall make diligent effort to return the same to storage as soon as practicable. Priority for the use of the spare transformer shall go to the party first experiencing a transformer outage. During periods of transformer outages on both of the parties' generating facilities, the parties shall share the capacity of the spare transformer in proportion to their interests in ownership thereof as defined in paragraph 3.

6. Costs of Use: The party using the spare transformer in the operation of its generating facilities shall pay all costs incurred in removing from storage, transporting, readying for operation, installation, use, maintenance during use, and return to storage in as good condition of maintenance and repair as when taken, reasonable wear excepted, and upon the discontinuance of use thereof shall return the same to storage. If the parties jointly share the capacity of the spare transformer
they shall jointly pay the costs defined in this paragraph in proportion to the megawatt days of capacity used by each party, from the date of energization to the date of de-energization of the spare transformer.

7. Costs of Major Repair: In the event of the failure of the spare transformer or major damage thereto during the use thereof by either party, the costs of restoring the spare transformer to useful condition and reasonable state of repair shall be borne by the parties as follows:
   a. To the extent that such damage is caused by the negligence of a party in its use thereof, by such party.
   b. To the extent not the result of any such negligence, by the parties in proportion to their interests in ownership thereof.

8. Use by Others or for other Purposes: By mutual consent of the parties the spare transformer may be used by others or may be used by the parties for purposes other than as a generator stepup transformer under such terms and conditions, and for such period of time as the parties may agree. All money or other consideration received from others for the use thereof shall be first applied to the payment of costs incurred in providing such use to others, any restoration costs and costs of returning to storage, with any remaining considerations to be credited to the parties in proportion to their respective interests of ownership as provided in paragraph 3.

9. Insurance: Each of the parties shall obtain
endorsements of their respective power plant casualty insurance policies so as to provide fire, extended coverage and vandalism, broad form, insurance coverage of the spare transformer, rail car and related facilities during such time as the same may be located at the parties' generating stations, respectively, with loss payable clause for the benefit of the other party in proportion to its interest in ownership as provided in paragraph 3. Costs of such insurance shall be paid by the parties in proportion to their respective interests in ownership.

Cost of insurance shall be the increase, if any, in insurance premiums of each parties' generating facilities by reason of the addition of the spare transformer, rail car and related facilities to the parties' insurance policies.

10. Accounting Records: Each party will keep and maintain complete and accurate books, records and accounts of its storage, maintenance and use of the spare transformer, rail car and related facilities, all in accordance with rules and regulations prescribed by any governmental agency having jurisdiction thereof, and in accordance with the uniform system of accounts prescribed by the Federal Power Commission. All such records shall be available for inspection by the other party and its representatives at all reasonable times and places.
11. Billing and Payments: On or before the twentieth day of each calendar month of the contract term the parties will present to each other statements of payments due covering the storage, maintenance and/or use of the spare transformer, rail car and related facilities for the monthly billing period just ended, such statement showing in detail the costs and charges included therein, with proper vouchers substantiating such charges. Monthly payments by the parties shall be due and payable currently, for each monthly billing period on or before the thirtieth day of such month. Payments shall be deemed complete upon the posting thereof in the regular United States Mail, properly addressed and affixed with postage. The parties shall have the right to offset such accounts payable against accounts receivable.

12. Construction and Operating Standards: The spare transformer and related facilities which are the subject of this Agreement shall be constructed, operated and maintained in accordance with standards and specifications equal to those provided by the National Electric Safety Code of the United States Bureau of Standards, and as required by any regulatory authority having jurisdiction thereof.
13. Inspections, Right of Access: Each party hereto shall permit the duly authorized representatives and employees of the other party to enter upon its premises for the purpose of inspecting, testing, repairing, renewing or replacing any or all of the facilities and equipment which are the subject of this Agreement, or for the purpose of performing any other work necessary in order to carry out the provisions of this Agreement. Each party shall be responsible for the safety of its own representatives and employees when on the premises of the other pursuant to the right of access granted in this Agreement, and shall hold harmless and indemnify the party granting access from any loss or damage whatsoever by reason of any injury, including death, of such representatives and/or employees, unless the same shall be due to the negligence or willful misconduct of the party granting such access or its authorized agents or employees.

14. Relationship of the Parties: Except as otherwise specifically provided herein, the terms of this Agreement shall not be construed as an agreement for partnership, joint venture, association or other relationship whereby either party shall be responsible for the obligations and/or liabilities of the other.
party hereto. Except as otherwise specifically provided herein, neither party to this Agreement shall, by reason of the provisions hereof, be deemed a principal, agent, sub-contractor or employee of the other party hereto, nor shall either party to this Agreement have the authority to bind the other party to this Agreement to any contract or any other obligation, without specific written authority therefore.

15. Uncontrollable Forces: Neither party hereto shall be considered in default or breach with respect to any obligation under this Agreement if prevented from fulfilling such obligation by reason of an Uncontrollable Force. Any party unable to fulfill any obligation by reason of Uncontrollable Forces shall exercise due diligence to remove such disability as soon as reasonably possible. The term "Uncontrollable Force" shall mean any force which is not within the control of any party to this Agreement, and which by exercise of due diligence and foresight could not reasonably have been avoided, including, but not limited to; an act of God, fire, flood, earthquake, explosion, strike, sabotage, an act of the public enemy, civil or military authority, including court orders, injunctions, and orders of government agencies having proper jurisdiction, insurrection or riot, an act of the elements, failure of equipment, or inability to obtain or ship materials because of
the effect of similar causes on suppliers or carriers.

16. Arbitration: Any controversy or claim arising out of, or relating to this Agreement or the breach thereof may be submitted to Arbitration at the time, in the manner and upon the terms agreed upon by the parties. Arbitrations shall not be considered the sole or exclusive means of settling controversies which may arise under the terms and provisions of this Agreement, nor shall Arbitration be considered a condition precedent to any action in court of law or equity or proceedings before any governmental agency or regulatory body having jurisdiction thereof.

17. Default: In the event of a default by either party in the performance of any one or more of the provisions of this Agreement, the aggrieved party shall, in addition to the remedies specified in this Agreement, have the right to use and employ all rights and remedies available through courts of law and/or equity, governmental agencies and/or regulatory bodies having jurisdiction thereof.

18. Waiver: The failure of either party to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such
rights, but the same shall continue and remain in full force and effect.

19. Notices: Any payment, written notice, demand or request required or permitted under this Agreement shall be deemed properly given to or served upon the recipient when posted through the regular United States mail, properly addressed, and affixed with postage as follows:

to City: General Manager, Municipal Power & Light
P. O. Box 8
Henderson, Kentucky 42420

to Big Rivers: Manager, Big Rivers RECC
P. O. Box 24
Henderson, Kentucky 42420

The designation of the person to be notified, or the addresses of such persons, may be changed at any time upon written notice to the other parties.

20. Compliance With Govermental Regulations: City and Big Rivers will, at all times, faithfully obey and comply with existing and future laws, rules and regulations of federal, state or local governmental bodies lawfully affecting the operations and activities which are the subject of this Agreement.

21. Term and Termination: The term of this Agreement
shall commence upon the execution hereof by City and Big Rivers and shall terminate on October 31, in the year Two Thousand and Three (2003) unless otherwise terminated by mutual agreement of the parties.

22. Sale Or Other Disposition of Facilities: City and Big Rivers mutually agree that neither will sell or otherwise dispose of its interest in the spare transformer, rail car and related facilities which are the subject of this Agreement unless the same has been offered to the other party hereto in writing, and such other party has failed, for a period of six months after receipt of such offer to accept same and pay the purchase price or other agreed consideration therefor. After such six months period, or upon written refusal of said offer, whenever first occurs, the selling party may proceed to make such sale or other disposition to others not a party to this Agreement upon at least equal terms or conditions. Provided however, that if such sale or disposition to others, not a party to this Agreement, shall not have occurred within the six months period immediately following the termination of the other parties right to accept said offer, no such sale or other disposition shall thereafter be made by the selling party without again first offering same to the other party to this Agreement as above provided. Any sale, assignment or other disposition
by either party to others not a party to this Agreement shall be made subject to all of the rights, obligations, terms and conditions of this Agreement, and it shall be a condition of such sale or other disposition that the purchaser or acquire thereof assume all of the obligations of the disposing party under the terms of this Agreement. The provisions of this paragraph 22 pertaining to City's sale or other disposition shall be subject to all laws applicable thereto.

23. Amendments: No amendments of this Agreement shall be effective unless reduced to writing and executed by all parties hereto. It is understood that Big Rivers may not agree to any amendment, modification or alteration of this Agreement without first obtaining approval of the Administrator of the Rural Electrification Administration.

24. Severability: In the event that any part of this Agreement is declared illegal or no longer in force by reason of an order issued by a court or regulatory body of competent jurisdiction, all remaining portions of this Agreement which are not affected by such order shall continue in full force and effect.

25. Assignment: This Agreement shall be binding upon the parties hereto, their respective successors and assigns. Provided however, that this Agreement shall not be assigned by
either party (except for an assignment by Big Rivers to the United States of America, an assignment by City to a receiver pursuant to its Electric Light and Power Revenue Bond Ordinances of August 27, 1970, as amended; or an assignment by either party to a successor in interest in connection with an assignment or transfer of the generating facilities to which this agreement applies) without the written consent of the other party.

26. Approval: This Agreement shall be subject to the approval of all local, state or federal regulatory bodies having jurisdiction thereof and shall become effective only upon the execution thereof by the parties and approval by the Administrator of the Rural Electrification Administration.

27. Station Two Agreements: It is mutually agreed that the spare transformer, rail car and related facilities which are the subject of this Agreement to the extent of City's rights, obligations and ownership therein, shall be considered a facility of City's Station Two Electric Generating Station, Units One and Two, and as such are subject to the provisions of the parties' Power Plant Construction and Operation Agreement, Power Sales Contract and Joint Facilities Agreement dated August 27, 1970, as amended; and the provisions of the City of Henderson Electric Light and Power Revenue Bond Ordinance of August 27, 1970, as amended.

28. It is further agreed that if Big Rivers elects to have the spare transformer which is the subject of this agreement manufactured so as to have the additional capacity of operating at 13,800 volts (delta) to 37,000 volts (grounded delta),
secondary at a capacity of 90/100.8 MVA by changing internal terminal board connections (as outlined in specifications prepared by the Engineers and attached herewith) then Big Rivers may employ the use of the spare transformer and accessories at its Reid Station, Henderson County, Kentucky, under the same terms and conditions as hereinabove provided. In the event of such elections, Big Rivers shall pay all costs of acquisition of the spare transformer and related facilities in excess of those costs which would have been incurred by the parties in the event that such elections had not been made by Big Rivers.

29. Authority to Execute: This Agreement is executed by the duly authorized officers or representatives of the parties pursuant to authority granted to each of them by the lawful action of their respective official commissions or boards.

EXECUTED at Henderson, Kentucky, this 11th day of July, 1972.

CITY OF HENDERSON UTILITY COMMISSION
CITY OF HENDERSON, KENTUCKY

By: Louis Hatchett, Chairman

ATTEST:

Secretary
This Instrument Prepared by

of WEST BRYANT & TERNES
Attorneys at Law
Suite 380 - Imperial Building
110 Third Street
Henderson, Kentucky 42420
EXCERPT FROM THE MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS
OF BIG RIVERS RURAL ELECTRIC COOPERATIVE CORPORATION
HELD IN HENDERSON, KENTUCKY, ON
JULY 14, 1972

Upon the motion of D. B. Wilson, seconded by Texal Brooks, it was moved that spare transformer agreement between the Henderson M&L and Big Rivers be approved. Motion carried unanimously.

I. Robert D. Green, President of the Board of Directors of Big Rivers Rural Electric Cooperative Corporation hereby certify that the above is a true and correct excerpt from the minutes of Regular Meeting of said corporation held on July 14, 1972.

[Signature]
U. S. DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION

REA BORROWER DESIGNATION: Kentucky 62 Big Rivers

THE WITHIN System Reserves Agreement dated January 1, 1974
between City of Henderson Utility Commission and Big Rivers
Electric Corporation.

SUBMITTED BY THE ABOVE DESIGNATED BORROWER PURSUANT TO THE
TERMS OF THE LOAN CONTRACT, IS HEREBY APPROVED SOLELY FOR THE
PURPOSES OF SUCH CONTRACT.

[Signature]
FOR THE ADMINISTRATOR

DATED

DAVID A. H.
SYSTEM RESERVES AGREEMENT

THIS AGREEMENT made and entered into as of January 1, 1974, by and between CITY OF HENDERSON UTILITY COMMISSION (CITY), and BIG RIVERS ELECTRIC CORPORATION (BIG RIVERS), both having offices in Henderson, Kentucky.

WITNESSETH:

WHEREAS, the parties' electric systems are physically interconnected pursuant to the provisions of certain agreements dated September 1, 1965, April 1, 1968, August 1, 1970, and June 1, 1972, through which interconnections the parties operate their respective electric systems on an interconnected basis and transact power and energy exchanges as provided by such agreements, and

WHEREAS, by the provisions of said agreements each of the parties is required to maintain adequate reserve generating capacity on its system so as not to impose disproportionate demands upon the other for assistance in meeting the normal contingencies of operating its power system, and

WHEREAS, the parties desire to fix their responsibilities for providing reserve generating capacities and standby capacity for their respective electric systems for such time as their electric systems shall remain interconnected, or until the provisions of this agreement shall be amended or terminated as hereinafter provided.
NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements herein made, it is stipulated, covenanted and agreed by and between the parties as follows:

1. TERM:

1.1 This agreement shall become effective upon its execution by the parties, subject to approval of the Administrator of the Rural Electrification Administration as to BIG RIVERS' execution thereof, and shall continue thereafter, from year to year (each period from November 1 through October 31 being considered a contract year) until termination of the parties' agreements of September 1, 1965, April 1, 1968, August 1, 1970, and June 1, 1972, respectively.

2. CITY'S ELECTRIC SYSTEM:

2.1 CITY agrees during the term of this agreement to provide for its electric system, at all times during each contract year, a minimum generating capacity equal to its system peak load during such contract year plus fifteen percent (15%). Such generating capacity shall be provided through (a) installed
and operable generation at CITY's Station One, (b) reserved generation from CITY's Station Two, and/or (c) firm capacity purchased or otherwise available from others.

2.2 Standby capacity for CITY's generating capacity (as generating capacity is defined in paragraph 2.1) shall be provided as follows:

(a) BIG RIVERS shall provide standby capacity for CITY's Station One in an amount equal to the lesser of (i) the maximum net send-out capacity of all operable generating units in Station One, or (ii) the amount that CITY's load exceeds its generating capacity available from sources other than its Station One.

(b) CITY shall provide standby capacity for its generating capacity reserved from Station Two in an amount equal to such reserved generating capacity. The standby capacity referred to in this subparagraph shall be provided out of the alternate generating unit of Station Two as provided in Section 5 of the parties' Power Sales
Contract dated August 1, 1970. In the event that the alternate generating unit of Station Two is unavailable for standby service by reason of scheduled or unscheduled outage, BIG RIVERS will, on a best efforts basis, provide or procure standby capacity for CITY's reserved generating capacity from Station Two, subject to the provisions of paragraph 4.3 of this agreement.

3. BIG RIVERS ELECTRIC SYSTEM:

3.1 BIG RIVERS agrees during the term of this agreement to provide for its electric system at all times during each contract year a minimum generating capacity equal to its system peak load during such contract year plus fifteen per cent (15%). Such generating capacity shall be provided through (a) installed and operable generation at BIG RIVERS' generating stations, (b) generating capacity purchased from CITY's Station Two pursuant to the parties' Power Sales Contract dated August 1, 1970, and/or (c) firm capacity purchased or otherwise available from others.

3.2 Standby capacity for BIG RIVERS' generating capacity (as generating capacity is defined in paragraph 3.1 hereof) shall be provided as
follows:

(a) BIG RIVERS shall provide out of its own generating units or by purchase or other availability from others, standby capacity equal to the greater of (i) the largest generating unit of BIG RIVERS' electric system at the time of execution of this agreement, or (ii) the largest generating unit of CITY's Station Two at the time of execution of this agreement.

(b) BIG RIVERS' generating capacity purchased or otherwise available from others shall be firm capacity with adequate standby being provided by the supplier.

4. PAYMENTS:

4.1 There shall be no capacity charge for standby service to be provided CITY by BIG RIVERS under the terms of this agreement.

4.2 Electric energy delivered under this agreement shall be settled for by the return of the equivalent energy or, at the option of the supplying party, by payment. If the equivalent energy is returned, it shall be returned at times when load conditions of the receiving party are substantially
equivalent to the load conditions of such party at the time it delivered the energy; or, if such party elects to have equivalent energy returned under different conditions, it shall be returned in such amounts as will compensate for the difference in conditions. If payment is made as herein provided, it shall be made on the basis of out-of-pocket costs as set forth in Exhibit "A" hereof plus ten per cent (10%) of such out-of-pocket costs.

4.3 If the energy requested by CITY under this agreement is not available from BIG RIVERS' generating capacity for reasons beyond BIG RIVERS' reasonable control, but is available from other sources, BIG RIVERS will purchase the energy from such other sources in order to make the delivery to CITY, in which event the costs to the CITY for such energy shall be the actual, out-of-pocket purchase costs to BIG RIVERS for making such delivery, plus an adjustment for losses incurred over BIG RIVERS' electric system.

5. GENERAL PROVISIONS:

5.1 This agreement shall be subject to and governed by the terms and provisions of the parties' Interconnection Agreement dated
June 1, 1972, the terms and provisions of which are incorporated herein by this reference.

5.2 If there is any conflict between the terms and provisions of this agreement and the terms and provisions of the parties' Interconnection Agreement dated June 1, 1972, then the terms of this agreement shall prevail to the extent of such conflict.

6. AMENDMENTS:

6.1 This agreement may be amended only by written amendment executed by both parties hereto, which execution on the part of BIG RIVERS shall be subject to approval of the Administrator of the Rural Electrification Administration.

7. PARTIES BOUND:

7.1 This agreement shall be binding upon the parties hereto, their respective successors and assigns.

7.2 Any sale or other disposition of either party's electric system, or any portion or portions thereof which shall affect the terms and provisions of this agreement, shall be made subject to the terms and provisions of this agreement.

-7-
IN WITNESS WHEREOF the parties have caused this agreement to be executed by their respective officers, duly authorized therefor, this the day and year first above written.

CITY OF HENDERSON UTILITY COMMISSION
CITY OF HENDERSON, KENTUCKY

By
Chairman

ATTEST:

Dudley Jackson
Secretary

BIG RIVERS ELECTRIC CORPORATION

By
President

ATTEST:

Robert Bock
Secretary

This Instrument Prepared By

WEST AND TERNES, CHARTERED
Attorneys at Law
Suite 380 Imperial Building
110 Third Street
Henderson, Kentucky 42420
EXHIBIT "A"
Out-of-Pocket Costs

DATE: June 1, 1972
FIRST PARTY: BIG RIVERS RECC
SECOND PARTY: CITY OF HENDERSON, KY.

For purposes of this agreement and the schedules attached hereto "out-of-pocket costs" shall mean the cost of fuels in the generating station or stations of the supplying party plus one mil per kwh, plus losses to point of delivery and plus any applicable startup charges. Cost of fuels as used herein shall include all fuel costs, handling charges and associated fuel charges includable within FPC Account 501.

IN WITNESS WHEREOF the parties have caused this schedule to be executed by their duly authorized officers on the date above referred to.

BIG RIVERS RURAL ELECTRIC COOPERATIVE CORPORATION
FIRST PARTY: ____________________________
By: ____________________________
Title: President

ATTEST:
By: ____________________________
Title: Secretary

CITY OF HENDERSON UTILITY COMMISSION
SECOND PARTY: CITY OF HENDERSON, KENTUCKY
By: ____________________________
Title: Chairman
EXCERPT FROM THE MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS OF BIG RIVERS ELECTRIC CORPORATION HELD IN HENDERSON, KENTUCKY, ON APRIL 12, 1974

Upon motion of Texal Brooks, seconded by Robert D. Green, it was unanimously moved that Contract No. 293 between Henderson Municipal Power & Light and Big Rivers be approved.

I, Robert D. Green, President of the Board of Directors of Big Rivers Electric Corporation hereby certify that the above is a true and correct excerpt from the minutes of Regular Meeting of said corporation held on April 12, 1974.

[Signature]
Case No. 2018-00146
KIUC 1-2 (RWB)(Att) – Agreement for Assignment of Responsibility for Complying with Reliability Standards
AGREEMENT FOR ASSIGNMENT OF RESPONSIBILITY FOR COMPLYING WITH RELIABILITY STANDARDS BETWEEN Henderson Municipal Power & Light AND Big Rivers Electric Corporation
### Table of Contents

1 Definitions ............................................................................................................... 2  
1.1 General ............................................................................................................... 2  
1.2 Specific Definitions and Exceptions ................................................................. 2  
2 Term and Termination .......................................................................................... 2  
2.1 Effective Date and Term ..................................................................................... 2  
2.2 Term .................................................................................................................... 2  
2.3 Termination ......................................................................................................... 3  
   Termination Option ............................................................................................... 3  
   Effectiveness of Termination ................................................................................ 3  
   Survival of Obligations ......................................................................................... 3  
   Interim Compliance with Reliability Standards .................................................. 4  
3 Duties and Obligations of the Parties .................................................................. 4  
3.1 Basic Scope of Duties, Obligations, and Powers ............................................. 4  
   3.1.1 BREC Obligations ....................................................................................... 4  
   3.1.2 Authorization .............................................................................................. 4  
   3.1.3 HMP&L Obligations ................................................................................... 5  
   3.1.4 Method of Compliance with Applicable Reliability Standard ............... 5  
   3.2 BREC Cost Recovery from HMP&L ............................................................... 6  
   3.2.1 General Cost Recovery ............................................................................. 6  
   3.2.2 Recovery of Fines and Penalties ............................................................... 7  
   3.3 New or Modified Reliability Standards and Updating of Exhibit B .......... 8  
   3.4 HMP&L Option to Assume Direct Responsibility for Compliance ........... 8  
   3.5 Potential Joint Compliance with Applicable Reliability Standards by BREC and HMP&L ................................................................. 9  
4 Representations and Covenants .......................................................................... 9  
5 No Rights Created for the Benefit of Third Party Beneficiaries ....................... 9  
6 Indemnification ...................................................................................................... 10  
6.1 Liability Between the Parties ........................................................................... 10  
6.2 No Liability for Electric Disturbances and Interruptions .............................. 10  
7 Miscellaneous Matters .......................................................................................... 11  
7.1 Assignment ........................................................................................................ 11  
7.2 RUS Assignment................................................................................................ 11  
7.3 Notices ................................................................................................................ 11  
7.4 Waivers .............................................................................................................. 12  
7.5 Governing Law and Forum .............................................................................. 12  
7.6 Mediation/Arbitration ....................................................................................... 13  
7.7 Consistency with Federal Laws and Regulations ........................................ 13  
7.8 Severability ....................................................................................................... 14  
7.9 Section Headings .............................................................................................. 14  
7.10 Meaning of Herein and Hereunder ................................................................. 14  
7.11 Entire Agreement .............................................................................................. 14  
7.12 Amendments .................................................................................................... 14  
7.13 Counterparts ..................................................................................................... 15
Exhibits

Exhibit A  Functions and/or Reliability Standards and Requirements for which BREC has Assumed Compliance Responsibility on Behalf of HMP&L

Exhibit B  Additional Parties for which Notice, Acceptance, and/or Approval of this Agreement is Required or Deemed Needed

Exhibit C  Allocation of Responsibilities and Duties for Complying with Applicable Reliability Standards

Appendix

Appendix A  Allocation of Responsibilities and Duties for Requirements within Applicable Reliability Standards
AGREEMENT FOR ASSIGNMENT OF RESPONSIBILITY
FOR COMPLYING WITH RELIABILITY STANDARDS

THIS AGREEMENT FOR ASSIGNMENT OF RESPONSIBILITY FOR COMPLYING
WITH RELIABILITY STANDARDS ("Agreement") is entered into this 16th day of
July, 2009, by and between: (a) Henderson Municipal Power & Light ("HMP&L"),
having its registered and principal executive office at 100 5th Street, Henderson, Kentucky, and
(b) Big Rivers Electric Corporation ("BREC"), a Kentucky rural electric cooperative, having its
registered and principal executive office at 201 Third Street, Henderson, Kentucky. HMP&L
and BREC are hereinafter referred to as the "Parties."

WITNESSETH

WHEREAS, HMP&L is engaged in substantial part in the generation, transmission, retail
sale and distribution of electric power;

WHEREAS, BREC is engaged in substantial part in the generation, wholesale sale, and
transmission of electric power;

WHEREAS, HMP&L is directly responsible for complying with Reliability Standards
established, administered, and/or enforced by the Electric Reliability Organization ("ERO")
and/or SERC, the Regional Entity in HMP&L’s region (the "RE"), subject to the approval and/or
oversight of the Federal Energy Regulatory Commission ("FERC") pursuant to Section 215 of
the Federal Power Act ("FPA") as amended by Section 1211 of the Energy Policy Act of 2005;

and
WHEREAS, HMP&L desires to assign to BREC, and BREC is willing to accept assignment of, responsibility for certain of HMP&L's compliance functions and responsibilities within various Reliability Standards on the terms specified herein;

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, the Parties hereby agree as follows:

1 Definitions

1.1 General

Except as defined below, terms and expressions used in this Agreement shall have the same meanings as those contained in the FPA and the Reliability Standards.

1.2 Specific Definitions and Exceptions

[None]

2 Term and Termination

2.1 Effective Date and Term

This Agreement shall be effective as of the later of (a) the date that the ERO and the RE accept BREC's assignment to comply with the Reliability Standards specified in Exhibit A (the "Applicable Reliability Standards") on behalf of HMP&L, and (b) the date that notification has been given to or approval or acceptance has been received from any other entities [such as the Big Rivers' Board of Directors, RUS, the Kentucky Public Service Commission, or FERC] as specified in Exhibit B; whose notification, acceptance, or approval is necessary or deemed needed for this Agreement to take effect.

2.2 Term

Once entered into, the term of this Agreement shall continue indefinitely until terminated
pursuant to 2.3.

2.3 Termination

Termination Option

Either Party may terminate this Agreement for any reason upon written notice to the other Party. Unless otherwise agreed to by the Parties, the Party seeking to terminate shall provide at least 90 days of notice to the other Party, except where such advance notice is not commercially reasonable, in which event the terminating Party shall provide as much notice as is reasonably possible.

Effectiveness of Termination

Termination shall be effective only when the ERO and/or the RE acknowledge, through their Compliance Registry (or through other means agreeable to HMP&L, BREC, and the ERO and/or RE) that BREC is no longer to perform compliance with any Reliability Standards on behalf of HMP&L. In addition, the terminating Party (or both Parties in the case of termination by mutual agreement) shall be responsible for providing any necessary notification to, and obtaining any required approval or acceptance, from other entities as may be required or deemed needed for such termination as specified in Exhibit B.

Survival of Obligations

Except as HMP&L and BREC may otherwise agree in writing, the obligations, duties, and powers specified in 3.1 and 3.2 shall survive termination of this Agreement for events occurring prior to termination.
Interim Compliance with Reliability Standards

From the time that notice of termination is given (or the Parties agree to terminate) through the time that the termination becomes effective under 2.3, the Parties shall continue to abide by the terms of this Agreement, including terms for HMP&L to reimburse and/or compensate BREC; provided, however, that if HMP&L refuses or fails to follow reasonable instructions given by BREC for compliance with the Applicable Reliability Standards, HMP&L shall, in addition to its other obligations under this Agreement, be required to reimburse, hold harmless, and indemnify BREC for all costs (including fines and other penalties) incurred by BREC in a commercially reasonable manner resulting from HMP&L’s failure to follow BREC’s reasonable instructions for complying with the Applicable Reliability Standards.

3 Duties and Obligations of the Parties

3.1 Basic Scope of Duties, Obligations, and Powers

3.1.1 BREC Obligations

Subject to the other terms of this Agreement, BREC shall (a) be responsible for HMP&L’s compliance with certain functions and responsibilities in the Applicable Reliability Standards, (b) monitor and certify HMP&L’s compliance with the Applicable Reliability Standards, (c) pay penalties, fines, or other costs imposed by the ERO, RE, or FERC arising from non-compliance on HMP&L’s behalf with the Applicable Reliability Standards, subject to reimbursement, and (d) provide to HMP&L all documents relating to HMP&L’s compliance with the Reliability Standards, as specified herein.

3.1.2 Authorization
HMP&L authorizes BREC to appear before the ERO, the RE, FERC, and reviewing or enforcing courts of competent jurisdiction on behalf of and represent HMP&L with respect to HMP&L’s compliance with the Reliability Standards, including with respect to, but not limited to, any inquiries, audits, investigations, penalties, sanctions, or remedial action directives.

3.1.3 HMP&L Obligations

HMP&L shall follow BREC’s reasonable instructions for complying with the applicable Reliability Standards and shall otherwise cooperate with and assist BREC in matters pertaining to compliance with the Applicable Reliability Standards. HMP&L’s duty to cooperate with and assist BREC in BREC’s performance of BREC’s obligations under this Agreement shall include, without limitation, the obligations to (a) exchange information related to compliance with the Applicable Reliability Standards, and (b) to provide books, records, and other information as to HMP&L’s actions and inactions for purposes of responding to any inquiries, audits, investigations, enforcement actions, or claims from the ERO, the RE, the FERC and/or other entities relating to compliance with the Applicable Reliability Standards.

3.1.4 Method of Compliance with Applicable Reliability Standards

Exhibit C reflects the agreement between BREC and HMP&L as to the allocation of responsibilities and duties for achieving compliance with the requirements of the Applicable Reliability Standards as to whether those responsibilities and duties are performed more efficiently or effectively by BREC or HMP&L or some combination thereof. If the ERO, the RE, and/or FERC require that additional or specific actions be
taken to achieve compliance with, or in response to a violation of, one or more
Applicable Reliability Standards, BREC and HMP&L shall: (a) agree on how Exhibit C
is to be amended; (b) agree that HMP&L shall be exclusively responsible for compliance
with the one or more Applicable Reliability Standards; (c) agree on any appropriate
changes in BREC's compensation under this Agreement associated with (a) or (b); and/or
(d) initiate termination of this Agreement.

3.2 BREC Cost Recovery from HMP&L

3.2.1 General Cost Recovery

For those compliance responsibilities not related to Henderson Station Two Generating
Plant Reliability Standards, BREC shall be entitled to recover from HMP&L, and
HMP&L shall pay to BREC, for the costs incurred by BREC in fulfilling its obligations
under this Agreement on a time and materials/expense basis. BREC shall maintain
records of the time and materials/expense incurred in performing under this Agreement.

Time spent by BREC personnel in fulfilling BREC's obligations under this Agreement
shall be billed at the actual labor costs plus the applicable rate for payroll overheads
(calculated as a percentage for hours worked) plus materials/expenses billed on a pass-
through basis. In addition, BREC shall be entitled to a general overhead adder applicable
to such work, currently equal to 10% of all costs. BREC shall bill HMP&L monthly with
invoices showing the amount of time and materials/expense incurred, and records of the
amount of time and materials/expense incurred shall be made available for HMP&L's
inspection. HMP&L's payment shall be due within thirty (30) calendar days of receipt of
the invoice. BREC shall exercise reasonable care in incurring time and materials/expense,
and BREC shall not be entitled to recovery for time and materials/expense beyond that reasonably needed to fulfill its obligations under this Agreement. Unless this Agreement is terminated with at least ninety days of advance written notice to BREC, BREC shall also be entitled to recover from HMP&L any verified costs, such as personnel, that it shall have reasonably incurred as of the time that BREC receives written notice of termination in order to have the capability to continue performing under this Agreement if the Agreement were not being terminated. BREC shall be required to take commercially reasonable actions to mitigate such costs and shall not be entitled to recover any costs for which it can reasonably find an alternate use, such as using personnel for some other purpose. BREC shall not be entitled to recover any such costs allocable to a period beyond ninety days from the date that written notice of termination is given.

Notwithstanding the provisions of Section 3.2.1 hereof, the costs incurred by BREC in fulfilling its obligations under this Agreement with respect to the Henderson Station Two Generating Plant, as that term is defined in Section 2.2 of the Power Plant Construction and Operation Agreement, as amended, shall be billed and paid for as provided in SECTION 16 – BILLING AND PAYMENTS of the Power Plant Construction and Operation Agreement, as amended,

3.2.2 Recovery of Fines and Penalties

BREC shall also be entitled to recover from HMP&L any penalties, fines, or claims (whether imposed by the ERO, the RE, or FERC) or other related costs, including costs for BREC to defend itself or HMP&L, resulting or arising from possible, alleged, or
actual non-compliance with the Applicable Reliability Standards. Notwithstanding the 
prior sentence, BREC shall not be entitled to recover such amounts to the extent they 
result solely from intentional wrongdoings or gross negligence of BREC without any 
contributory involvement, action, or inaction by HMP&L. Any penalties, fines or claims 
(whether imposed by the ERO, the RE, or FERC) or other related costs which BREC is 
entitled to recover from HMP&L, and which relate to the Henderson Station Two 
Generating Plant, shall be billed and paid in accordance with the provisions of SECTION 
16 of the Power Plant Construction and Operation Agreement, as amended.

3.3 New or Modified Reliability Standards and Updating of Exhibit B

BREC shall undertake commercially reasonable efforts to stay aware of and shall inform 
HMP&L in writing of any new or modified Reliability Standards that may be established 
by the ERO and/or RE that would be directly applicable to HMP&L in the absence of this 
Agreement. In addition, if HMP&L should become aware of new or modified Reliability 
Standards that may be established by the ERO and/or RE that would be directly 
applicable to HMP&L in the absence of this Agreement, HMP&L shall inform BREC of 
such Reliability Standards. The Parties shall discuss in good faith modifying Exhibit A 
to include such new or modified Reliability Standards of which they become aware and 
also to remove any Reliability Standards that are eliminated or cease to have potential 
applicability to HMP&L and any appropriate associated changes to BREC’s 
compensation under this Agreement and Exhibit C. The Parties shall also act in good 
faith to update Exhibit B to keep it current.

3.4 HMP&L Option to Assume Direct Responsibility for Compliance
HMP&L shall have the option to assume responsibility for its direct compliance (as opposed to compliance through BREC) with some and/or all of the Reliability Standards that may be applicable to HMP&L, effective upon appropriate registration with the ERO and the RE and appropriate notification, approval, and/or acceptance of BREC and applicable entities as specified in Exhibit B, and, if applicable, appropriate revision of Exhibits A and C and BREC’s compensation under this Agreement and/or termination of this Agreement.

3.5 Potential Joint Compliance with Applicable Reliability Standards by BREC and HMP&L

Subject to the acceptance of the ERO and the RE to be reflected in the Compliance Registry, BREC and HMP&L may each register to be responsible for compliance with one or more of the Applicable Reliability Standards, subject to having the ERO, the RE, or FERC determine whether BREC, HMP&L, or both is or are responsible for any non-compliance with the Applicable Reliability Standards under this Agreement.

4 Representations and Covenants

Each Party represents and covenants to the other Party that it is and shall remain during the term of this Agreement validly existing and in good standing pursuant to all applicable laws relevant to this Agreement, that it has undertaken all actions required to enter into this Agreement, that it is subject to no restrictions that prevent it from entering into and performing under and pursuant to this Agreement, and that it will use commercially reasonable efforts to remedy any future matters that might otherwise restrict it from performing under and pursuant to this Agreement in the future.

5 No Rights Created for the Benefit of Third Party Beneficiaries
Except as otherwise expressly provided herein, nothing in this Agreement shall be
construed or deemed to confer any right or benefit on, or create any duty to, or standard
of care with reference to, any third party.

6. Indemnification

6.1 Liability Between the Parties

The Parties' duties and standard of care with respect to each other, and the benefits and
rights conferred on each other, shall be no greater than as explicitly stated herein.

Neither Party, its directors, officers, employees, or agents, shall be liable to the other
Party for any loss, damage, claim, cost, charge, or expense, whether direct, indirect, or
consequential, or whether arising in tort, contract or other theory of law or equity, arising
from the Party's performance or nonperformance under this Agreement, except as may be
otherwise specified herein.

6.2 No Liability for Electric Disturbances and Interruptions

Neither Party shall be liable under this Agreement to the other Party for any claim,
demand, liability, loss, or damage, whether direct, indirect, or consequential, or whether
arising in tort, contract or other theory of law or equity, incurred by the other Party or its
customers, resulting from the separation of the Party's systems in an emergency or
interruption. If a customer of a Party makes a claim or brings an action against the other
Party for any death, injury, loss, or damage arising out of or in connection with electric
service to such customer and caused by the other Party's performance or nonperformance
under this Agreement, the first Party shall indemnify and hold harmless the other Party,
its directors, officers, and employees from and against any liability for such death, injury,
loss, or damage.

7 Miscellaneous Matters

7.1 Assignment

Neither Party to this Agreement may assign its obligations under this Agreement without the other Party’s prior written consent, which consent may be withheld in the other Party’s sole discretion. No assignment of this Agreement shall relieve the assigning Party from any obligation or liability under this Agreement arising or accruing prior to the date of assignment.

7.2 RUS Assignment

Consent shall not be required for any assignment by a Party of any and all of its rights hereunder to the United States Rural Utilities Service (“RUS”) (and any other mortgagees sharing security with the RUS) as security under the Party’s RUS mortgage, or for any subsequent assignment by the RUS in exercise of its rights under the RUS mortgage; provided, however, registration with or notification of the ERO and/or the RE, and other parties identified in Exhibit B may still be required for such assignment to be effective.

7.3 Notices

Any notice, demand, or request which may be given to or made upon either Party regarding this Agreement shall be made in writing and shall be deemed properly served, given, or made: (a) upon delivery if delivered in person, (b) five (5) days after deposit in the mail if sent by first class United States mail, postage prepaid, (c) upon receipt of confirmation by return facsimile if sent by facsimile, or (d) upon delivery if delivered by prepaid commercial courier service. The initial contacts for the Parties are the executive
offices specified in the first clause of this Agreement. A Party may update the
information relating to its address as that information changes by providing notice to the
other Party pursuant to this provision, and such changes shall not constitute an
amendment to this Agreement.

7.4 Waivers

Any waiver at any time by either Party of its rights with respect to any default under this
Agreement, or with respect to any other matter arising in connection with this
Agreement, shall not constitute or be deemed a waiver with respect to any subsequent
default or matter arising in connection with this Agreement. Any delay short of the
statutory period of limitations in asserting or enforcing any right under this Agreement
shall not constitute or be deemed a waiver of such right.

7.5 Governing Law and Forum

This Agreement shall be deemed to be a contract made under and for all purposes shall be
governed by and construed in accordance with the laws of the state of Kentucky where
BREC and HMP&L have their principal place of business, except to the extent, if any,
that this Agreement is governed by or preempted by federal law, including, if applicable,
determinations relating to the construction of the Reliability Standards by the ERO, the
RE, and/or FERC. The Parties irrevocably consent that any legal action or proceeding
arising under or relating to this Agreement shall be brought in a court having competent
jurisdiction or, if subject to its jurisdiction or authority, the FERC. No provision of this
Agreement shall be deemed to waive the right of any Party to protest, or contend in any
manner, whether this Agreement, or any action or proceeding arising hereunder, is
subject to the jurisdiction of the FERC. No dispute arising under this Agreement shall be subject to trial before a jury, and the Parties hereby waive any rights to a jury trial for disputes arising under this Agreement that they might otherwise have.

7.6 Mediation/Arbitration

If a dispute arises out of or relates to this Agreement, or the breach thereof, and if the dispute cannot be settled through negotiation, the Parties shall, upon request of either Party, first try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Procedures before resorting to arbitration, litigation, or some other dispute resolution procedure. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall, upon request of either Party, be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

7.7 Consistency with Federal Laws and Regulations

Nothing in this Agreement shall compel either Party to violate federal statutes, regulations, or orders, including the Reliability Standards. If any provision of this Agreement is inconsistent with any obligation imposed on either Party by federal law, regulation, or order, or if either Party’s performance of its obligations under any provision of this Agreement is prohibited by or would conflict with any federal law, regulation, or order, such provision shall be inapplicable to that Party to that extent. Neither Party shall incur any liability by failing to comply with any such provision; provided, however, that such Party shall use commercially reasonable efforts to comply
with this Agreement to the extent that applicable federal laws, regulations, and orders lawfully promulgated thereunder permit it to do so.

7.8 Severability
If any term, covenant, or condition of this Agreement or the application or effect of any such term, covenant, or condition is held invalid as to any person, entity, or circumstance, then such term, covenant, or condition shall remain in force and effect to the maximum extent permitted by law, and all other terms, covenants, and conditions of this Agreement and their application shall not be affected thereby, but shall remain in force and effect, unless a court or governmental agency of competent jurisdiction holds that such provisions are not separable from all other provisions of this Agreement.

7.9 Section Headings
Section headings provided in this Agreement are for ease of reference and are not meant to interpret the text in each Section.

7.10 Meaning of Herein and Hereunder
As used in this Agreement, "herein" and "hereunder" refer to this Agreement in its entirety, and not any individual article, section, paragraph, sentence, or other portion.

7.11 Entire Agreement
This Agreement constitutes the entire agreement between the Parties, and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter of this Agreement.

7.12 Amendments
This Agreement and any Exhibits may be amended from time to time by the mutual agreement of the Parties in writing, subject to any required notifications, approvals, and amendments as referenced herein.

7.13 Counterparts

This Agreement may be executed in one or more counterparts at different times, each of which shall be regarded as an original and all of which, taken together, shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed on behalf of each by and through their authorized representatives as of the date first written above.

HMP&L

By: __________________________
Name: Gary Quick
Title: General Manager
Date: 6/23/09

BREC

By: __________________________
Name: _________________________
Title: __________________________
Date: __________________________
This Agreement and any Exhibits may be amended from time to time by the mutual agreement of the Parties in writing, subject to any required notifications, approvals, and amendments as referenced herein.

7.13 Counterparts
This Agreement may be executed in one or more counterparts at different times, each of which shall be regarded as an original and all of which, taken together, shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed on behalf of each by and through their authorized representatives as of the date first written above.

HMP&L
By: ____________________________  BREC

Name: ____________________________  Name: Mark A. Bailey

Title: ____________________________  Title: President and CEO

Date: ____________________________  Date: 7-16-07

[Agreement for Assignment of Responsibility for complying with Reliability Standards]
Exhibit A

Functions and/or Reliability Standards and Requirements for which BREC has Assumed Compliance Responsibility on Behalf of HMP&L

All Generator Owner (GO) functions and requirements specific to the Station Two generating units contained in the "CIP", "FAC", "MOD", "PRC", and "VAR" Reliability Standards.

Load Serving Entity (LSE) functions and requirements specific to system studies load projections and normal operations data including current, next, and seven day load forecast contained in IRO-004 and TOP-002.

Load Serving Entity (LSE) functions and requirements specific to forecasting demands contained in MOD-017 and MOD-018.
Exhibit B

Additional Parties for which Notice, Acceptance, and/or Approval of this Agreement is Required or Deemed Needed
Exhibit C

Allocation of Responsibilities and Duties for Complying with Applicable Reliability Standards

CIP-002 BREC will perform all functions and requirements relative to the Station Two generating units.

FAC Standards BREC will perform all functions and requirements of these standards relative to the Station Two generating units.

IRO Standards BREC shall perform the functions and requirements of Standard IRO-004 specific to system studies load projections (Requirement 4). HMP&L will provide necessary requested information to BREC to fulfill the requirement.

MOD Standards BREC and HMP&L will perform required generating unit testing specific to the Station Two units contained in these standards. BREC will perform all reporting functions related to this testing. BREC will perform all functions and requirements in these standards pertaining to load forecasting, load reporting, transmission planning, and resource planning. Currently, HMP&L does not have any Demand Side Management programs or Direct Control Load Management.

PRC Standards BREC shall perform all functions and requirements specific to Henderson Municipal Power and Light Station #2 Generating Units #1 & #2 and associated Station #2 switchyard components.

TOP Standards BREC shall perform the functions and requirements of Standard TOP-002 specific to current, next day, and 7 day load projections (Requirement 3). HMP&L will provide necessary requested information to BREC to fulfill the requirement.

VAR Standards BREC will perform all functions and requirements contained in these standards relative to the Station Two generating units.

The attached tables (Appendix A) are included here and provide a breakdown of the Allocation of Responsibilities and Duties on an individual requirement basis within the various Standards referenced here.
### Critical Asset Identification Method

**R1.** The Responsible Entity shall identify and document a risk-based assessment methodology to use to identify its Critical Assets.

**R1.1.** The Responsible Entity shall maintain documentation describing its risk-based assessment methodology that includes procedures and evaluation criteria.

**R1.2.** The risk-based assessment shall consider the following assets:

- Control centers and backup control centers performing the functions of the entities listed in the Applicability section of this standard.
- Transmission substations that support the reliable operation of the Bulk Electric System.

**GO TO** BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.
<p>| CIP-002-1 | R1.2.3. | Generation resources that support the reliable operation of the Bulk Electric System. | Go To | BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL. |
| CIP-002-1 | R1.2.4. | Systems and facilities critical to system restoration, including blackstart generators and substations in the electrical path of transmission lines used for initial system restoration. | Go To | BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL. |
| CIP-002-1 | R1.2.5. | Systems and facilities critical to automatic load shedding under a common control system capable of shedding 300 MW or more. | Go To | BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL. |
| CIP-002-1 | R1.2.6. | Special Protection Systems that support the reliable operation of the Bulk Electric System. | Go To | BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL. |
| CIP-002-1 | R1.2.7. | Any additional assets that support the reliable operation of the Bulk Electric System that the Responsible Entity deems appropriate to include in its assessment. | Go To | BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL. |
| CIP-002-1 | R2. | Critical Asset Identification — The Responsible Entity shall develop a list of its identified Critical Assets determined through an annual application of the risk-based assessment methodology required in R1. The Responsible Entity shall review this list at least annually, and update it as necessary. | Go To | BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL. |</p>
<table>
<thead>
<tr>
<th>Requirement</th>
<th>Description</th>
<th>Responsible Entity</th>
</tr>
</thead>
<tbody>
<tr>
<td>R3.1</td>
<td>The Cyber Asset uses a routable protocol to communicate outside the Electronic Security Perimeter; or,</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>R3.2</td>
<td>The Cyber Asset uses a routable protocol within a control center; or,</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>R3.3</td>
<td>The Cyber Asset is dial-up accessible.</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>R4.</td>
<td>Annual Approval — A senior manager or delegate(s) shall approve annually the list of Critical Assets and the list of Critical Cyber Assets. Based on Requirements R1, R2, and R3 the Responsible Entity may determine that it has no Critical Assets or Critical Cyber Assets. The Responsible Entity shall keep a signed and dated record of the senior manager or delegate(s)'s approval of the list of Critical Assets and the list of Critical Cyber Assets (even if such lists are small.)</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>R1.</td>
<td>Cyber Security Policy — The Responsible Entity shall document and implement a cyber security policy that represents management's commitment and ability to secure its Critical Cyber Assets. The Responsible Entity shall, at minimum, ensure the following:</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-003-1</td>
<td>R1.1.</td>
<td>The cyber security policy addresses the requirements in Standards CIP-002 through CIP-009, including provision for emergency situations.</td>
</tr>
<tr>
<td>----------</td>
<td>------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>CIP-003-1</td>
<td>R1.2.</td>
<td>The cyber security policy is readily available to all personnel who have access to, or are responsible for, Critical Cyber Assets.</td>
</tr>
<tr>
<td>CIP-003-1</td>
<td>R1.3.</td>
<td>Annual review and approval of the cyber security policy by the senior manager assigned pursuant to R2.</td>
</tr>
<tr>
<td>CIP-003-1</td>
<td>R2.</td>
<td>Leadership - The Responsible Entity shall assign a senior manager with overall responsibility for leading and managing the entity's implementation of, and adherence to, Standards CIP-002 through CIP-009.</td>
</tr>
<tr>
<td>CIP-003-1</td>
<td>R2.1.</td>
<td>The senior manager shall be identified by name, title, business phone, business address, and date of designation.</td>
</tr>
<tr>
<td>CIP-003-1</td>
<td>R2.2.</td>
<td>Changes to the senior manager must be documented within thirty calendar days of the effective date.</td>
</tr>
<tr>
<td>CIP-003-I</td>
<td>R3.</td>
<td>The senior manager or delegate(s), shall authorize and document any exception from the requirements of the cyber security policy.</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>CIP-003-I</td>
<td>R3.</td>
<td>Exceptions — Instances where the Responsible Entity cannot conform to its cyber security policy must be documented as exceptions and authorized by the senior manager or delegate(s).</td>
</tr>
<tr>
<td>CIP-003-I</td>
<td>R3.1.</td>
<td>Exceptions to the Responsible Entity's cyber security policy must be documented within thirty days of being approved by the senior manager or delegate(s).</td>
</tr>
<tr>
<td>CIP-003-I</td>
<td>R3.2.</td>
<td>Documented exceptions to the cyber security policy must include an explanation as to why the exception is necessary and any compensating measures, or a statement accepting risk.</td>
</tr>
<tr>
<td>CIP-003-I</td>
<td>R3.3.</td>
<td>Authorized exceptions to the cyber security policy must be reviewed and approved annually by the senior manager or delegate(s) to ensure the exceptions are still required and valid. Such review and approval shall be documented.</td>
</tr>
<tr>
<td>CIP-003-I</td>
<td>R4.</td>
<td>Information Protection — The Responsible Entity shall implement and document a program to identify, classify, and protect information associated with Critical Cyber Assets.</td>
</tr>
<tr>
<td>CIP-003-1</td>
<td>R4.1.</td>
<td>The Critical Cyber Asset information to be protected shall include, at a minimum and regardless of media type, operational procedures, list as required in Standard CIP-002, network topology or similar diagrams, floor plans of computing centers that contain Critical Cyber Assets, equipment layouts of Critical Cyber Assets, disaster recovery plans, incident response plans, and security configuration information.</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>CIP-003-1</td>
<td>R4.2.</td>
<td>The Responsible Entity shall classify information to be protected under this program based on the sensitivity of the Critical Cyber Asset Information.</td>
</tr>
<tr>
<td>CIP-003-1</td>
<td>R4.3.</td>
<td>The Responsible Entity shall, at least annually, assess adherence to its Critical Cyber Asset Information protection program, document the assessment results, and implement an action plan to remediate deficiencies identified during the assessment.</td>
</tr>
<tr>
<td>CIP-003-1</td>
<td>R5.</td>
<td>Access Control — The Responsible Entity shall document and implement a program for managing access to protected Critical Cyber Asset Information.</td>
</tr>
<tr>
<td>CIP-003-1</td>
<td>R5.1.</td>
<td>The Responsible Entity shall maintain a list of designated personnel who are responsible for authorizing logical or physical access to protected information.</td>
</tr>
<tr>
<td>CIP-003-1</td>
<td>R5.1.1.</td>
<td>Personnel shall be identified by name, title, business phone and the information for which they are responsible for authorizing access.</td>
</tr>
<tr>
<td>CIP—003-1</td>
<td>R5.1.2</td>
<td>The list of personnel responsible for authorizing access to protected information shall be verified at least annually.</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>CIP—003-1</td>
<td>R5.2</td>
<td>The Responsible Entity shall review at least annually the access privileges to protected information to confirm that access privileges are correct and that they correspond with the Responsible Entity’s needs and appropriate personnel roles and responsibilities.</td>
</tr>
<tr>
<td>CIP—003-1</td>
<td>R5.3</td>
<td>The Responsible Entity shall assess and document at least annually the processes for controlling access privileges to protected information.</td>
</tr>
<tr>
<td>CIP—003-1</td>
<td>R6</td>
<td>Change Control and Configuration Management — The Responsible Entity shall establish and document a process of change control and configuration management for adding, modifying, replacing, or removing Critical Cyber Assets’ hardware or software, and implement supporting configuration management activities to identify, control, and document all entity or vendor-related changes to hardware and software components of Critical Cyber Assets pursuant to the change control process.</td>
</tr>
<tr>
<td>CIP—004-1</td>
<td>R1</td>
<td>Awareness — The Responsible Entity shall establish, maintain, and document a security awareness program to ensure personnel having authorized cyber or authorized unescorted physical access receive on-going reinforcement in sound security practices. The program shall include security awareness reinforcement on at least a quarterly basis using mechanisms such as: Direct communications (e.g., emails, memos, computer-based training, etc.); Indirect communications (e.g., posters, intranet, brochures, etc.); Management support and reinforcement (e.g., presentations, meetings, etc.).</td>
</tr>
<tr>
<td>CIP—004-1</td>
<td>R2</td>
<td>Training — The Responsible Entity shall establish, maintain, and document an annual cyber security training program for personnel having authorized cyber or authorized unescorted physical access to Critical Cyber Assets; and review the program annually and update as necessary.</td>
</tr>
<tr>
<td>CIP-004-1</td>
<td>R2.1.</td>
<td>This program will ensure that all personnel having such access to Critical Cyber Assets, including contractors and service vendors, are trained within ninety calendar days of such authorization.</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>CIP-004-1</td>
<td>R2.2.</td>
<td>Training shall cover the policies, access controls, and procedures as developed for the Critical Cyber Assets covered by CIP-004, and include, at a minimum, the following required items appropriate to personnel roles and responsibilities:</td>
</tr>
<tr>
<td>CIP-004-1</td>
<td>R2.2.1.</td>
<td>The proper use of Critical Cyber Assets;</td>
</tr>
<tr>
<td>CIP-004-1</td>
<td>R2.2.2.</td>
<td>Physical and electronic access controls to Critical Cyber Assets;</td>
</tr>
<tr>
<td>CIP-004-1</td>
<td>R2.2.3.</td>
<td>The proper handling of Critical Cyber Asset information; and,</td>
</tr>
<tr>
<td>CIP-004-1</td>
<td>R2.2.4.</td>
<td>Action plans and procedures to recover or re-establish Critical Cyber Assets and access thereto following a Cyber Security Incident.</td>
</tr>
<tr>
<td>CIP-004-1</td>
<td>R2.3</td>
<td>The Responsible Entity shall maintain documentation that training is conducted at least annually, including the date the training was completed and attendance records.</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>CIP-004-1</td>
<td>R3.</td>
<td>Personnel Risk Assessment—The Responsible Entity shall have a documented personnel risk assessment program, in accordance with federal, state, provincial, and local laws, and subject to existing collective bargaining unit agreements, for personnel having authorized cyber or authorized unrestricted physical access. A personnel risk assessment shall be conducted pursuant to that program within thirty days of such personnel being granted such access. Such program shall at a minimum include:</td>
</tr>
<tr>
<td>CIP-004-1</td>
<td>R3.1</td>
<td>The Responsible Entity shall ensure that each assessment conducted includes, at least, identity verification (e.g., Social Security Number verification in the U.S.) and a five-year criminal check. The Responsible Entity may conduct more detailed reviews, as permitted by law and subject to existing collective bargaining unit agreements, depending upon the criticality of the position.</td>
</tr>
<tr>
<td>CIP-004-1</td>
<td>R3.2</td>
<td>The Responsible Entity shall update each personnel risk assessment at least every seven years after the initial personnel risk assessment or if cause.</td>
</tr>
<tr>
<td>CIP-004-1</td>
<td>R3.3</td>
<td>The Responsible Entity shall document the results of personnel risk assessments of its personnel having authorized cyber or authorized unrestricted physical access to Critical Cyber Assets, and shall personnel risk assessments of contractor and service vendor personnel with such access are conducted pursuant to Standard CIP-004.</td>
</tr>
<tr>
<td>CIP-004-1</td>
<td>R4</td>
<td>Access — The Responsible Entity shall maintain list(s) of personnel with authorized cyber or authorized unrestricted physical access to Critical Cyber Assets, including their specific electronic and physical access rights to Critical Cyber Assets.</td>
</tr>
<tr>
<td>CIP-004-1</td>
<td>R4.1</td>
<td>The Responsible Entity shall review the list(s) of its personnel who have such access to Critical Cyber Assets quarterly, and update the list(s) within seven calendar days of any change of personnel with such access to Critical Cyber Assets, or any change in the access rights of such personnel. The Responsible Entity shall ensure access list(s) for contractors and service vendors are properly maintained.</td>
</tr>
<tr>
<td>-----------</td>
<td>------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>CIP-004-1</td>
<td>R4.2</td>
<td>The Responsible Entity shall revoke such access to Critical Cyber Assets within 24 hours for personnel terminated for cause and within seven calendar days for personnel who no longer require such access to Critical Cyber Assets.</td>
</tr>
<tr>
<td>CIP-005-1</td>
<td>R1.</td>
<td>Electronic Security Perimeter — The Responsible Entity shall ensure that every Critical Cyber Asset resides within an Electronic Security Perimeter. The Responsible Entity shall identify and document the Electronic Security Perimeter(s) and all access points to the perimeter(s).</td>
</tr>
<tr>
<td>CIP-005-1</td>
<td>R1.1</td>
<td>Access points to the Electronic Security Perimeter(s) shall include any externally connected communication end point (for example, dial-up modems) terminating at any device within the Electronic Security Perimeter(s).</td>
</tr>
<tr>
<td>CIP-005-1</td>
<td>R1.2</td>
<td>For a dial-up accessible Critical Cyber Asset that uses a non-routable protocol, the Responsible Entity shall define an Electronic Security Perimeter for that single access point at the dial-up device.</td>
</tr>
<tr>
<td>CIP-005-1</td>
<td>R1.3</td>
<td>Communication links connecting discrete Electronic Security Perimeters shall not be considered part of the Electronic Security Perimeter. However, end points of these communication links within the Electronic Security Perimeter(s) shall be considered access points to the Electronic Security Perimeter(s).</td>
</tr>
<tr>
<td>CIP-005-1</td>
<td>R1.4.</td>
<td>Any non-critical Cyber Asset within a defined Electronic Security Perimeter shall be identified and protected pursuant to the requirements of Standard CIP-005.</td>
</tr>
<tr>
<td>-----------</td>
<td>-------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>CIP-005-1</td>
<td>R1.5.</td>
<td>Cyber Assets used in the access control and monitoring of the Electronic Security Perimeter(s) shall be identified as specified in Standard CIP-003, Standard CIP-004 Requirements R3, Standard CIP-005 Requirements R2 and R3, Standard CIP-006 Requirements R2 and R3, Standard CIP-007 Requirements R1 and R3 through R9, Standard CIP-008, and Standard CIP-009.</td>
</tr>
<tr>
<td>CIP-005-1</td>
<td>R1.6.</td>
<td>The Responsible Entity shall maintain documentation of Electronic Security Perimeter(s), all interconnected Critical and non-critical Cyber Assets within the Electronic Security Perimeter(s), all electronic access points to the Electronic Security Perimeter(s) and the Cyber Assets deployed for the access control and monitoring of these access points.</td>
</tr>
<tr>
<td>CIP-005-1</td>
<td>R2.</td>
<td>Electronic Access Controls — The Responsible Entity shall implement and document the organizational processes and technical and procedural mechanisms for control of electronic access at all electronic access points to the Electronic Security Perimeter(s).</td>
</tr>
<tr>
<td>CIP-005-1</td>
<td>R2.1.</td>
<td>These processes and mechanisms shall use an access control model that denies access by default, such that explicit access permissions must be specified.</td>
</tr>
<tr>
<td>CIP-005-1</td>
<td>R2.2.</td>
<td>At all access points to the Electronic Security Perimeter(s), the Responsible Entity shall enable only ports and services required for operations and for monitoring Cyber Assets within the Electronic Security Perimeter, and shall document, individually or by specified grouping, the configuration of those ports and services.</td>
</tr>
<tr>
<td>CIP-005-1</td>
<td>R2.3.</td>
<td>The Responsible Entity shall maintain a procedure for securing dial-up access to the Electronic Security Perimeter(s).</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>CIP-005-1</td>
<td>R2.4.</td>
<td>Where external interactive access into the Electronic Security Perimeter has been enabled, the Responsible Entity shall implement strong procedural or technical controls at the access points to ensure authenticity of the accessing party, where technically feasible.</td>
</tr>
<tr>
<td>CIP-005-1</td>
<td>R2.5.</td>
<td>The required documentation shall, at least, identify and describe:</td>
</tr>
<tr>
<td></td>
<td>R2.5.1.</td>
<td>The processes for access request and authorization.</td>
</tr>
<tr>
<td></td>
<td>R2.5.2.</td>
<td>The authentication methods.</td>
</tr>
<tr>
<td></td>
<td>R2.5.3.</td>
<td>The review process for authorization rights, in accordance with Standard CIP-004 Requirement R4.</td>
</tr>
<tr>
<td>CIP-005-1</td>
<td>R2.5.4.</td>
<td>The controls used to secure dial-up accessible connections.</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>CIP-005-1</td>
<td>R2.6.</td>
<td>Appropriate Use Banner — Where technically feasible, electronic access control devices shall display an appropriate use banner on the user screen upon all interactive access attempts. The Responsible Entity shall maintain a document identifying the content of the banner.</td>
</tr>
<tr>
<td>CIP-005-1</td>
<td>R3.</td>
<td>Monitoring Electronic Access — The Responsible Entity shall implement and document an electronic or manual process(es) for monitoring and logging access at access points to the Electronic Security Perimeter(s) twenty-four hours a day, seven days a week.</td>
</tr>
<tr>
<td>CIP-005-1</td>
<td>R3.1.</td>
<td>For dial-up accessible Critical Cyber Assets that use non-routable protocols, the Responsible Entity shall implement and document monitoring process(es) at each access point to the dial-up device, where technically feasible.</td>
</tr>
<tr>
<td>CIP-005-1</td>
<td>R3.2.</td>
<td>Where technically feasible, the security monitoring process(es) shall detect and alert for attempts at or actual unauthorized accesses. These alerts shall provide for appropriate notification to designated response personnel. Where alerting is not technically feasible, the Responsible Entity shall review or otherwise assess access logs for attempts at or actual unauthorized accesses at least every ninety calendar days.</td>
</tr>
<tr>
<td>CIP-005-1</td>
<td>R4.</td>
<td>Cyber Vulnerability Assessment — The Responsible Entity shall perform a cyber vulnerability assessment of the electronic access points to the Electronic Security Perimeter(s) at least annually. The vulnerability assessment shall include, at a minimum, the following:</td>
</tr>
<tr>
<td>CIP-005-1</td>
<td>R4.1.</td>
<td>A document identifying the vulnerability assessment process;</td>
</tr>
<tr>
<td>CIP-005-1</td>
<td>R4.2.</td>
<td>A review to verify that only ports and services required for operations at these access points are enabled;</td>
</tr>
<tr>
<td>CIP-005-1</td>
<td>R4.3.</td>
<td>The discovery of all access points to the Electronic Security Perimeter;</td>
</tr>
<tr>
<td>CIP-005-1</td>
<td>R4.4.</td>
<td>A review of controls for default accounts, passwords, and network management configuration strings; and,</td>
</tr>
<tr>
<td>CIP-005-1</td>
<td>R4.5.</td>
<td>Documentation of the results of the assessment, the action plan to remediate or mitigate vulnerabilities identified in the assessment, and the execution status of that action plan.</td>
</tr>
<tr>
<td>CIP-005-1</td>
<td>R5.</td>
<td>Documentation Review and Maintenance — The Responsible Entity shall review, update, and maintain all documentation to support compliance with the requirements of Standard CIP-005.</td>
</tr>
<tr>
<td>CIP-005-1</td>
<td>R5.1</td>
<td>The Responsible Entity shall ensure that all documentation required by Standard CIP-005 reflect current configurations and processes and shall review the documents and procedures referenced in Standard CIP-005 at least annually.</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>CIP-005-1</td>
<td>R5.2</td>
<td>The Responsible Entity shall update the documentation to reflect the modification of the network or control within ninety calendar days of the change.</td>
</tr>
<tr>
<td>CIP-005-1</td>
<td>R5.3</td>
<td>The Responsible Entity shall retain electronic access logs for at least ninety calendar days. Logs related to reportable incidents shall be kept in accordance with the requirements of Standard CIP-008.</td>
</tr>
<tr>
<td>CIP-006-1</td>
<td>R1.</td>
<td>Physical Security Plan.— The Responsible Entity shall create and maintain a physical security plan approved by a senior manager or delegate(s) that shall address, at a minimum, the following:</td>
</tr>
<tr>
<td>CIP-006-1</td>
<td>R1.1</td>
<td>Processes to ensure and document that all Cyber Assets within an Electronic Security Perimeter also reside within an identified Physical Security Perimeter. Where a completely enclosed (&quot;air-wall&quot;) barrier cannot be established, the Responsible Entity shall deploy and document alternative measures to control physical access to the Critical Cyber Assets.</td>
</tr>
<tr>
<td>CIP-006-1</td>
<td>R1.2</td>
<td>Processes to identify all access points through each Physical Security Perimeter and measures to control entry at those access points.</td>
</tr>
<tr>
<td>CIP-006-1</td>
<td>R1.3.</td>
<td>Processes, tools, and procedures to monitor physical access to the perimeter(s).</td>
</tr>
<tr>
<td>CIP-006-1</td>
<td>R1.4.</td>
<td>Procedures for the appropriate use of physical access controls as described in Requirement R3 including visitor pass management, response to loss, and prohibition of inappropriate use of physical access controls.</td>
</tr>
<tr>
<td>CIP-006-1</td>
<td>R1.5.</td>
<td>Procedures for reviewing access authorization requests and revocation of access authorization, in accordance with CIP-004 Requirement R4.</td>
</tr>
<tr>
<td>CIP-006-1</td>
<td>R1.6.</td>
<td>Procedures for escorted access within the physical security perimeter of personnel not authorized for unescorted access.</td>
</tr>
<tr>
<td>CIP-006-1</td>
<td>R1.7.</td>
<td>Process for updating the physical security plan within ninety calendar days of any physical security system redesign or reconfiguration, including, but not limited to, addition or removal of access points through the physical security perimeter, physical access controls, monitoring controls, or logging controls.</td>
</tr>
<tr>
<td>CIP-006-1</td>
<td>R1.8.</td>
<td>Cyber Assets used in the access control and monitoring of the Physical Security Perimeter(s) shall be afforded the protective measures specified in Standard CIP-003, Standard CIP-004:Requirement R3, Standard CIP-005 Requirements R2 and R3, Standard CIP-006 Requirements R2 and R3, Standard CIP-007, Standard CIP-008 and Standard CIP-009.</td>
</tr>
<tr>
<td>CIP-006-1</td>
<td>R1.9.</td>
<td>Process for ensuring that the physical security plan is reviewed at least annually.</td>
</tr>
<tr>
<td>-----------</td>
<td>------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>CIP-006-1</td>
<td>R2.</td>
<td>Physical Access Controls: The Responsible Entity shall document and implement the operational and procedural controls to manage physical access at all access points to the Physical Security Perimeter(s) twenty-four hours a day, seven days a week. The Responsible Entity shall implement one or more of the following physical access methods:</td>
</tr>
<tr>
<td>CIP-006-1</td>
<td>R2.1.</td>
<td>Card Key: A means of electronic access where the access rights of the card holder are predefined in a computer database. Access rights may differ from one permitter to another:</td>
</tr>
<tr>
<td>CIP-006-1</td>
<td>R2.2.</td>
<td>Special Locks: These include, but are not limited to, locks with “restricted key” systems, magnetic locks that can be operated remotely, and “inhibit-trap” systems.</td>
</tr>
<tr>
<td>CIP-006-1</td>
<td>R2.3.</td>
<td>Security Personnel: Personnel responsible for controlling physical access who may reside on-site or at a monitoring station.</td>
</tr>
<tr>
<td>CIP-006-1</td>
<td>R2.4.</td>
<td>Other Authentication Devices: Biometric, keypad, token, or other equivalent devices that control physical access to the Critical Cyber Assets.</td>
</tr>
<tr>
<td>Requirement</td>
<td>Executive Summary</td>
<td>Action</td>
</tr>
<tr>
<td>-------------</td>
<td>------------------</td>
<td>--------</td>
</tr>
<tr>
<td>CIP-006-1 R3.</td>
<td>Monitoring Physical Access — The Responsible Entity shall document and implement the technical and procedural controls for monitoring physical access at all access points to the Physical Security Perimeter(s) twenty-four hours a day, seven days a week. Unauthorized access attempts shall be reviewed immediately and handled in accordance with the procedures specified in Requirement CIP-008. One or more of the following monitoring methods shall be used:</td>
<td>GO TO</td>
</tr>
<tr>
<td>CIP-006-1 R3.1.</td>
<td>Alarm Systems: Systems that alarm to indicate a door, gate or window has been opened without authorization. These alarms must provide for immediate notification to personnel responsible for response.</td>
<td>GO TO</td>
</tr>
<tr>
<td>CIP-006-1 R3.2.</td>
<td>Human Observation of Access Points: Monitoring of physical access points by authorized personnel as specified in Requirement R2.3.</td>
<td>GO TO</td>
</tr>
<tr>
<td>CIP-006-1 R4.</td>
<td>Logging Physical Access — Logging shall record sufficient information to uniquely identify individuals and the time of access twenty-four hours a day, seven days a week. The Responsible Entity shall implement and document the technical and procedural mechanisms for logging physical entry at all access points to the Physical Security Perimeter(s) using one or more of the following logging methods or their equivalents:</td>
<td>GO TO</td>
</tr>
<tr>
<td>CIP-006-1 R4.1.</td>
<td>Computerized Logging: Electronic logs produced by the Responsible Entity's selected access control and monitoring method.</td>
<td>GO TO</td>
</tr>
<tr>
<td>CIP-006-1 R4.2.</td>
<td>Video Recording: Electronic capture of video images of sufficient quality to determine identity.</td>
<td>GO TO</td>
</tr>
</tbody>
</table>

BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.
<p>| CIP-006-1 | R4.3. | Manual Logging: A log book or sign-in sheet; or other record of physical access maintained by security or other personnel authorized to control and monitor physical access as specified in Requirement R2.3. | GO TO | BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL. |
| CIP-006-1 | R5. | Access Log Retention — The Responsible Entity shall retain physical access logs for at least ninety calendar days. Logs related to reportable incidents shall be kept in accordance with the requirements of Standard CIP-008. | GO TO | BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL. |
| CIP-006-1 | R6. | Maintenance and Testing — The Responsible Entity shall implement a maintenance and testing program to ensure that all physical security systems under Requirements R2, R3, and R4 function properly. The program must include, at a minimum, the following: | GO TO | BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL. |
| CIP-006-1 | R6.1. | Testing and maintenance of all physical security mechanisms on a cycle no longer than three years. | GO TO | BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL. |
| CIP-006-1 | R6.2. | Retention of testing and maintenance records for the cycle determined by the Responsible Entity in Requirement R6.1. | GO TO | BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL. |
| CIP-006-1 | R6.3. | Retention of outage records regarding access controls, logging, and monitoring for a minimum of one calendar year. | GO TO | BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL. |</p>
<table>
<thead>
<tr>
<th>CIP-007-1</th>
<th>R1.</th>
<th>Test Procedures — The Responsible Entity shall ensure that new Cyber Assets and significant changes to existing Cyber Assets within the Electronic Security Perimeter do not adversely affect existing cyber security controls. For purposes of Standard CIP-007, a significant change shall, at a minimum, include implementation of security patches, cumulative service packs, vendor releases, and version upgrades of operating systems, applications, database platforms, or other third-party software or firmware.</th>
<th>GO TO</th>
<th>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIP-007-1</td>
<td>R1.1.</td>
<td>The Responsible Entity shall create, implement, and maintain cyber security test procedures in a manner that minimizes adverse effects on the production system or its operation.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R1.2.</td>
<td>The Responsible Entity shall document that testing is performed in a manner that reflects the production environment.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R1.3.</td>
<td>The Responsible Entity shall document test results.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R2.</td>
<td>Ports and Services — The Responsible Entity shall establish and document a process to ensure that only those ports and services required for normal and emergency operations are enabled.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R2.1.</td>
<td>The Responsible Entity shall ensure only those ports and services required for normal and emergency operations.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R2.1</td>
<td>The Responsible Entity shall disable other ports and services, including those used for testing purposes, prior to production use of all Cyber Assets inside the Electronic Security Perimeter(s).</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R2.2</td>
<td>In the case where unused ports and services cannot be disabled due to technical limitations, the Responsible Entity shall document compensating measure(s) applied to mitigate risk exposure or an acceptance of risk.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R3.</td>
<td>Security Patch Management — The Responsible Entity, either separately or as a component of the documented configuration management process specified in CIP-003 Requirement R6, shall establish and document a security patch management program for tracking, evaluating, testing, and installing applicable cyber security software patches for all Cyber Assets within the Electronic Security Perimeter(s).</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R3.1</td>
<td>The Responsible Entity shall document the assessment of security patches and security upgrades for applicability within thirty calendar days of availability of the patches or upgrades.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R3.2</td>
<td>The Responsible Entity shall document the implementation of security patches. In any case where the patch is not installed, the Responsible Entity shall document compensating measure(s) applied to mitigate risk exposure or an acceptance of risk.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R4.</td>
<td>Malicious Software Prevention — The Responsible Entity shall use anti-virus software and other malicious software (&quot;malware&quot;) prevention tools, where technically feasible, to detect, prevent, deter, and mitigate the introduction, exposure, and propagation of malware on all Cyber Assets within the Electronic Security Perimeter(s).</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R4.1.</td>
<td>The Responsible Entity shall document and implement anti-virus and malware prevention tools. In the case where anti-virus software and malware prevention tools are not installed, the Responsible Entity shall document compensating measure(s) applied to mitigate risk exposure or an acceptance of risk.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>-----------</td>
<td>------</td>
<td>-------------------------------------------------------------------------------------------------</td>
<td>------</td>
<td>-------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R4.2.</td>
<td>The Responsible Entity shall document and implement a process for the update of anti-virus and malware prevention “signatures.” The process must address testing and installing the signatures.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R5.</td>
<td>Account Management — The Responsible Entity shall establish, implement, and document technical and procedural controls that enforce access authentication of, and accountability for, all user activity, and that minimize the risk of unauthorized system access.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R5.1.</td>
<td>The Responsible Entity shall ensure that individual and shared system accounts and authorized access permissions are consistent with the concept of “need to know” with respect to work functions performed.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R5.1.1.</td>
<td>The Responsible Entity shall ensure that user accounts are implemented as approved by designated personnel. Refer to Standard CIP-003 Requirement R5.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R5.1.2.</td>
<td>The Responsible Entity shall establish methods, processes, and procedures that generate logs of sufficient detail to create historical audit trails of individual user account access activity for a minimum of ninety days.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R5.1.3.</td>
<td>The Responsible Entity shall review, at least annually, user accounts to verify access privileges are in accordance with Standard CIP-003 Requirement R5 and Standard CIP-004 Requirement R4.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R5.2.</td>
<td>The Responsible Entity shall implement a policy to minimize and manage the scope and acceptable use of administrative, shared, and other generic account privileges including factory default accounts.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R5.2.1.</td>
<td>The policy shall include the removal, disabling, or renaming of such accounts where possible. For such accounts that must remain enabled, passwords shall be changed prior to putting any system into service.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R5.2.2.</td>
<td>The Responsible Entity shall identify those individuals with access to shared accounts.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R5.2.3.</td>
<td>Where such accounts must be shared, the Responsible Entity shall have a policy for managing the use of such accounts that limits access to only those with authentication, an audit trail of the account use (automatic or manual), and steps for securing the account in the event of personnel changes (for example, change in assignment or termination).</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R5.3.</td>
<td>At a minimum, the Responsible Entity shall require and use passwords, subject to the following, as technically feasible:</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R5.3.1.</td>
<td>Each password shall be a minimum of six characters.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>-----------</td>
<td>--------</td>
<td>--------------------------------------------------</td>
<td>-------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R5.3.2.</td>
<td>Each password shall consist of a combination of alpha, numeric, and &quot;special&quot; characters.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R5.3.3.</td>
<td>Each password shall be changed at least annually, or more frequently based on risk.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R6.1.</td>
<td>Security Status Monitoring.—The Responsible Entity shall ensure that all Cyber Assets within the Electronic Security Perimeter, as technically feasible, implement automated tools or organizational process controls to monitor system events that are related to cyber security.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R6.2.</td>
<td>The Responsible Entity shall implement and document the organizational processes and technical and procedural mechanisms for monitoring for security events on all Cyber Assets within the Electronic Security Perimeter.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R6.2.</td>
<td>The security monitoring controls shall issue automated mutual alerts for detected Cyber Security Incidents.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R6.3.</td>
<td>The Responsible Entity shall maintain logs of system events related to cyber security, where technically feasible, to support incident response as required in Standard CIP-008.</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
<td></td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R6.4.</td>
<td>The Responsible Entity shall retain all logs specified in Requirement R6 for ninety calendar days.</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
<td></td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R6.5.</td>
<td>The Responsible Entity shall review logs of system events related to cyber security and maintain records documenting review of logs.</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
<td></td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R7.</td>
<td>Disposal or Redeployment — The Responsible Entity shall establish formal methods, processes, and procedures for disposal or redeployment of Cyber Assets within the Electronic Security Perimeter(s) as identified and documented in Standard CIP-005.</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
<td></td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R7.1.</td>
<td>Prior to the disposal of such assets, the Responsible Entity shall destroy or erase the data storage media to prevent unauthorized retrieval of sensitive cyber security or reliability data.</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
<td></td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R7.2.</td>
<td>Prior to redeployment of such assets, the Responsible Entity shall, at a minimum, erase the data storage media to prevent unauthorized retrieval of sensitive cyber security or reliability data.</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
<td></td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R7.3.</td>
<td>The Responsible Entity shall maintain records that such assets were disposed of or redeployed in accordance with documented procedures.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R8.</td>
<td>Cyber Vulnerability Assessment — The Responsible Entity shall perform a cyber-vulnerability assessment of all Cyber Assets within the Electronic Security Perimeter at least annually. The vulnerability assessment shall include, at a minimum, the following:</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R8.1.</td>
<td>A document identifying the vulnerability assessment process;</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R8.2.</td>
<td>A review to verify that only ports and services required for operation of the Cyber Assets within the Electronic Security Perimeter are enabled;</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R8.3.</td>
<td>A review of controls for default accounts; and,</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R8.4.</td>
<td>Documentation of the results of the assessment, the action plan to remediate or mitigate vulnerabilities identified in the assessment, and the execution status of that action plan.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-007-1</td>
<td>R9.</td>
<td>Documentation Review and Maintenance — The Responsible Entity shall review and update the documentation specified in Standard CIP-007 at least annually. Changes resulting from modifications to the systems or controls shall be documented within ninety calendar days of the change.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-008-1</td>
<td>R1.</td>
<td>Cyber Security Incident Response Plan — The Responsible Entity shall develop and maintain a Cyber Security Incident response plan. The Cyber Security Incident Response plan shall address, at a minimum, the following:</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-008-1</td>
<td>R1.1.</td>
<td>Procedures to characterize and classify events as reportable Cyber Security Incidents.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-008-1</td>
<td>R1.2.</td>
<td>Response actions, including roles and responsibilities of incident response teams, incident handling procedures, and communication plans.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-008-1</td>
<td>R1.3.</td>
<td>Process for reporting Cyber Security Incidents to the Electricity Sector Information Sharing and Analysis Center (ES ISAC). The Responsible Entity must ensure that all reportable Cyber Security Incidents are reported to the ES ISAC either directly or through an intermediary.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-008-1</td>
<td>R1.4.</td>
<td>Process for updating the Cyber Security Incident response plan within ninety calendar days of any changes.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-008-1</td>
<td>R1.5.</td>
<td>Process for ensuring that the Cyber Security incident response plan is reviewed at least annually.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>------------</td>
<td>-------</td>
<td>-----------------------------------------------------------------------------------------------</td>
<td>-------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>CIP-008-1</td>
<td>R1.6.</td>
<td>Process for ensuring the Cyber Security incident response plan is tested at least annually. A test of the incident response plan can range from a paper drill, to a full operational exercise, to the response to an actual incident.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-008-1</td>
<td>R2.</td>
<td>Cyber Security Incident Documentation — The Responsible Entity shall keep relevant documentation related to Cyber Security Incidents reportable per Requirement R1.1 for three calendar years.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-009-1</td>
<td>R1.</td>
<td>Recovery Plans — The Responsible Entity shall create and annually review recovery plan(s) for Critical Cyber Assets. The recovery plan(s) shall address at a minimum the following:</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-009-1</td>
<td>R1.1.</td>
<td>Specify the required actions in response to events or conditions of varying duration and severity that would activate the recovery plan(s).</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-009-1</td>
<td>R1.2.</td>
<td>Define the roles and responsibilities of responders.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>CIP-009-1</td>
<td>R2.</td>
<td>Exercises — The recovery plan(s) shall be exercised at least annually. An exercise of the recovery plan(s) can range from a paper drill, to a full operational exercise, to recovery from an actual incident.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CIP-009-1</td>
<td>R3.</td>
<td>Change Control — Recovery plan(s) shall be updated to reflect any changes or lessons learned as a result of an exercise or the recovery from an actual incident. Updates shall be communicated to personnel responsible for the authorization and implementation of the recovery plan(s) within ninety calendar days of the change.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CIP-009-1</td>
<td>R4.</td>
<td>Backup and Restore — The recovery plan(s) shall include processes and procedures for the backup and storage of information required to successfully restore Critical Cyber Assets. For example, backups may include spare electronic components or equipment, written documentation of configuration settings, tape backup, etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CIP-009-1</td>
<td>R5.</td>
<td>Testing Backup Media — Information essential to recovery that is stored on backup media shall be tested at least annually to ensure that the information is available. Testing can be completed off-site.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EOP-009-0</td>
<td>R2.</td>
<td>The Generator Owner or Generator Operator shall provide documentation of the test results of the startup and operation of each blackout generating unit to the Regional Reliability Organizations and upon request to NERC.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FAC-002-0</td>
<td>R1.</td>
<td>The Generator Owner, Transmission Owner, Distribution Provider, and Load-Serving Entity seeking to integrate generation facilities, transmission facilities, and electricity end-user facilities shall each coordinate and cooperate in its assessment with its Transmission Planner and Planning Authority. The assessment shall include:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FAC-002-0</td>
<td>R1.1. Evaluation of the reliability impact of the new facilities and their connections on the interconnected transmission systems.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
<td></td>
</tr>
<tr>
<td>FAC-002-0</td>
<td>R1.2. Ensurance of compliance with NERC Reliability Standards and applicable Regional, subregional, Power Pool, and individual system planning criteria and facility connection requirements.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
<td></td>
</tr>
<tr>
<td>FAC-002-0</td>
<td>R1.3. Evidence that the parties involved in the assessment have coordinated and cooperated in the assessment of the reliability impacts of new facilities on the interconnected transmission systems. While these studies may be performed independently, the results shall be jointly evaluated and coordinated by the entities involved.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
<td></td>
</tr>
<tr>
<td>FAC-002-0</td>
<td>R1.4. Evidence that the assessment included steady-state, short-circuit, and dynamic studies as necessary to evaluate system performance in accordance with Reliability Standard TPL-001-0.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
<td></td>
</tr>
<tr>
<td>FAC-002-0</td>
<td>R1.5. Documentation that the assessment included study assumptions, system performance, alternatives considered, and jointly coordinated recommendations.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
<td></td>
</tr>
<tr>
<td>FAC-002-0</td>
<td>R2. The Planning Authority, Transmission Planner; Generator Owner, Transmission Owner; Load-Serving Entity; and Distribution Provider shall retain its documentation of its evaluation of the reliability impact of the new facilities and their connections on the interconnected transmission systems for three years and shall provide the documentation to the Regional Reliability Organization(s) Regional Reliability Organization(s) and NERC on request (within 30 calendar days).</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
<td></td>
</tr>
<tr>
<td>FAC-008-1</td>
<td>R1.</td>
<td>The Transmission Owner and Generator Owner shall document its current methodology used for developing Facility Ratings (Facility Ratings Methodology) of its solely and jointly owned Facilities. The methodology shall include all of the following:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FAC-008-1</td>
<td>R1.1</td>
<td>A statement that a Facility Rating shall equal the most limiting applicable Equipment Rating of the individual equipment that comprises that Facility.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FAC-008-1</td>
<td>R1.2</td>
<td>The method by which the Rating (of major BES equipment that comprises a Facility) is determined.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FAC-008-1</td>
<td>R1.2.1</td>
<td>The scope of equipment addressed shall include, but not be limited to, generators, transmission conductors, transformers, relay protective devices, terminal equipment, and series and shunt compensation devices.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FAC-008-1</td>
<td>R1.2.2</td>
<td>The scope of Ratings addressed shall include, as a minimum, both Normal and Emergency Ratings.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FAC-008-1</td>
<td>R1.3</td>
<td>Consideration of the following:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FAC-008-1</td>
<td>R1.3.1. Ratings provided by equipment manufacturers.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
<td></td>
</tr>
<tr>
<td>FAC-008-1</td>
<td>R1.3.2. Design criteria (e.g., including applicable references to industry Rating practices such as manufacturer's warranty, IEEE, ANSI or other standards).</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
<td></td>
</tr>
<tr>
<td>FAC-008-1</td>
<td>R1.3.3. Ambient conditions.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
<td></td>
</tr>
<tr>
<td>FAC-008-1</td>
<td>R1.3.4. Operating limitations.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
<td></td>
</tr>
<tr>
<td>FAC-008-1</td>
<td>R1.3.5. Other assumptions.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
<td></td>
</tr>
<tr>
<td>FAC-008-1</td>
<td>R2. The Transmission Owner and Generator Owner shall each make its Facility Ratings Methodology available for inspection and technical review by those Reliability Coordinators, Transmission Operators, Transmission Planners, and Planning Authorities that have responsibility for the area in which the associated Facilities are located, within 15 business days of receipt of a request.</td>
<td></td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
<td></td>
</tr>
</tbody>
</table>
### FAC-008-1

**R1.** If a Reliability Coordinator, Transmission Operator, Transmission Planner, or Planning Authority provides written comments on its technical review of a Transmission Owner's or Generator Owner's Facility Ratings Methodology, the Transmission Owner or Generator Owner shall provide a written response to that commenting entity within 45 calendar days of receipt of those comments. The response shall indicate whether a change will be made to the Facility Ratings Methodology and, if no change will be made to that Facility Ratings Methodology, the reason why.

---

### FAC-009-1

**R1.** The Transmission Owner and Generator Owner shall each establish Facility Ratings for its sole and jointly owned facilities that are consistent with the associated Facility Ratings Methodology.

**R2.** The Transmission Owner and Generator Owner shall each provide Facility Ratings for its sole and jointly owned facilities that are consistent with the associated Facility Ratings Methodology. Planning Authority(ies), Transmission Planner(s), and Transmission Operator(s) as scheduled by such requesting entities.

---

### IRO-004-1

**R4.** Each Transmission Operator, Balancing Authority, Transmission Owner, Generator Owner, Generator Operator, and Load-Serving Entity in the Reliability Coordinator Area shall provide information required for system studies, such as critical facility studies, load, generation, operating reserve projections, and known Interchange Transmittals. This information shall be available by 1200 Central Standard Time for the Eastern Interconnection and 1200 Pacific Standard Time for the Western Interconnection.

---

### MOD-010-0

**R1.** The Transmission Owners, Transmission Planners, Generator Owners, and Resource Planners (specified in the data requirements and reporting procedures of MOD-011-0_R1) shall provide appropriate equipment characteristics, system data, and existing and future Interchange Schedules in compliance with its respective Interconnection Regional steady-state modeling and simulation data requirements and reporting procedures as defined in Reliability Standard MOD-011-0_R1.

**R2.** The Transmission Owners, Transmission Planners, Generator Owners, and Resource Planners (specified in the data requirements and reporting procedures of MOD-011-0_R1) shall provide this steady-state modeling and simulation data to the Regional Reliability Organizations, NERC, and these entities specified within Reliability Standard MOD-011-0_R1. If no schedule exists, then these entities shall provide the data on request (30 calendar days).
<p>| MOD-011-0 | R1. | The Regional Reliability Organizations within an Interconnection, in conjunction with the Transmission Owners, Transmission Planners, Generator Owners, and Resource Planners, shall jointly coordinate the development of the data requirements and reporting procedures needed to model and analyze the steady-state conditions for each of the NERC Interconnections: Eastern, Western, and ERCOT. Within an Interconnection, the Regional Reliability Organizations shall develop comprehensive steady-state data requirements and reporting procedures needed to model and analyze the steady-state conditions for each of the NERC Interconnections: Eastern, Western, and ERCOT. Within an Interconnection, the Regional Reliability Organizations shall jointly coordinate the development of the data requirements and reporting procedures for that Interconnection. The Interconnection-wide requirements shall include the following steady-state data requirements: |
| MOD-012-0 | R1. | The Transmission Owners, Transmission Planners, Generator Owners, and Resource Planners (specified in the data requirements and reporting procedures of MOD-013-0_R1) shall provide appropriate equipment characteristics and system data in compliance with the respective Interconnection-wide Regional dynamics system modeling and simulation data requirements and reporting procedures as defined in Reliability Standard MOD-013-0_R1. |
| MOD-012-0 | R2. | The Transmission Owners, Transmission Planners, Generator Owners, and Resource Planners (specified in the data requirements and reporting procedures of MOD-013-0_R2) shall provide appropriate equipment characteristics and system data in compliance with the respective Interconnection-wide Regional dynamics system modeling and simulation data requirements and reporting procedures as defined in Reliability Standard MOD-013-0_R2. If no schedule exists, then these entities shall provide data on request (30 calendar days). |
| MOD-013-1 | R1. | The Regional Reliability Organization, in coordination with its Transmission Owners, Transmission Planners, Generator Owners, and Resource Planners, shall develop comprehensive regional dynamics data requirements and reporting procedures needed to model and analyze the regional behavior or response of each of the NERC Interconnections: Eastern, Western, and ERCOT. Within an Interconnection, the Regional Reliability Organizations shall jointly coordinate the development of the data requirements and reporting procedures for that Interconnection. Each set of Interconnection-wide dynamics data requirements shall include the following dynamics data requirements: |
| MOD-017-0 | R1.3 | Monthly peak hour forecast demands in MW and Net Energy for Load in GWh for the next two years. |
| MOD-017-0 | R1.4 | Annual Peak hour forecast demands (summer and winter) in MW and annual Net Energy for Load in GWh for at least five years and up to ten years into the future, as requested. |
| MOD-018-0 | R1.1 | Indicate whether the demand data of nonmember entities within an area or Regional Reliability Organization are included, and |
| MOD-018-0 | R1.2 | Address assumptions, methods, and the manner in which uncertainties are treated in the forecasts of aggregated peak demands and Net Energy for Load. |
| MOD-018-0 | R1.3 | LSE BREC will be the responsible entity for forecasting demands for HMPL. |
| MOD-018-0 | R1.4 | LSE BREC will be the responsible entity for forecasting demands for HMPL. |
| MOD-018-0 | R1.5 | LSE BREC will be responsible for report of forecast demand data. |
| MOD-018-0 | R1.6 | LSE BREC will be responsible for report of forecast demand data. |</p>
<table>
<thead>
<tr>
<th>MOD-018-0</th>
<th>R.I.3.</th>
<th>Items (MOD-018-0_R1.1) and (MOD-018-0_R1.2) shall be addressed as described in the reporting procedures developed for Standard MOD-016-0_R1.</th>
<th>LSE</th>
<th>BREC will be responsible for report of forecast demand data.</th>
</tr>
</thead>
<tbody>
<tr>
<td>MOD-018-0</td>
<td>R2.</td>
<td>The Load-Serving Entity, Planning Authority, Transmission Planner and Resource Planner shall each report data associated with Reliability Standard MOD-018-0_R1 to NERC, the Regional Reliability Organization, Load-Serving Entity, Planning Authority, and Resource Planner on request (within 30 calendar days).</td>
<td>LSE</td>
<td>BREC will be responsible for report of forecast demand data.</td>
</tr>
<tr>
<td>MOD-024-1</td>
<td>R3.</td>
<td>The Generator Owner shall follow its Regional Reliability Organization's procedures for verifying and reporting its gross and net Real Power generating capability per R1.</td>
<td>GO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2.</td>
</tr>
<tr>
<td>MOD-025-1</td>
<td>R3.</td>
<td>The Generator Owner shall follow its Regional Reliability Organization's procedures for verifying and reporting its gross and net Reactive Power generating capability per R1.</td>
<td>GO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2.</td>
</tr>
<tr>
<td>NUC-001-1</td>
<td>R1.</td>
<td>The Nuclear Plant Generator Operator shall provide the proposed NPIRs in writing to the applicable Transmission Entities and shall verify receipt</td>
<td>GO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>NUC-001-1</td>
<td>R2.</td>
<td>The Nuclear Plant Generator Operator and the applicable Transmission Entities shall have in effect one or more Agreements that include mutually agreed to NPIRs and document how the Nuclear Plant Generator Operator and the applicable Transmission Entities shall address and implement these NPIRs.</td>
<td>GO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>NUC-001-1</td>
<td>R3.</td>
<td>Per the Agreements developed in accordance with this standard, the applicable Transmission Entities shall incorporate the NPIRs into their planning analyses of the electric system and shall communicate the results of these analyses to the Nuclear Plant Generator Operator.</td>
<td>GO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>NUC-001-1</td>
<td>R4.</td>
<td>Per the Agreements developed in accordance with this standard, the applicable Transmission Entities shall:</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>NUC-001-1</td>
<td>R4.1</td>
<td>Incorporate the NPIRs into their operating analyses of the electric system.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>NUC-001-1</td>
<td>R4.2</td>
<td>Operate the electric system to meet the NPIRs.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>NUC-001-1</td>
<td>R4.3</td>
<td>Inform the Nuclear Plant Generator Operator when the ability to assess the operation of the electric system affecting NPIRs is lost.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>NUC-001-1</td>
<td>R6.</td>
<td>Per the Agreements developed in accordance with this standard, the applicable Transmission Entities and the Nuclear Plant Generator Operator shall coordinate outages and maintenance activities which affect the NPIRs.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>NUC-001-1</td>
<td>R7.</td>
<td>Per the Agreements developed in accordance with this standard, the Nuclear Plant Generator Operator shall inform the applicable Transmission Entities of actual or proposed changes to nuclear plant design, configuration, operating limits, protection systems, or capabilities that may impact the ability of the electric system to meet the NPIRs.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>NUC-001-1</td>
<td>R8.</td>
<td>Per the Agreement(s) developed in accordance with this standard, the applicable Transmission Entities shall inform the Nuclear Plant Generator Operator of actual or proposed changes to electric system design, configuration, operations, limits, protection systems, or capabilities that may impact the ability of the electric system to meet the NPIRs.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>-----------</td>
<td>-----</td>
<td>-------------------------------------------------------------------------------------------------</td>
<td>-------</td>
<td>-------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>NUC-001-1</td>
<td>R9.</td>
<td>The Nuclear Plant Generator Operator and the applicable Transmission Entities shall include, as a minimum, the following elements within the agreement(s) identified in R2:</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>NUC-001-1</td>
<td>R9.1.</td>
<td>Administrative elements:</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>NUC-001-1</td>
<td>R9.1.1.</td>
<td>Definitions of key terms used in the agreement.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>NUC-001-1</td>
<td>R9.1.2.</td>
<td>Names of the responsible entities, organizational relationships, and responsibilities related to the NPIRs.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>NUC-001-1</td>
<td>R9.1.3.</td>
<td>A requirement to review the agreement(s) at least every three years.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>NUC-001-1</td>
<td>R9.1.4.</td>
<td>A dispute resolution mechanism.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>NUC-001-1</td>
<td>R9.2.</td>
<td>Technical requirements and analysis:</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>NUC-001-1</td>
<td>R9.2.1.</td>
<td>Identification of parameters, limits, configurations, and operating scenarios included in the NPIRs and, as applicable, procedures for providing any specific data not provided within the agreement.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>NUC-001-1</td>
<td>R9.2.2.</td>
<td>Identification of facilities, components, and configuration restrictions that are essential for meeting the NPIRs.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>NUC-001-1</td>
<td>R9.2.3.</td>
<td>Types of planning and operational analyses performed specifically to support the NPIRs, including the frequency of studies and types of Contingencies and scenarios required.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>NUC-001-1</td>
<td>R9.3.</td>
<td>Operations and maintenance coordination:</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>NUC-001-1</td>
<td>R9.3.1</td>
<td>Designation of ownership of electrical facilities at the interface between the electric system and the nuclear plant and responsibilities for operational control coordination and maintenance of these facilities.</td>
<td><strong>GO TO</strong></td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>-----------</td>
<td>--------</td>
<td>--------------------------------------------------------------------------------------------------</td>
<td>----------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>NUC-001-1</td>
<td>R9.3.2</td>
<td>Identification of any maintenance requirements for equipment not owned or controlled by the Nuclear Plant Generator Operator that are necessary to meet the NPIRs.</td>
<td><strong>GO TO</strong></td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>NUC-001-1</td>
<td>R9.3.3</td>
<td>Coordination of testing, calibration and maintenance of on-site and off-site power supply systems and related components.</td>
<td><strong>GO TO</strong></td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>NUC-001-1</td>
<td>R9.3.4</td>
<td>Provisions to address mitigating actions needed to avoid violating NPIRs and to address periods when responsible Transmission Entity loses the ability to assess the capability of the electric system to meet the NPIRs. These provisions shall include responsibility to notify the Nuclear Plant Generator Operator within a specified time frame.</td>
<td><strong>GO TO</strong></td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>NUC-001-1</td>
<td>R9.3.5</td>
<td>Provision to consider nuclear plant coping times required by the NPIRs and their relation to the coordination of grid and nuclear plant restoration following a nuclear plant loss of Off-site Power.</td>
<td><strong>GO TO</strong></td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>NUC-001-1</td>
<td>R9.3.6</td>
<td>Coordination of physical and cyber security protection of the Bulk Electric System at the nuclear plant interface to ensure each asset is covered under at least one entity's plan.</td>
<td><strong>GO TO</strong></td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>NUC-001-1</td>
<td>R9.3.7.</td>
<td>Coordination of the NPIRs with transmission system Special Protection Systems and underfrequency and undervoltage load shedding programs.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>-----------</td>
<td>---------</td>
<td>---------------------------------------------------------------------------------</td>
<td>--------</td>
<td>-----------------------------------------------------------------</td>
</tr>
<tr>
<td>NUC-001-1</td>
<td>R9.4.</td>
<td>Communications and training:</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>NUC-001-1</td>
<td>R9.4.1.</td>
<td>Provisions for communications between the Nuclear Plant Generator Operator and Transmission Entities, including communications protocols, notification time requirements, and definitions of terms.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>NUC-001-1</td>
<td>R9.4.2.</td>
<td>Provisions for coordination during an off-normal or emergency event affecting the NPIRs, including the need to provide timely information explaining the event, an estimate of when the system will be returned to a normal state, and the actual time the system is returned to normal.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>NUC-001-1</td>
<td>R9.4.3.</td>
<td>Provisions for coordinating investigations of causes of unplanned events affecting the NPIRs and developing solutions to minimize future risk of such events.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>NUC-001-1</td>
<td>R9.4.4.</td>
<td>Provisions for supplying information necessary to report to government agencies, as related to NPIRs.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>NUC-001-1</td>
<td>R9.4.5.</td>
<td>Provisions for personnel training, as related to NPIRs.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>-----------</td>
<td>--------</td>
<td>---------------------------------------------------------------</td>
<td>--------</td>
<td>-------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>PRC-004-1</td>
<td>R2.</td>
<td>The Generator Owner shall analyze its generation/Protection System Misoperations, and shall develop and implement a Corrective Action Plan to avoid future Misoperations of a similar nature according to the Regional Reliability Organization's procedures developed for PRC-003 R1.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2.</td>
</tr>
<tr>
<td>PRC-004-1</td>
<td>R3.</td>
<td>The Transmission Owner, any Distribution Provider that owns a transmission Protection System, and the Generator Owner shall each provide to its Regional Reliability Organization, documentation of its Misoperations analyses and Corrective Action Plans according to the Regional Reliability Organization's procedures developed for PRC-003 R1.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>PRG-005-1</td>
<td>R1.</td>
<td>Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall have a Protection System maintenance and testing program for Protection Systems that affect the reliability of the BES. The program shall include:</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>PRC-005-1</td>
<td>R1.1.</td>
<td>Maintenance and testing intervals and their basis.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>PRC-005-1</td>
<td>R1.2.</td>
<td>Summary of maintenance and testing procedures.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>Reference</td>
<td>Rule</td>
<td>Description</td>
<td>GO TO</td>
<td></td>
</tr>
<tr>
<td>-----------</td>
<td>------</td>
<td>-------------</td>
<td>-------</td>
<td></td>
</tr>
<tr>
<td>PRC-005-1</td>
<td>R2.</td>
<td>Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall provide documentation of its Protection System maintenance and testing program and the implementation of that program to its Regional Reliability Organization on request (within 30 calendar days). The documentation of the program implementation shall include:</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
<td></td>
</tr>
<tr>
<td>PRC-005-1</td>
<td>R2.1.</td>
<td>Evidence Protection System devices were maintained and tested within the defined intervals.</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
<td></td>
</tr>
<tr>
<td>PRC-005-1</td>
<td>R2.2.</td>
<td>Date each Protection System device was last tested/maintained.</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
<td></td>
</tr>
<tr>
<td>PRC-015-0</td>
<td>R1.</td>
<td>The Transmission Owner, Generator Owner, and Distribution Provider that owns an SPS shall maintain a list of and provide data for existing and proposed SPSs as specified in Reliability Standard PRC-013-0_R 1.</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
<td></td>
</tr>
<tr>
<td>PRC-015-0</td>
<td>R2.</td>
<td>The Transmission Owner, Generator Owner, and Distribution Provider that owns an SPS shall have evidence it reviewed new or functionally modified SPSs in accordance with the Regional Reliability Organization's procedures as defined in Reliability Standard PRC-012-0_R 1 prior to being placed in service.</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
<td></td>
</tr>
<tr>
<td>PRC-015-0</td>
<td>R3.</td>
<td>The Transmission Owner, Generator Owner, and Distribution Provider that owns an SPS shall provide documentation of SPS data and the results of studies that show compliance of new or functionally modified SPSs with NERC Reliability Standards and Regional Reliability Organization criteria to affected Regional Reliability Organizations and NERC on request (within 30 calendar days).</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
<td></td>
</tr>
<tr>
<td>PRC-016-0</td>
<td>R1.</td>
<td>The Transmission Owner, Generator Owner, and Distribution Provider that owns an SPS shall analyze its SPS operations and maintain a record of all misoperations in accordance with the Regional SPS review procedure specified in Reliability Standard PRC-012-0_R.1.</td>
<td><strong>GO TO</strong></td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>PRC-016-0</td>
<td>R2.</td>
<td>The Transmission Owner, Generator Owner, and Distribution Provider that owns an SPS shall take corrective actions to avoid future misoperations.</td>
<td><strong>GO TO</strong></td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>PRC-016-0</td>
<td>R3.</td>
<td>The Transmission Owner, Generator Owner, and Distribution Provider that owns an SPS shall provide documentation of the misoperation analyses and the corrective actions taken to its Regional Reliability Organization and NERC on request (within 90 calendar days).</td>
<td><strong>GO TO</strong></td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>PRC-017-0</td>
<td>R1.</td>
<td>The Transmission Owner, Generator Owner, and Distribution Provider that owns an SPS shall have a system maintenance and testing program(s) in place. The program(s) shall include:</td>
<td><strong>GO TO</strong></td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>PRC-017-0</td>
<td>R1.1.</td>
<td>SPS Identification shall include but is not limited to:</td>
<td><strong>GO TO</strong></td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>PRC-017-0</td>
<td>R1.1.1.</td>
<td>Relays.</td>
<td><strong>GO TO</strong></td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>PRC-017-0</td>
<td>R1.1.2.</td>
<td>Instrument transformers.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>PRC-017-0</td>
<td>R1.1.3.</td>
<td>Communications systems, where appropriate.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>PRC-017-0</td>
<td>R1.1.4.</td>
<td>Batteries.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>PRC-017-0</td>
<td>R1.2.</td>
<td>Documentation of maintenance and testing intervals and their basis.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>PRC-017-0</td>
<td>R1.3.</td>
<td>Summary of testing procedures.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>PRC-017-0</td>
<td>R1.4.</td>
<td>Schedule for system testing.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>PRC-017-0</td>
<td>R1.5.</td>
<td>Schedule for system maintenance.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>------------</td>
<td>------</td>
<td>----------------------------------</td>
<td>--------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>PRC-017-0</td>
<td>R1.6.</td>
<td>Date last tested/maintained.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>PRC-017-0</td>
<td>R2.</td>
<td>The Transmission Owner, Generator Owner, and Distribution Provider that owns all SPS shall provide documentation of the program and its implementation to the appropriate Regional Reliability Organizations and NERC on request (within 30 calendar days).</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>PRC-018-1</td>
<td>R1.</td>
<td>Each Transmission Owner and Generator Owner required to install DMEs by its Regional Reliability Organization (reliability standard PRC-002 Requirements 1-3) shall have DMEs installed that meet the following requirements:</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>PRC-018-1</td>
<td>R1.1.</td>
<td>Internal Clocks in DME devices shall be synchronized to within 2 milliseconds or less of Universal Coordinated Time scale (UTC)</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>PRC-018-1</td>
<td>R1.2.</td>
<td>Recorded data from each disturbance shall be retrievable for ten calendar days.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>PRC-018-1</td>
<td>R2.</td>
<td>The Transmission Owner and Generator Owner shall each install DMEs in accordance with its Regional Reliability Organization's installation requirements (reliability standard PRC-002 Requirements 1 through 3).</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>PRC-018-1</td>
<td>R3.</td>
<td>The Transmission Owner and Generator Owner shall each maintain, and report to its Regional Reliability Organization on request, the following data on the DMEs installed to meet their region's installation requirements (reliability standard PRC-002 Requirements 1.1, 2.1 and 3.1):</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>PRC-018-1</td>
<td>R3.1.</td>
<td>Type of DME (sequence of event recorder, fault recorder, or dynamic disturbance recorder).</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>PRC-018-1</td>
<td>R3.2.</td>
<td>Make and model of equipment.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>PRC-018-1</td>
<td>R3.3.</td>
<td>Installation location.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>PRC-018-1</td>
<td>R3.4.</td>
<td>Operational status.</td>
<td>GO TO</td>
<td>BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
</tr>
<tr>
<td>PRC-018-1</td>
<td>R3.5.</td>
<td>Date last tested.</td>
<td>GO TO BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
<td></td>
</tr>
<tr>
<td>PRC-018-1</td>
<td>R3.6.</td>
<td>Monitored elements, such as transmission circuit, bus section, etc.</td>
<td>GO TO BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
<td></td>
</tr>
<tr>
<td>PRC-018-1</td>
<td>R3.7.</td>
<td>Monitored devices, such as circuit breaker, disconnect status, alarm, etc.</td>
<td>GO TO BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
<td></td>
</tr>
<tr>
<td>PRC-018-1</td>
<td>R3.8.</td>
<td>Monitored electrical quantities, such as voltage, current, etc.</td>
<td>GO TO BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
<td></td>
</tr>
<tr>
<td>PRC-018-1</td>
<td>R4.</td>
<td>The Transmission Owner and Generator Owner shall each provide Disturbance data (recorded by DMEs) in accordance with its Regional Reliability Organization’s requirements (reliability standard PRC-002 Requirement 4).</td>
<td>GO TO BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
<td></td>
</tr>
<tr>
<td>PRC-018-1</td>
<td>R5.</td>
<td>The Transmission Owner and Generator Owner shall each archive all data recorded by DMEs for Regional Reliability Organization-identified events for at least three years.</td>
<td>GO TO BREC will be the responsible entity for Generating Assets only at HMPL. Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.</td>
<td></td>
</tr>
<tr>
<td>R6.</td>
<td>Each Transmission Owner and Generator Owner that is required by its Regional Reliability Organization to have DMEs shall have a maintenance and testing program for those DMEs that includes:</td>
<td>GO TO</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R6.1.</td>
<td>Maintenance and testing intervals and their basis.</td>
<td>GO TO</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R6.2.</td>
<td>Summary of maintenance and testing procedures.</td>
<td>GO TO</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R3.</td>
<td>Each Load-Serving Entity and Generator Operator shall coordinate (where confidentiality agreements allow) its current-day, next-day, and seasonal operations with its Host Balancing Authority and Transmission Service Provider. Each Balancing Authority and Transmission Service Provider shall coordinate its current-day, next-day, and seasonal operations with its Transmission Operator.</td>
<td>LSE: BREC will be responsible for the Load Serving Entity function.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R4.</td>
<td>The Generator Owner shall provide the following to its associated Transmission Operator and Transmission Planner within 30 calendar days of a request.</td>
<td>GO</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R4.1.</td>
<td>For generator step-up transformers and auxiliary transformers with primary voltages equal to or greater than the generator terminal voltage:</td>
<td>GO</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

BREC will be the responsible entity for Generating Assets only at HMPL Station #2. HMPL will be the responsible entity for Transmission Assets only owned by HMPL.
| VAR-002-1 | R4.1.1 | Tap settings. | GO | BREC will be the responsible entity for Generating Assets only at HMPL Station #2. |
|VAR-002-1 | R4.1.2 | Available fixed tap ranges. | GO | BREC will be the responsible entity for Generating Assets only at HMPL Station #2. |
|VAR-002-1 | R4.1.3 | Impedance data. | GO | BREC will be the responsible entity for Generating Assets only at HMPL Station #2. |
|VAR-002-1 | R4.1.4 | The +/- voltage range with step-change in % for load-tap changing transformers. | GO | BREC will be the responsible entity for Generating Assets only at HMPL Station #2. |
|VAR-002-1 | R5. | After consultation with the Transmission Operator regarding necessary step-up transformer tap changes, the Generator Owner shall ensure that transformer tap positions are changed according to the specifications provided by the Transmission Operator, unless such action would violate safety, an equipment rating, a regulatory requirement, or a statutory requirement. | GO | BREC will be the responsible entity for Generating Assets only at HMPL Station #2. |
Case No. 2018-00146
KIUC 1-2 (RWB)(Att) – Amendment to Agreement for Assignment of Responsibility for Complying with Reliability Standards
AMENDMENT#1

Amendment to the AGREEMENT FOR ASSIGNMENT OF RESPONSIBILITY FOR COMPLYING WITH RELIABILITY STANDARDS

BETWEEN

Henderson Municipal Power & Light

AND

Big Rivers Electric Corporation

This amendment to the AGREEMENT FOR ASSIGNMENT OF RESPONSIBILITY FOR COMPLYING WITH RELIABILITY STANDARDS is a modification to Appendix A to change certain responsibilities and keep Appendix A current with the latest revisions of standards that are included in NERC filing "CFR00092" for specific Load Serving Entity (LSE) functions and requirements.

The original Agreement, dated July 16th, 2009, will be amended as specified in the attached "Amendment#1 to Appendix A."

- Henderson Municipal Power & Light will be the responsible party for all requirements of NERC Reliability Standards "MOD-017-01" and "MOD-018-01."
- NERC Reliability Standard "TOP-002-2" will be replaced by "TOP-002-2a."

HMP&L

By: [Signature]

Name: Gary Quick

Title: General Manager

Date: 5/3/12

BREC

By: [Signature]

Name: Mark A. Bailey

Title: President & CEO

Date: 5/3/12
<table>
<thead>
<tr>
<th>Standard Number</th>
<th>Requirement Number</th>
<th>Text of Requirement</th>
<th>GO TO LSE</th>
<th>Responsible Party</th>
</tr>
</thead>
<tbody>
<tr>
<td>MOD-016-0:1</td>
<td>R.1.3</td>
<td>Monthly peak hour forecast demands in MW and Net Energy for Load in GWh for the next two years.</td>
<td>LSE</td>
<td>LSE HMPL will be responsible for forecasting demands for HMPL load.</td>
</tr>
<tr>
<td>MOD-017-0:1</td>
<td>R.1.4</td>
<td>Annual Peak hour forecast demands (summer and winter) in MW and annual NetEnergy for load in GWh for at least five years and up to ten years into the future, as requested.</td>
<td>LSE</td>
<td>LSE HMPL will be responsible for forecasting demands for HMPL load.</td>
</tr>
<tr>
<td>MOD-016-0</td>
<td>R.1</td>
<td>The Load-Serving Entity, Planning Authority, Transmission Planner and Resource Planner's report of actual and forecast demand data (reported on either an aggregated or dispersed basis) shall:</td>
<td>LSE</td>
<td>LSE HMPL will be responsible for report of its forecast demand data.</td>
</tr>
<tr>
<td>R.1.1</td>
<td></td>
<td>Indicate whether the demand data of nonmember entities within an area or Regional Reliability Organization are included, and</td>
<td>LSE</td>
<td>LSE HMPL will be responsible for report of its forecast demand data.</td>
</tr>
<tr>
<td>MOD-016-0</td>
<td>R.1.2</td>
<td>Address assumptions, methods, and the manner in which uncertainties are treated in the forecasts of aggregated peak demands and Net Energy for Load.</td>
<td>LSE</td>
<td>LSE HMPL will be responsible for report of its forecast demand data.</td>
</tr>
<tr>
<td>R.1.3</td>
<td></td>
<td>Items (MOD-016-0_R.1.1) and (MOD-016-0_R.1.2) shall be addressed as described in the reporting procedures developed for Standard MOD-016-0_R.1.</td>
<td>LSE</td>
<td>LSE HMPL will be responsible for report of its forecast demand data.</td>
</tr>
<tr>
<td>MOD-018-0</td>
<td>R.2</td>
<td>The Load-Serving Entity, Planning Authority, Transmission Planner and Resource Planner shall each report data associated with Reliability Standard MOD-018-0_R.1 to NRRC, the Regional Reliability Organization, Load-serving Entity, Planning Authority, and Resource Planner on request (within 30 calendar days).</td>
<td>LSE</td>
<td>LSE HMPL will be responsible for report of its forecast demand data.</td>
</tr>
<tr>
<td>MOD-018-0</td>
<td>R.3</td>
<td>Each Load-Serving Entity and Generator Operator shall coordinate (where confidentiality agreements allow) in-current-day, next-day, and seasonal operations with its Balancing Authority and Transmission Service Providers. Each Balancing Authority and Transmission Service Provider shall coordinate its current-day, next-day, and seasonal operations with its Transmission Operator.</td>
<td>LSE</td>
<td>LSE NRRC will be responsible for the Load-Serving Entity function.</td>
</tr>
<tr>
<td>TOL-002-2a</td>
<td>R.3</td>
<td></td>
<td>LSE</td>
<td>LSE NRRC will be responsible for the Load-Serving Entity function.</td>
</tr>
</tbody>
</table>
Case No. 2018-00146

KIUC 1-2 (RWB)(Att) - Grant of Rights and of Easement
GRANT OF RIGHTS AND OF EASEMENTS

This grant of Rights and of Easements entered into as of April 1, 2005, between and among Big Rivers Electric Corporation, a rural electric cooperative corporation organized under Chapter 279 of the Kentucky Revised Statutes, P.O. Box 24, 201 Third Street, Henderson, Kentucky 42419, known herein as "Big Rivers," a Grantor, and Western Kentucky Energy Corp., 145 North Main Street, P.O. Box 1518, Henderson, Kentucky 42419-1518, known herein as "WKEC," also a Grantor herein, City of Henderson, Kentucky, a municipal corporation and city of the second class organized under the laws of Kentucky, of 222 First Street, Henderson, Kentucky 42419, and City of Henderson Utility Commission, a public body politic and corporate organized under Kentucky Revised Statutes 96.520, and related statutes, of 100 Fifth Street, Henderson, Kentucky 42419, the said city and commission being referred to herein collectively as "City," as Grantee herein.

WITNESSETH:

For and in consideration of the covenants and grants herein and in the 2005 Amendments to Contracts (defined below) by City, Big Rivers and WKEC, the parties hereto agree, covenant, and grant as follows:

1. City owns and Big Rivers acquired the right to operate City’s electric generating station known as Henderson Municipal Power & Light Station Two ("Station Two"), and to purchase certain capacity and energy from Station Two, in each case under agreements and contracts (including certain related amendments thereto and subsequent agreements among two or more of the City, Big Rivers, WKEC and certain other subsidiaries or affiliates of LG&E Energy, LLC) collectively referred to herein as the "Station Two Documents," which are more particularly identified and described in the 2005 Amendments to Contracts of even date herewith.
among the City, Big Rivers, WKE Station Two Inc. and LG&E Energy Marketing Inc. (the “2005 Amendments to Contracts.”

2. City’s Station Two, and Big Rivers’ generating stations Reid and Green are located on adjacent sites that are shown, in part, on Exhibit A hereto. By agreement dated as of July 15, 1998, WKEC leased the Big Rivers Green and Reid Generating Station sites from Big Rivers.

3. The parties to the Station Two Documents have agreed that Station Two should be equipped with a selective catalytic reduction system as more particularly described in the 2005 Amendments to Contracts (“Station Two SCR System”) by May, 2004, so as to comply with applicable provisions of the Federal Environmental Protection Agency’s 1998 NOx SIP Call (63 Fed. Reg. 57356), which was promulgated pursuant to Section 110 of the Clean Air Act, 42 U.S.C. 7410, and implemented in Kentucky by Regulation 401 KAR 51:160.

4. The City’s existing Station Two site is inadequate in area to accommodate the Station Two SCR System design. Accordingly, the Station Two SCR System, including the SCR system reactors, the ammonia storage facility and an auxiliary building will be located, in whole or in part, on the Big Rivers Reid and Green Generating Stations site.

5. The 2005 Amendments to Contracts require that Big Rivers “transfer and convey to the City, easements on land lying adjacent to the Station Two plant site in order to permit the construction and operation and maintenance thereon of certain portions of the Station Two SCR System, including the SCR reactors, the ammonia storage facility and an auxiliary building, together with any additional easements to the City required for the construction, operation, maintenance and removal of auxiliary facilities required in connection therewith and for access.
In order to implement, identify, expand, and place of record in the office of the Clerk of the County of Henderson, Kentucky, rights of access, location and use, and easements of ingress and egress to City's facilities located, or to be located, on lands of Big Rivers, currently under lease to WKEC, Grantors grant to City, as Grantee, rights of access, easements of location and use, and easements of ingress and egress (collectively, "Rights and Easements"), to the facilities owned by such Grantee related to the Station Two SCR System identified on Exhibit A attached hereto, including without limitation, such additional facilities as may be subsequently installed therein or thereon pursuant to the 2005 Amendments to Contracts, and reflected on Exhibits A and B by mutual written consent of the Parties hereto. Big Rivers and WKEC except from this grant, to the extent of their respective interests, rights of access, location and use, and easements of ingress and egress to facilities owned or operated by either of them that are located, or as may be subsequently installed therein or thereon, on lands covered by this grant to City, provided that such subsequently-installed facilities shall not unreasonably interfere with the operation of Station Two.

6. The Rights and Easements herein granted to City (I) shall continue in full force and effect as to the Station Two SCR System only until Station Two shall be permanently decommissioned, and (ii) will not be terminated by reason of the termination of any other agreement or contract between or among the parties.

7. The Rights and Easements herein granted shall permit the owner and the operator (if it shall be different from the owner) of the Station Two SCR System, and their respective employees, agents, representatives and contractors, to inspect, test, maintain, operate, repair, renew, make necessary and incidental improvements, and to replace such owner's facilities
located on the lands of any other party hereto, as shown in Exhibit A, and any facilities added thereto pursuant to the 2005 Amendments to Contracts and identified on Exhibit B, or by agreement of the Parties, and to enter upon the lands covered by the Rights and Easements from time to time whenever reasonably necessary to effectuate the above purposes.

8. The lands to which the Rights and Easements are granted herein are located, or to be located, in Henderson County, Kentucky, on the West bank of Green River, between Green River and Kentucky Highway 2096, approximately twelve miles South of Henderson, Kentucky, at the intersection of Kentucky Highway 2096 and 2097, as shown in part on Exhibit A hereto.

9. Pursuant to KRS 142.050(1)(a), the parties hereto are not required to declare the fair market value of the Rights and Easements herein granted to City. The Rights and Easements herein granted are less than a life estate in the lands affected thereby and sources of title to such interests are not required by KRS 382.110.

10. This instrument, including the Rights and Easements herein granted and received, shall extend to, inure to the benefit of, and bind the parties hereto, and their respective successors, assigns, and transferees.

11. City hereby agrees, to the maximum extent permitted by law, to indemnify and hold harmless Big Rivers and WKEC, and their respective successors and assigns, of and from any and all claims, demands, actions, suits, proceedings, damages, liabilities and controversies of any nature whatsoever, that Big Rivers, WKEC or such other persons or entities may suffer or incur resulting from, arising out of or in any manner relating to City's or its employee's, agent's, representatives' or invitee's activities, actions or omissions on, at, over or across any of the lands or properties of Big Rivers that are the subject of the Rights and Easements occurring at any time
during the term of this Grant of Rights and Easements. Notwithstanding the foregoing, City shall have no obligation to indemnify or hold harmless Big Rivers, WKEC or their respective employees, agents, representatives or invitees from or against any claim, demand, action, suit, proceeding, damage, liability or controversy to the extent resulting from the negligence or willful misconduct of Big Rivers, WKEC, any affiliate of WKEC or the employees, agents, representatives or invitees of Big Rivers, WKEC or any affiliate of WKEC. The foregoing indemnification and hold harmless covenant of City shall survive the expiration or termination of this Grant of Rights and Easements for any reason.

IN TESTIMONY WHEREOF, the parties hereto have executed this instrument in multiple copies as of the date first herein written.

This 1st day of April, 2005.

CITY OF HENDERSON, KENTUCKY

By: [Signature]
Mayor

ATTEST:

[Signature]

CITY OF HENDERSON UTILITY COMMISSION

By: [Signature]

ATTEST:

[Signature]
BIG RIVERS ELECTRIC CORPORATION

By: ____________________________
    Michael H. Core, President/CEO

WESTERN KENTUCKY ENERGY CORP.

By: ____________________________
    Ralph Bowling, Vice President

COUNTY OF HENDERSON
COMMONWEALTH OF KENTUCKY

The foregoing instrument was subscribed, sworn and acknowledged before me by
Howard Luckett, Mayor, and attested by Carolyn Williams, City Clerk as the act
and deed of the City of Henderson, Kentucky, and as their individual acts and deeds in
Henderson County, Kentucky, on this 7th day of April, 2005.

IN TESTIMONY WHEREOF, I have placed my hand and seal on this 7th day of
April, 2005.

______________________________
Notary Public, Ky. State at Large
My commission expires: 6/23/08
COUNTY OF HENDERSON
COMMONWEALTH OF KENTUCKY

The foregoing instrument was subscribed, sworn and acknowledged before me by
Michael H. Core, President/CEO, as the act and deed of Big Rivers Electric Corporation,
Henderson, Kentucky, on this 27th day of April, 2005.

IN TESTIMONY WHEREOF, I have placed my hand and seal on this 27th day of
April, 2005.

Notary Public, Ky. State at Large
My commission expires: 6-25-08

COUNTY OF HENDERSON
COMMONWEALTH OF KENTUCKY

The foregoing instrument was subscribed, sworn and acknowledged before me by
Michael H. Core, President/CEO, as the act and deed of Big Rivers Electric Corporation,
Henderson, Kentucky, on this 27th day of April, 2005.

IN TESTIMONY WHEREOF, I have placed my hand and seal on this 27th day of
April, 2005.

Notary Public, Ky. State at Large
My commission expires: 1-12-09
COUNTY OF HENDERSON
COMMONWEALTH OF KENTUCKY

The foregoing instrument was subscribed, sworn and acknowledged before me by

[Signature] as Vice President, as the act and deed of Western
Kentucky Energy Corp., Henderson, Kentucky, on this 6th day of July, 2005.

IN TESTIMONY WHEREOF, I have placed my hand and seal on this 5th day of

2005.

[Signature]

Notary Public, Ky. State at Large
My commission expires: 6-23-05

THIS INSTRUMENT PREPARED BY:

[Signature]

James M. Miller
Sullivan, Mountjoy, Stainback & Miller, P.S.C.
100 St. Ann Street
Owensboro, Kentucky 42303
(270) 926-4000
AND BEING a part of the same property described in the deeds of record in Deed Book 211, pg. 56; Deed Book 211, pg. 180; Deed Book 212, pg. 23; Deed Book 213, pg. 20; Deed Book 257, pg. 275; and Deed Book 293, pg. 616, Office of the Henderson County Court Clerk.

EXHIBIT A
COMPONENTS OF STATION TWO SCR SYSTEM

SCR SYSTEM

The SCR system for each of the units is located between the boiler economizer outlet and the air heater inlet. The catalyst modules are located in one vertical down flow reactor for each boiler. The SCR reactors are of an outdoors design.

During periods of operation, flue gas from the boilers after the economizer sections will pass through the SCR and then through the air heaters. When the SCR is not in service, the flue gas will by-pass the SCR system. The ammonia injection system will use anhydrous ammonia from a storage facility. Two layers of catalyst will be employed initially to attain required performance. A third layer will be added, when necessary after the guarantee period, to maintain continued performance.

Ammonia System

The purpose of the ammonia injection system is to ensure that there is a correct amount of ammonia and an even distribution of \( \text{NH}_3 / \text{NO}_x \) ratio at the first catalyst layer. The ammonia injection process involves moving the liquid anhydrous ammonia from the storage tanks to the vaporizer skid, where it is vaporized, and then moved to the reactor area where it is mixed with heated dilution air. The ammonia air mixture is then injected into the flue gas duct ahead of the SCR reactor through a specially designed injection grid.
SCR, Ductwork and Support System:
- Pile Foundations
- Grade Beams
- Slabs on Grade
- Equipment Pads
- SCR and Ductwork Support Steel
- Access Platforms and Stairs to Grade
- 2 SCR Reactor Vessels
- SCR Inlet and Outlet Ductwork
- SCR and Ductwork Insulation and Lagging
- Ductwork Expansion Joints
- SCR and Ductwork Access Doors
- Pipe Supports

Buildings and Enclosures:
- Electrical Building Extension
- NOx Analyzer Shelter
- 2 Dilution Air Fan Skid Enclosures

Mechanical Equipment, SCR System:
- 4 Diverter Dampers
- 6 Diverter Damper Seal Air Fans
- 6 Damper Seal Air Fan Intake Silencers
- 2 Seal Air Heaters
- SCR Catalyst Modules
- Catalyst Handling Equipment; Carts, Air Powered Hoists, and Crane Beams
- 16 Sonic Air Horns
- 2 Air Filters
- 2 Air Compressors
- 1 Regenerative Air Dryer Skid
1 Air Receiver
6 Ash Hoppers
6 Hopper Ash Handling Valves

Mechanical Equipment, Ammonia System:
2 Ammonia Storage Tanks
2 Ammonia Leak Detection System
3 Ammonia Vaporizers
4 Dilution Air Fans
4 Dilution Air Intake Silencers
4 Dilution Air Heaters
1 Mixing Chamber
2 Air Filters
Ammonia Piping
2 Ammonia Injection Grids and Associated Nozzles, etc.
3 Ammonia Area Eye Wash Stations
Nitrogen Bottles for Purging

Electrical Equipment:
2 SCR Control Systems
2 Motor Control Centers
2 Gas Analyzers & Monitoring System

Air Preheater Refurbishment
Air Heater Baskets
4 Air Heater Rotors
Seals and Stay Plates
Multi-media Cleaning System
1 Air Heater Water Wash Skid

STATE OF KENTUCKY
COUNTY OF HENDERSON

I, Renny T. Matthews, Clerk of Henderson County, certify that the
foregoing was this day at 11:00 A.M. lodged in my said office
for record and that I have received it, the foregoing and this
certificate in my said office.

Given under my hand this 29th day of April, 2006.

By: Renny T. Matthews
By: O. J. Sandercock
Case No. 2018-00146
KIUC 1-2 (RWB)(Att) - Cross-Grants of Rights of Access and of Easements
THE Exhibit Cross-Grant to Rights of Access and of Easements dated July 26, 1993
among the City of Henderson, City of Henderson Utility Commission and Big Rivers
Electric Corporation

SUBMITTED BY THE ABOVE DESIGNATED BORROWER PURSUANT TO THE
TERMS OF THE LOAN CONTRACT, IS HEREBY APPROVED SOLELY FOR THE
PURPOSES OF SUCH CONTRACT

DATED

9/7/93

FOR THE ADMINISTRATOR

REA FORM 28a REV 5-73
CROSS-GRANTS OF RIGHTS OF ACCESS AND OF EASEMENTS

This mutual and cross-grant of Rights of Access and of Easements entered into as of July 20, 1993 by and between City of Henderson, Kentucky, a municipal corporation and City of the third class organized under the laws of Kentucky, of 222 First Street, Henderson, Kentucky 42420, City of Henderson Utility Commission, a public body politic and corporate organized under Kentucky Revised Statutes 96.520, and related statutes, of 100 Fifth Street, Henderson, Kentucky 42420, the said City and Commission being referred to herein collectively as "City", as Grantor and Grantee herein, and Big Rivers Electric Corporation, a rural electric cooperative corporation organized under Chapter 279 of the Kentucky Revised Statutes, P.O. Box 24, 201 Third Street, Henderson, Kentucky 42420, known herein as "Big Rivers", Grantor and Grantee herein.

WITNESSETH:

For and in consideration of the covenants and grants herein by City and Big Rivers, the parties hereto agree, covenant, and grant as follows:

1. City owns and Big Rivers operates City's electric generating station known as Henderson Municipal Power & Light Station Two ("Station Two") under agreements and contracts collectively referred to herein as the "Contracts", which are more particularly identified and described in certain Amendments between City and Big Rivers known as the "May 1, 1993 Amendments".

2. Station Two is interconnected with City's remaining electric generating and transmission system, and with Big Rivers
electric generating and transmission system. City’s Station Two, and Big Rivers’ generating stations Reid and Green are located on the site as shown on Exhibit 1 hereto, and Big Rivers operates all three stations. Certain facilities used and useful in the maintenance, operation and control of one or more of the three stations, and of the respective electric systems of City and Big Rivers, are owned by City, and located on lands and/or in buildings owned by Big Rivers and certain of such facilities are owned by Big Rivers and located on lands and/or in buildings owned by City. Pursuant to the Contracts, and the May 1, 1993 Amendments, City is constructing SO₂ scrubbers on Station Two which will utilize certain SO₂ scrubber facilities of Big Rivers’ Green Station.

3. Section 7.1 of the Joint Facilities Agreement between City and Big Rivers, one of the Contracts, provides that "[...each party hereby grants to the other the free and uninterrupted access to, and right of ingress and egress to and from such Joint Use Facilities and any portions thereof as may be necessary or convenient so as to provide for the continuous operation and maintenance thereof]. In order to implement, identify, expand, and place of record in the office of the Clerk of County of Henderson, Kentucky rights of access, location and use, and easements of ingress and egress to each party hereto owning facilities located, or to be located, on lands and/or in buildings of the other, each party hereto, as Grantor, grants to the other party hereto as Grantee, temporary rights of access, easements of location and use, and easements of ingress and egress, (collectively, Rights and Easements), to any facilities owned by
such Grantee as may be located on lands of the Grantor, or in buildings owned by the Grantor as more particularly described in Exhibits 1 and 2 hereto, or as may be subsequently installed therein or thereon pursuant to the Contracts.

4. The Rights and Easements herein granted shall be temporary and shall continue in full force and effect as to each facility affected thereby for so long only as either City or Big Rivers shall continue to operate or maintain, or cause to be operated or maintained, a generating station which is served by such facility, and will not be terminated by reason of the termination of any other agreement or contract between the parties.

5. The temporary Rights and Easements herein granted apply to the lands and buildings and the facilities of the respective parties hereto as shown in Exhibits 1 and 2. The Rights and Easements herein granted shall permit the owner thereof to inspect, test, maintain, operate, repair, renew, make necessary and incidental improvements, and replace such owners' facilities located on the lands or in the buildings of the other party hereto, as shown in Exhibits 1 and 2, and any facilities added thereto pursuant to the Contracts, and to enter upon the property of the other party hereto from time to time whenever reasonably necessary to effectuate the above purposes.

The lands and buildings to which the Rights and Easements are granted herein are located, or to be located, in Henderson County, Kentucky on the West bank of Green River, between Green River and Kentucky Highway 2096, approximately twelve miles South of Henderson, Kentucky, at the intersection of Kentucky Highway 2096.
and 2097, as shown on Exhibits 1, 2 and 3 hereto.

6. Pursuant to KRS 142.050, the parties hereto declare that the fair market value of the Rights and Easements herein granted by Big Rivers to City is $10,000.00. The transfer of such Rights and Easements from City to Big Rivers is exempt from taxation by KRS 142.050(7)(a). The Rights and Easements herein granted are less than a life estate in the lands affected thereby and sources of title to such lands are not required by KRS 381.110.

7. This instrument shall be effective upon its approval by the Rural Electrification Administration of the United States, (REA), and upon the execution and recording in the Henderson County, Kentucky Clerk’s office of agreements by the REA and by Chemical Bank, a successor to Manufacturer’s Hanover Trust Company and by The Bank of New York, as successor to Irving Trust Company subordinating their liens under the Restated Mortgage and Security Agreement as of March 30, 1988 of record in Mortgage Book 342, Page 579 of said Clerk’s office, and amendments and supplements thereto, to the Rights and Easements herein granted by Big Rivers to City and no further.

8. This instrument, including the Rights and Easements herein granted and received, shall extend to, inure to the benefit of, and bind the parties hereto, and their respective successors, assigns, and transferees of any undivided ownership interest in any of the joint use facilities (as such term is described in the May 1, 1993, Amendments).

IN TESTIMONY WHEREOF, the parties hereto have executed this instrument in multiple copies as of the date first herein written.
This 23rd day of August, 1993.

CITY OF HENDERSON, KENTUCKY
By William L. Newman, Mayor

CITY OF HENDERSON UTILITY COMMISSION
By B. E. Higgason, Chairman

BIG RIVERS ELECTRIC CORPORATION
By Morton Henshaw, President

ATTEST:
Joann Roberts, City Clerk

ATTEST:
Dudley H. Everson, Secretary

Dudley H. Everson, Secretary

COUNTY OF HENDERSON
COMMONWEALTH OF KENTUCKY

The foregoing instrument was signed and acknowledged before me by William Newman, Mayor, and attested by Joann Roberts, City Clerk as the act and deed of the City of Henderson, Kentucky and as their individual acts and deeds in Henderson County, Kentucky on this 23rd day of August, 1993.

IN TESTIMONY WHEREOF, I have placed my hand and seal on this 23rd day of August, 1993.

Carolina Williams
Notary Public
State at Large

My Commission Expires:
August 30, 1997
COUNTY OF HENDERSON
COMMONWEALTH OF KENTUCKY

The foregoing instrument was signed and acknowledged before me by B.E. Higginson, Chairman of the City of Henderson Utility Commission, and attested by Dudley H. Everson, Secretary as the act and deed of the City of Henderson Utility Commission, Kentucky and as their individual acts and deeds in Henderson County, Kentucky on this 23rd day of August, 1993.

IN TESTIMONY WHEREOF, I have placed my hand and seal on this 23rd day of August, 1993.

Mary Sue Bason
Notary Public
State at Large

COUNTY OF HENDERSON
COMMONWEALTH OF KENTUCKY

The foregoing instrument was signed and acknowledged before me by Morton Henshaw, President of Big Rivers Electric Corporation, and attested by William Briscoe, Secretary as the act and deed of the Big Rivers Electric Corporation, Henderson, Kentucky and as their individual acts and deeds in Henderson County, Kentucky on this 13th day of August, 1993.

IN TESTIMONY WHEREOF, I have placed my hand and seal on this 13th day of August, 1993.

Paula Mitchell
Notary Public
State at Large

THIS INSTRUMENT PREPARED BY

Morton Holbrook
HOLBROOK, WIBLE, SULLIVAN & MOUNTJOY, PSC
100 St. Ann Bldg., P.O. Box 727
Owensboro, KY 42302-0727
Phone: (502) 926-4000
Part A: Existing Joint Use Facilities Provided by and Owned by the City But Located on Big Rivers' Property

1. Barge Mooring Cells Nos. 1N, 2N, 3N, 4N, 1S, 2S, 3S and 4S as shown on Burns & Roe Drawing No. 04-3280-S3200

2. One Coal Barge Unloader, McDowell Wellman, 1000 net ton/hr capacity

3. Eight Coal Conveyors 1, 2, 3A, 3B, 4A, 4B, 5B and 6B, as shown on attached Exhibit 1

4. One Reclaim Hopper which feeds coal conveyors 4A and 4B

5. One Crusher House fed by Conveyor No. 1

6. One Tugboat - The "William Newman" 37 feet long, 21.27 gross tons, 14.0 net tons, coastguard capacity 350 HP

7. One Water Treatment Plant with Demineralizer Building and associated equipment

8. One 50,000 Gallon Capacity Fuel Oil Storage Tank & Distribution System

9. One Flyash Silo, Sump & System Components

10. One Prefab Metal Warehouse adjacent to Fly Ash Silo

11. Coal Handling Equipment as Listed in Continuous Property Records

12. One Lot of Materials & Spare Parts in Big Rivers Warehouse No. 15 as defined by inventory control records

13. One Ash Pond and Effluent Lines

14. Circulating Water Lines as shown on attached Exhibit 1

15. Station Two Ash Pond Dredgings in Green Station Sludge Disposal Landfill adjacent to Green River south of Green Station


17. Two Step-up Transformers, McGraw Edison, S/N C-04280-5-1, C-04280-5-2, located in Plant Switchyard.

18. Two Auxiliary Transformers, Westinghouse, S/N RCP 37261, RCP

Exhibit 2, Page 1

20. One Lot of Line Terminal Structures, Bus, Relay Panels, etc., located in Plant Switchyard as shown on attached Exhibit 1.

21. Unit heaters and air conditioner units for the substation control building.

22. Outdoor substation lighting and control building lighting.

23. Prefabricated metal control building, with reinforced concrete foundation.

Part B: Proposed Joint Use Facilities to Be Owned by City of Henderson To Be Located on Big Rivers Property

1. Two Lime Slaking Water Pumps and Lines to Slaking Building

2. Two Pug Mill Mixers (Listed Manufacturer and Serial Nos. when known)

3. One Vacuum Filter and Associated Equipment Including Building Expansion as shown on attached Exhibit 1

4. Two New Thickener Underflow Lines and Two Flow Monitors

5. Two Control Systems on Big Rivers' Green Station Thickener Return Water Tanks

Part C: Other Facilities Owned by the City of Henderson Utility Commission But Not Classified as Joint Use Facilities, a portion or all of which is located on Big Rivers' property

1. 16KV Line from Reid EHV Substation to City Substation No. 4.

2. One Line Terminal Bay and Associated Equipment in Reid EHV Substation for City 16KV Line to City Substation No. 4

3. Fifty Percent (50%) Ownership of 161/69 KV Transformer G1, (Westinghouse, S/N RLP 15941) at Henderson County Substation, and related substation facilities

4. Ten percent (10%) Ownership of Big Rivers 161KV Line from Station Two Switchyard to Henderson County Substation.

5. Forty Percent (40%) Ownership of Spare Step Up Transformer (General Electric S/N K 547026) & Railcar (No. BRIX 242).
6. One 69KV Transmission Line from plant switchyard to City Substation No. 2

Part D: Station Two FGD Facilities To Be Owned by City of Henderson on Big Rivers Property

1. FGD System Chimney, 350' Tall

2. Two Wheelabrator Absorber Modules, Building & Associated Equipment

3. Two Booster Fans

4. Auxiliary Building as shown on attached Exhibit 1 containing Controls and Electrical Equipment, Maintenance, Locker and Shower Facilities

5. One Station Two Slaker Building Enclosing Three Slaking Tanks & Equipment

6. One Station Two Additive Hold Tank

7. Two Lime Feed Conveyors from Big Rivers' Green Station Lime Storage Silos 2C1 & 2C2

8. Two Additive Feed Systems; Station Two Scrubber System Includes Pipe & Pipe Rack

9. Two Bleed Slurry Systems to Big Rivers' Green Station Primary Dewatering System Including Pipe, Pipe Rack & Splitter Boxes

10. Two New Thickener Return Water Tanks & Controls
Case No. 2018-00146
KIUC 1-2 (RWB)(Att) - Memorandum of Understanding related to TOP, GOP, and BA Reliability Standard Functions
MEMORANDUM OF UNDERSTANDING

Subsequent to the Unwind Transaction, Big Rivers Electric Corporation will continue to provide and be responsible for compliance with all TOP, GOP, and BA Reliability Standard functions related to Henderson Municipal Power and Light as those functions were provided by Big Rivers Electric Corporation, Western Kentucky Energy Corporation, and LG&E Energy Marketing, Inc. prior to the Unwind Transaction.

Henderson Municipal Power & Light

BY: __________________________
TITLE: _________________________
DATE: _________________________

Big Rivers Electric Corporation

BY: __________________________
TITLE: President and CEO
DATE: 7-16-09
MEMORANDUM OF UNDERSTANDING

Subsequent to the Unwind Transaction, Big Rivers Electric Corporation will continue to provide and be responsible for compliance with all TOP, GOP, and BA Reliability Standard functions related to Henderson Municipal Power and Light as those functions were provided by Big Rivers Electric Corporation, Western Kentucky Energy Corporation, and LG&E Energy Marketing, Inc. prior to the Unwind Transaction.

Henderson Municipal Power & Light

BY: ____________________________
TITLE: General Manager
DATE: 6/23/09

Big Rivers Electric Corporation

BY: ____________________________
TITLE: __________________________
DATE: __________________________
Response to the Kentucky Industrial Utility Customers, Inc.'s Initial Request for Information dated June 15, 2018

July 6, 2018

Item 3) Provide all memos and other documents provided to the Big Rivers’ Board of Directors regarding the establishment of an $89.6 million regulatory asset associated with the termination of the Station Two purchased power contracts cited in the Application in this proceeding versus a write-off of the $89.6 million.

Response) No memos or other documents were provided to the Big Rivers Board of Directors comparing the establishment of an $89.6 million regulatory asset versus the write-off of the $89.6 million related to the termination of the Station Two purchase power contracts.

Witness) Paul G. Smith
Item 4) **Provide all studies or other analysis prepared by Big Rivers or on its behalf regarding the financial implications of writing off the $89.6 million associated with the termination of the Station Two purchased power contracts in lieu of establishing a regulatory asset.**

Response) Please see the redacted Base Case v. HMPL Exit Scenario schedule attached hereto. A CONFIDENTIAL version thereof is being provided with a Petition for Confidential Treatment. The aforementioned analysis was prepared in 2016/2017 at which time the estimated amount was $91.25 million and not $89.6 million.

There would be a number of negative consequences to Big Rivers if the Commission was to force Big Rivers to write off the approximately $89.6 million remaining book value relating to Station Two. For example, such a write off would result in a corresponding reduction to Big Rivers' bondable additions, which Big Rivers relies upon to issue new debt under its Indenture. Thus, a write off would reduce Big Rivers' ability to issue new debt necessary to finance capital projects required in the future.

Additionally, the Commission forcing Big Rivers to write off its remaining net book value of the Station Two assets would have a negative impact on Big Rivers' ability to regain its investment grade credit rating. In previous reports, credit rating agencies have indicated that lack of regulatory support for cost recovery of Big Rivers' assets, such as the Station Two assets which have benefited its members for several decades, could be a credit challenge which would inhibit Big Rivers' ability to achieve an investment grade credit rating.
Big Rivers regaining its investment grade rating will substantially reduce the interest rate Big Rivers will pay on future borrowings, which will ultimately benefit Big Rivers' member owners through lower electric rates. Big Rivers' ability to issue new debt, and to do so at favorable rates, will be very important in the coming years as Big Rivers seeks to refinance its $245.5 million outstanding RUS Series B note due in December 2023 and its $83.3 million Series 2010A Pollution Control Bonds, which mature in July 2031.

Finally, having to write off the remaining net book value now and not being able to later recover that amount through rates would adversely impact Big Rivers' ability to repay its existing debts.

Witness) Paul G. Smith
Big Rivers Electric Corporation  
Financial Metrics - Base Case vs HMPL Exit Scenarios  
Case No. 2018-00146

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Base</td>
<td>$12.92</td>
<td>$18.08</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire</td>
<td>$12.92</td>
<td>$18.08</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold</td>
<td>$12.92</td>
<td>$18.08</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TIER</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Base</td>
<td>1.31</td>
<td>1.43</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire</td>
<td>1.31</td>
<td>1.43</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold</td>
<td>1.31</td>
<td>1.43</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North Star ($/kWh)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Base</td>
<td>$0.07994</td>
<td>$0.07919</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire</td>
<td>$0.07994</td>
<td>$0.07919</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold</td>
<td>$0.07994</td>
<td>$0.07919</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Case No. 2018-00146  
Attachment for Response to KIUC 1-4  
Witness: Paul G. Smith  
Page 1 of 10
<table>
<thead>
<tr>
<th>Net Margins ($ Millions)</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital ($ Millions)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TIER</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North Star ($/kWh)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Big Rivers Electric Corporation

Financial Metrics - Base Case vs HMPL Exit Scenarios

Case No. 2018-00146

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ending Cash Balance ($ Millions)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Base</td>
<td>$86.65</td>
<td>$99.63</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire</td>
<td>$86.65</td>
<td>$99.63</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold</td>
<td>$86.65</td>
<td>$99.63</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CFC Equity Requirement, Over / (Under) ($ Millions)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Base</td>
<td>$80.91</td>
<td>$92.54</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire</td>
<td>$80.91</td>
<td>$92.54</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold</td>
<td>$80.91</td>
<td>$92.54</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Equity ($ Millions)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Base</td>
<td>$479.66</td>
<td>$497.74</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire</td>
<td>$479.66</td>
<td>$497.74</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold</td>
<td>$479.66</td>
<td>$497.74</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Debt ($ Millions)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Base</td>
<td>$842.45</td>
<td>$834.89</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire</td>
<td>$842.45</td>
<td>$834.89</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold</td>
<td>$842.45</td>
<td>$834.89</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2023</td>
<td>2024</td>
<td>2025</td>
<td>2026</td>
<td>2027</td>
<td>2028</td>
<td>2029</td>
</tr>
<tr>
<td>------------------------------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td><strong>Ending Cash Balance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CFC Equity Requirement, Over / (Under)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Equity ( $ Millions )</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Debt ( $ Millions )</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# Debt Service Coverage Ratio

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Base</td>
<td>1.26</td>
<td>1.32</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire</td>
<td>1.26</td>
<td>1.32</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold</td>
<td>1.26</td>
<td>1.32</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

# Off System ($/MWh)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Base</td>
<td>$33.40</td>
<td>$32.46</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire</td>
<td>$33.40</td>
<td>$32.46</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold</td>
<td>$33.40</td>
<td>$32.46</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

# Non Member Market Revenue ($ Millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Base</td>
<td>$167.19</td>
<td>$162.91</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire</td>
<td>$167.19</td>
<td>$162.91</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold</td>
<td>$167.19</td>
<td>$162.91</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

# Capacity Sold (MW)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Base</td>
<td>528</td>
<td>508</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire</td>
<td>528</td>
<td>508</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold</td>
<td>528</td>
<td>508</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Debt Service Coverage Ratio

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Off System ($/MWh)

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Non Member Market Revenue ($ Millions)

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Capacity Sold (MW)

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Big Rivers Electric Corporation

### Financial Metrics - Base Case vs HMPL Exit Scenarios

**Case No. 2018-00146**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capacity Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>($ Millions)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Base</td>
<td>$9.30</td>
<td>$9.19</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire</td>
<td>$9.30</td>
<td>$9.19</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold</td>
<td>$9.30</td>
<td>$9.19</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Wholesale Rural</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;All In&quot; Rate ($/MWh)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Base</td>
<td>$78.97</td>
<td>$87.21</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire</td>
<td>$78.97</td>
<td>$87.21</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold</td>
<td>$78.97</td>
<td>$87.21</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Wholesale Large</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;All In&quot; Rate ($/MWh)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Base</td>
<td>$63.88</td>
<td>$63.25</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire</td>
<td>$63.88</td>
<td>$63.25</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold</td>
<td>$63.88</td>
<td>$63.25</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Case No. 2018-00146  
Attachment for Response to KIUC 1-4  
Witness: Paul G. Smith  
Page 7 of 10
### Big Rivers Electric Corporation
Financial Metrics - Base Case vs HMPL Exit Scenarios
Case No. 2018-00146

<table>
<thead>
<tr>
<th>Capacity Revenue ($ Millions)</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Wholesale Rural &quot;All In&quot; Rate ($/MWh)</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Wholesale Large Industrial &quot;All In&quot; Rate ($/MWh)</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold - Entire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Big Rivers Electric Corporation
Forecast Assumption Changes from Base Case - Entire Loss Amortized
Case No. 2018-00146

Station Two 100% owned by HMP&L, *Entire loss amortized over 15 years*

Station Two is 100% owned and operated by HMP&L

Book value of HMP&L at 12/31/2017 of $91.25 million put in regulatory account and amortized over 15 years at $6.08 million per year.

Station Two generation and load is removed in the updated production cost model.

Station Two operating costs removed from base forecast.

Capacity and off-system volumes reduced from base case beginning in 2018, no changes were made for 2017.

Currently no base rate adjustments have been made from the base case.

Green O&M and Labor expenses are no longer shared with Station Two and are included in the forecast as gross amounts.

Removed HMP&L Share from Labor expense (Increases Big Rivers' labor expense by approximately $[omitted] per year).

Removed amount that Big Rivers pays for the HMP&L G&A Agreement (Saves Big Rivers approximately $[omitted] per year).

Removed HMP&L Share from G&A non-labor expense (Increases Big Rivers' expenses by approximately $[omitted] per year).

**Questions**
- IUCS operations; thickeners, scrubber chemistry?
- SCR - Big Rivers additional capital spend?
- Reid/Reid CT assumptions?
- HMP&L environmental compliance reporting, KPDES, Title V?
- HMP&L MISO and GADS reporting/requirements?

Case No. 2018-00146
Attachment for Response to KIUC 1-4
Witness: Paul G. Smith
Page 9 of 10
Station Two is 100% owned and operated by HMP&L. Loss above equity threshold is amortized over 15 years.

Book value of HMP&L at 12/31/2017 is $91.25 million. There is $92.54 million of equity above the minimum threshold projected, so the entire $91.25 million is expensed.

Station Two generation and load is removed in the updated production cost model.

Station Two operating costs removed from base forecast.

Capacity and off-system volumes reduced from base case beginning in 2018, no changes were made for 2017.

Currently no base rate adjustments have been made from the base case.

Green O&M and Labor expenses are no longer shared with Station Two and are included in the forecast as gross amounts.

Removed HMP&L Share from Labor expense (Increases Big Rivers' labor expense by approximately $100 per year).

Removed amount that Big Rivers pays for the HMP&L G&A Agreement (Saves Big Rivers approximately $50 per year).

Questions
- IUCS operations; thickeners, scrubber chemistry?
- SCR - Big Rivers additional capital spend?
- Reid/Reid CT assumptions?
- HMP&L environmental compliance reporting, KPDES, Title V?
- HMP&L MISO and GADS reporting/requirements?
BIG RIVERS ELECTRIC CORPORATION

NOTICE OF TERMINATION OF CONTRACTS AND APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A DECLARATORY ORDER AND FOR AUTHORITY TO ESTABLISH A REGULATORY ASSET

CASE NO. 2018-00146

Response to the Kentucky Industrial Utility Customers, Inc.’s Initial Request for Information dated June 15, 2018

July 6, 2018

Item 5) Provide all memos and other documents provided to the Big Rivers’ Board of Directors regarding the expiration and/or termination of the Station Two contracts.

Response) The following documents were provided to the Big Rivers Board of Directors at their March 16, 2018 regular meeting:

a. HMP&L Contract Termination document (Attachment 1) and
b. RUS Resolution document (Attachment 2).

Witness) Robert W. Berry
Big Rivers
ELECTRIC CORPORATION

HMPL CONTRACT EXIT

Presented to the Board of Directors
Bob Berry
March 16, 2018
• Big Rivers performed a HMPL Exit Sensitivity for 2017-2031 financial forecast (attached)
  • Base rates are unchanged
  • Financial metrics improve (Net margins, TIER, North Star, DSCR)
  • Capital spending is down and Ending Cash Balance increases
• Big Rivers engaged a third-party consultant to perform an independent economic analysis of the Station Two units.
  • Exiting the contract in 2018 versus 2035 increases gross margins in the range from $ to $ during this time frame.
  • Additional scenarios were performed
    • Low gas pricing – increases in gross margin range from $ to $
    • High gas pricing – increases in gross margin range from $ to $
    • Carbon pricing – increases in gross margin range from $ to $
    • Additional revenue for baseload coal-fired generation (resiliency) – increases in gross margin range from $ to $
## Financial Metrics

### Base Forecast vs HMP&L Exit

<table>
<thead>
<tr>
<th>Metric</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>2030</th>
<th>2031</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Margins ($ Millions) - HMP&amp;L Exit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Margins ($ Millions) - Current Budget</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital ($ Millions) - HMP&amp;L Exit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital ($ Millions) - Current Budget</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TIER - HMP&amp;L Exit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TIER - Current Budget</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North Star - HMP&amp;L Exit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North Star - Current Budget</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ending Cash Balance (In Millions $) - HMP&amp;L Exit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ending Cash Balance (In Millions $) - Current Budget</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt Service Coverage Ratio - HMP&amp;L Exit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt Service Coverage Ratio - Current Budget</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Member/Market Revenue ($ millions) - HMP&amp;L Exit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Member/Market Revenue ($ millions) - Current Budget</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wholesale Rural Base Rate $/MWh - HMP&amp;L Exit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wholesale Rural Base Rate $/MWh - Current Budget</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wholesale Rural Rate &quot;All-in&quot; (Net) $/MWh - HMP&amp;L Exit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wholesale Rural Rate &quot;All-in&quot; (Net) $/MWh - Current Budget</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wholesale Large Industrial Base Rate $/MWh - HMP&amp;L Exit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wholesale Large Industrial Base Rate $/MWh - Current Budget</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wholesale Large Industrial Rate &quot;All-in&quot; (Net) $/MWh - HMP&amp;L Exit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wholesale Large Industrial Rate &quot;All-in&quot; (Net) $/MWh - Current Budget</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Attachment 1 for Response to KIUC 1-5
Big Rivers management request that the Board of Directors authorize management to move forward with the termination of the applicable HMPL contracts to be effective no later than May 31, 2019.
RESOLUTION
(Contracts Termination and Establishment of Regulatory Assets)

WHEREAS, the Corporation's management has determined that Unit 1 and Unit 2 of the City of Henderson's Station Two, which is operated and maintained by the Corporation, are no longer capable of normal, continuous, reliable operation for the economically competitive production of electricity, temporary outages excepted, and has requested authority from the Board of Directors to issue notice of termination of the Station Two Contracts, other than the Joint Facilities Agreement, and take all actions required to accomplish the foregoing.

WHEREAS, the Corporation will incur several items of expense as a result of terminating the Station Two Contracts, including but not limited to the Corporation's remaining net book value for its share of the Station Two assets (approximately $89.6 million as of January 31, 2018), legal and other professional service expenses that it expects to incur in connection with termination of the Station Two Contracts, and a share of decommissioning costs at some point in the future (the "Contract Termination Expenses").

WHEREAS, the Corporation will seek authority from the Kentucky Public Service Commission to establish regulatory assets for accounting purposes for the Contract Termination Expenses.

WHEREAS, establishing a regulatory asset for the Contract Termination Expenses is a departure from the Rural Development Uniform System of Accounts that also requires prior approval by the Rural Utilities Service.

RESOLVED, that the Board of Directors authorizes the Corporation to take all actions necessary to terminate the Station Two Contracts, other than the Joint Facilities Agreement;

BE IT FURTHER RESOLVED, that the Board of Directors authorizes establishment by the Corporation of regulatory assets for the Contract Termination Expenses, as authorized by the Rural Utilities Service and the Public Service Commission; and

BE IT FURTHER RESOLVED, that the Board of Directors of the Corporation authorizes its President/Chief Executive Officer, the Chief Financial Officer, the Vice President - System Operations, and the Vice President of Production or any of them, and any other employee of the Corporation authorized in writing by any of them, to execute, attest and
deliver on behalf of the Corporation all necessary papers, documents, and applications for approvals or consents related to the foregoing, and to take any other action required to accomplish the foregoing.
BIG RIVERS ELECTRIC CORPORATION

NOTICE OF TERMINATION OF CONTRACTS AND APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A DECLARATORY ORDER AND FOR AUTHORITY TO ESTABLISH A REGULATORY ASSET
CASE NO. 2018-00146

Response to the Kentucky Industrial Utility Customers, Inc.’s Initial Request for Information dated June 15, 2018

July 6, 2018

1 Item 6) *Provide Big Rivers most recent long term financial forecast and financial model in live Excel spreadsheet format with all formulas intact.*

2

3

4 Response) Big Rivers’ most recent long term financial forecast and financial model in live Excel spreadsheet format with all formulas intact is provided on the CONFIDENTIAL electronic media accompanying these responses.

5

6

7

8

9 Witness) Paul G. Smith

10
In the Matter of:

NOTICE OF TERMINATION OF CONTRACTS AND )
APPLICATION OF BIG RIVERS ELECTRIC )
CORPORATION FOR A DECLARATORY ORDER )
AND FOR AUTHORITY TO ESTABLISH A )
REGULATORY ASSET )

Case No. 2018-00146

CONFIDENTIAL RESPONSE

to Item 6 of the Kentucky Industrial Utility Customers, Inc.'s
Initial Request for Information
dated June 15, 2018
FILED: July 6, 2018

Big Rivers Long-Term Financial Forecast and Model

INFORMATION SUBMITTED UNDER PETITION FOR CONFIDENTIAL TREATMENT
BIG RIVERS ELECTRIC CORPORATION

NOTICE OF TERMINATION OF CONTRACTS AND APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A DECLARATORY ORDER AND FOR AUTHORITY TO ESTABLISH A REGULATORY ASSET

CASE NO. 2018-00146

Response to the Kentucky Industrial Utility Customers, Inc.'s Initial Request for Information dated June 15, 2018

July 6, 2018

1. Item 7) Provide Big Rivers most recent Board policy regarding the appropriate level of member equity.

4. Response) Please find attached Big Rivers' Enterprise Risk Management Policy (Board Policy 109) and Financial Policy (Board Policy 118).

8. Witness) Paul G. Smith


1. **Policy Purpose**

The purpose of this document is to formalize the policies of Big Rivers Electric Corporation ("Big Rivers") regarding Enterprise Risk Management ("ERM"). Accordingly, this policy will set forth Big Rivers':

- risk management objectives,
- risk governance structure and responsibilities, and
- scope of business activities governed by this policy and the list of associated ERM guidelines and policy documents, and supporting risk management policies.

Big Rivers intends that risk management will support the advancement of its strategic business plan, and will properly manage its business and financial risks through:

- prudent oversight,
- adequate mitigation of risks consistent with Big Rivers’ risk tolerance, and
- sufficient internal controls and procedures.

Managing the enterprise-wide risks of Big Rivers’ business entails the coordination of resources and activities among all departments within Big Rivers.

2. **Risk Management Objectives**

Big Rivers exists primarily to safely deliver competitive and reliable wholesale power, and cost-effective shared services desired by its Member-Owners. Managing Big Rivers’ risk is consistent with that mission, and serves the following objectives:

- to maintain risk within desired tolerances for a defined period in the future,
- to mitigate price volatility to the Member-Owners,
- to maintain a proactive safety, health, and loss prevention program designed to protect life and property, provide a hazard-controlled work environment, and comply with all applicable regulations,
- to meet lender debt covenants,
- to maintain financial liquidity within desired tolerances,
- to maintain an investment grade credit rating,
- to enhance the value of Big Rivers’ assets/resources,
- to ensure that the risks of business challenges, including load changes, are effectively managed,
- to participate in commodity markets and derivative instruments for hedging and not for speculative purposes, and
- to develop an ERM culture throughout the organization and provide for an ongoing strategic planning process.
3. **Risk Governance Structure and Responsibilities**

Risk governance will follow a top-down approach whereby the Board of Directors ("Board") identifies Big Rivers' risk management objectives and provides risk management oversight. Supporting controls, policies and procedures will be implemented and aligned throughout the risk governance structure, with distinct roles and responsibilities that result in a risk control environment. Governance and controls include the organizational structure, policies, reporting process and procedures that support Big Rivers' business models, risk tolerances, power supply objectives, financial objectives, safety objectives, and segregate responsibilities appropriately.

### a. Board – ERM Duties

- Approves Big Rivers’ ERM objectives, and the president and chief executive officer’s ("CEO") authority limits to conduct risk management transactions,
- Approves annually Big Rivers’ budget and financial plan. Both shall be consistent with the Board’s desired risk management objectives, time horizons, and risk tolerance for managing enterprise risk,
- Approves, periodically reviews, and makes recommended changes to the ERM Policy that establishes an overall framework for evaluation, management, and control of risk,
- Approves participation in specific commodity markets and derivative instruments,
- Establishes scope and frequency for management reporting to the Board,
- Periodically reviews risk exposures and compliance with policies and procedures,
- Discusses Big Rivers’ major financial risk exposures and the steps management has taken or will take to mitigate, control, and monitor such exposures,
- Reviews and approves any new commodity products, locations, or markets,
- Approves management staff to serve as members of an Internal Risk Management Committee ("IRMC"), and
- Reviews and approves the energy risk identification and exposure management guidelines (Appendix).

### b. CEO – Risk Management Responsibilities and Duties

- Recommends staff to serve as members of the IRMC,
- Has authority to transact within the limits set by the Board in the Trading Authority Policy,
- Approves proper organization, separation, or consolidation of functional activities,
- Assures prudent administrative procedures are established for execution of commodity and derivative transactions, contract controls, credit controls, trading controls, enterprise-wide risk monitoring and measurement, settlement controls, and other risk management activities,
- Ensures that the identification and quantification of risks and related risk mitigation strategies are integrated into the strategic planning process,
- Establishes and maintains an effective working relationship with ACES, and
- Reviews the energy risk identification and exposure management guideline (Appendix).
c. IRMC – Responsibilities and Duties

Membership shall be comprised of eight executive voting committee members:

1. CEO
2. VP Production
3. CFO
4. VP Administrative Services
5. VP System Operations
6. VP Energy Services
7. Director Communications and Community Relations
8. Director Legislative Affairs and Governmental Relations

The Director Strategic Planning and Risk Management shall participate as a non-voting member of the committee and serve as the IRMC chairperson. The chairperson shall be responsible for keeping, or causing to be kept, a true and complete record of the proceedings. Other non-voting participants shall participate in the meetings as determined by the executive voting committee members.

The IRMC establishes a forum for discussion of Big Rivers’ significant risks and must develop guidelines required to implement an appropriate risk management control infrastructure, which includes implementation and monitoring of compliance with Big Rivers’ ERM-related policies. The IRMC executes its risk management responsibilities through direct oversight and prudent delegation of its responsibilities to the risk management function, as well as to other Big Rivers’ personnel.

Responsibilities include:

- Reviews and recommends the ERM-related policies and oversees enforcement by the risk management function,
- Ensures that risk management objectives, risk tolerance, and authority limits are employed throughout Big Rivers,
- Requires and reviews reports by the risk management function concerning Big Rivers’ compliance with its risk policies, controls, and procedures, in accordance with established policies, controls, and procedures,
- Recommends to the CEO the proper organizational structure, separation or consolidation of functional risk management activities,
- Reviews and approves proposed risk management strategies for strategic fit, risk exposure consistent with risk tolerance, and reporting and control requirements,
- Ensures approved strategies are consistent with Big Rivers’ strategic plan, risk management objectives, approved risk tolerance, and compliance with risk policies,
- Periodically reviews Big Rivers’ risk management program in light of recent changes in business practices, improved procedures, Big Rivers’ philosophy and strategy, or market changes; and ensures continued compliance with its established guidelines,
- Formulates risk management strategy, policy or procedures necessary for new product or market implementation,
Enterprise Risk Management Policy

<table>
<thead>
<tr>
<th>Original Effective Date</th>
<th>Date Last Reviewed</th>
<th>Approved by</th>
</tr>
</thead>
<tbody>
<tr>
<td>07/16/2009</td>
<td>11/18/2016</td>
<td>BOARD</td>
</tr>
</tbody>
</table>

- Periodically engages an independent audit (internal and/or external) of risk control policies and procedures,
- Holds formal IRMC meetings at least quarterly, covering applicable risk topics
- Performs a periodic review of transaction compliance with policies and procedures for market transactions executed within Big Rivers,
- Reviews the infrastructure supporting risk management and ensures that it meets the requirements for risk oversight and compliance,
- Reviews compensation policies to ensure they are structured to avoid incentives for excessive risk taking, and
- Implements the Board adopted strategic plan.

d. Risk Management Function – Responsibilities and Duties

This function shall be the responsibility of the Director Strategic Planning and Risk Management. Various departments will be required to provide this function with reports or information required for risk assessment and analysis on a regular or periodic basis. Responsibilities include:

- Performs responsibilities delegated by the IRMC,
- Organizes and chairs the IRMC meetings,
- Engages the IRMC in discussions regarding events or developments that could expose Big Rivers to potential losses,
- Develops, recommends, and administers risk management processes and procedures; provides input to tools to assist in risk management,
- Provides risk management education/training to Board, staff and management,
- Reviews risk management activities, risk controls, and recommends modifications of controls to meet changing business needs,
- Reviews adequacy and accuracy of reports, and reports any deficiencies to the IRMC,
- Assesses risks to Big Rivers in aggregate, by department, and by material business activity,
- Oversees periodic audits of risk control policies and procedures to ensure that Big Rivers complies with its risk policies,
- Reports any violation of Big Rivers’ risk policies,
- Reviews and approves changes to the risk management policies and procedures, as appropriate,
- Reports regularly to the IRMC covering applicable risk topics such as:
  - Portfolio model risk measures (1-48 months),
  - Financial forecasting model risk measures (1 month–15 years),
  - Resource planning model risk measures (2-15 years),
  - Power cost projections,
  - Financial projections,
  - Production output,
  - Credit and contract risk exposures,
  - Policy and procedural violations,
• Reports to the IRMC and Board on Big Rivers’ compliance with its risk policies and risk management in accordance with the policies, and
• Reviews and evaluates Risk Management Transactions to ensure compliance with risk management policies.

e. ACES – Roles and Responsibilities

Big Rivers is a member of ACES and uses this alliance to obtain selected energy risk management and transaction execution services. In accordance with the agreements between Big Rivers and ACES, ACES is authorized to and shall:

• Periodically provide Big Rivers with a controls audit report from an independent auditor,
• Execute transactions on behalf of Big Rivers in accordance with established delegations of authority and compliance requirements set forth by the CEO,
• Administer counterparty contracts and manage credit in compliance with the Credit Policy according to the types of agreements the Big Rivers’ CEO or the CFO, as delegated by the CEO, authorizes ACES to administer,
• Provide Big Rivers with reports on individual transaction details, commodity positions, and counterparty credit positions for transactions executed by ACES each business day,
• Provide Big Rivers with periodic risk profile reports addressing its energy risk and recommend hedging strategies within the time horizon specified by Big Rivers for assessment, but typically within the 1-60 month horizon,
• Capture Big Rivers’ power transactions in ACES’s risk management systems,
• Monitor compliance of power and natural gas transactions with Big Rivers’ Energy Related Transaction Authority Policy (Board Policy 105),
• Confirm and settle transactions with Big Rivers’ counterparties for natural gas and power transactions authorized by the CEO or the VP Energy Services, as delegated by the CEO, for ACES to administer, and
• Mark-to-market forward energy supply transactions for credit exposure purposes.

4. Scope of Business Activities Governed by this Policy

The scope of this policy is designed to address the management of the enterprise-wide risk associated with Big Rivers including, but not limited to:
• Commodity price risk,
• Volumetric risk,
• Power and fuel delivery risk,
• Operational risk,
• Financial risk,
• Environmental and regulatory risk,
• Counterparty contract and credit risk,
• Organizational risk,
• Board and officer risk, and
• Safety risk.
The ERM and strategic planning functions of Big Rivers will facilitate the development and monitor the implementation of a strategic plan that will incorporate enterprise risks that require additional strategic focus. The plan will be consistent with the risk management policies and objectives of Big Rivers.

5. **Associated ERM Guidelines and Policies**

Supporting guidelines and policies are required as outlined below. Responsibility for their approval, modification, oversight, and compliance shall be consistent with the governance section of this policy and unless otherwise stated does not require the approval of the Board.

- Energy Related Transaction Authority Policy (Board Policy 105)
- Economic Development Policy (Board Policy 112)
- Risk Management Sanctions Policy (Board Policy 110)
- Safety Policy (Board Policy 124)
- Hedge Policy (Board Policy 111)
- Energy Related Transaction Credit Policy (Board Policy 122)
- Financial Policy (Board Policy 118)
- Appendix Energy Risk Identification and Exposure Management Guidelines
Enterprise Risk Management Policy

<table>
<thead>
<tr>
<th>Original Effective Date</th>
<th>Date Last Reviewed</th>
<th>Approved by</th>
</tr>
</thead>
<tbody>
<tr>
<td>07/16/2009</td>
<td>11/18/2016</td>
<td>BOARD</td>
</tr>
<tr>
<td>06/15/2007</td>
<td>11/18/2016</td>
<td></td>
</tr>
</tbody>
</table>

Appendix

1. **Identification of Enterprise-Wide Risks**

The enterprise-wide energy portfolio of Big Rivers is naturally exposed to the following primary risks:

- Commercial operational risk
  - Inadequate controls and procedures
  - Errors and fraud
- Commodity market price risk
  - Power
  - Fuels
  - Emission allowances
  - Bulk materials
- Concentration risk (or lack of diversity)
  - Suppliers
  - Coal
  - Steam coal generation unit technology
- Contract risk (counterparty performance)
  - Large industrial contract default
  - Replacement load
- Credit risk
  - Bad debts expense
  - Supplier bankruptcy (mark to market risk)
  - Large industrial bankruptcy
- Delivery risk
  - Transmission risk (aka congestion)
  - Fuel delivery risk
- Financial risk
  - Financial liquidity (cash flow, meeting debt covenants)
  - Interest rates
- Operations risk
  - Generation unit outages
  - Transmission outages
- Organizational risk
  - Retention of current workforce
  - Development of employees
  - Recruitment of replacements for retirements
- Regulatory and environmental risk
  - Federal and state regulatory changes
  - Environmental regulations
- Safety and hazard control risk
  - Loss of life
  - Injuries/Illness
  - Equipment damage
Enterprise Risk Management Policy

<table>
<thead>
<tr>
<th>Original Effective Date</th>
<th>07/16/2009</th>
<th>Date Last Reviewed</th>
<th>11/18/2016</th>
<th>Approved by</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Approval Date</td>
<td>06/15/2007</td>
<td>Date Last Revised</td>
<td>11/18/2016</td>
<td>BOARD</td>
</tr>
</tbody>
</table>

- Loss of employee productivity
- Federal, state and local regulations
- Volumetric risk
  - Load forecast/weather variability risk
  - Forced outage/derate risk
  - Loss of load

Section 2 of this document defines these primary risks and other relevant definitions.

Section 3 identifies the tools and provides guidelines as to how risks shall be managed under most conditions.

Section 4 provides a description of Big Rivers’ power supply risk profile and why it differs from others engaged in the energy markets.

2. **Definition of Risks**

**Commercial operational risk** is the risk of loss from inadequate or failed internal processes, people, and systems.

**Commodity market price risk** is the risk of loss due to potential fluctuations in the prices of an underlying energy commodity. In the wholesale power market, Big Rivers has risk that commodity prices rise, spike or are generally high when it is short of meeting its firm supply obligations. Big Rivers has risk that prices fall or are generally low when it is has excess capacity or electric energy compared to its firm supply obligations.

Commodity market price risk occurs across all tenors, from the hourly market to the long-term forward market (5 years +). Big Rivers is exposed to commodity price risk for power, coal, natural gas, emission allowance (e.g. SO2, NOX, etc.), fuel oil and various bulk materials (e.g. ammonia, limestone, etc.) that exhibit price volatility.

**Contract risk or counterparty performance risk** is the risk of a potential adverse occurrence of a counterparty’s ability to operationally perform on an agreement or due to contractual provisions that leave Big Rivers with no recourse under an event of default.

**Concentration risk** is the risk of having large exposures to significant power supply components. Concentration risk can be found with suppliers (contract and credit risk), generation units (outage risk), unit technology (environmental), and native load customers.

**Credit risk** is the risk of a potential adverse occurrence of a counterparty’s ability to pay its obligations (debts) to Big Rivers or that a supplier declares bankruptcy and abrogates a supply contract that must be replaced during a time of higher commodity market prices.

**Delivery risk** is the risk that Big Rivers cannot meet a firm supply obligation due to a transmission constraint. Delivery risk is natural to Big Rivers in meeting its firm supply obligations and reliability of service. Big Rivers can also be exposed to delivery risk in the transportation of its fuel supply.
Financial risk is the risk that a company’s scarce resources are not best employed, resulting in adverse financial consequences. Quantification of risks in terms of their impact on financial measures including Member-Owners’ rates, costs per MWh, margins, cash flow, credit, derivatives, TIER and DSC will be considered in risk analysis and mitigation. Risk quantification and mitigation pursuant to appropriate risk tolerance shall have significant focus.

Cash margin risk is the risk associated with inadequate cash flow resulting from margin requirements of a contractual agreement. For example, the EEI Master Agreement provides that counterparties may margin each other when they are overexposed above credit thresholds that were negotiated between the parties when the agreement was executed. Credit exposures include replacement cost exposure on a mark-to-market basis when a counterparty’s position is out-of-the money.

Operations risk is the risk associated with physical assets. This would include failures or outages associated with generation units, fuel delivery systems (weather or mechanical), generation step-up transformers, the transmission system, control systems, or other critical components associated with the production or delivery of electricity.

Organizational risk is the risk of being able to keep our current workforce in place and providing them with the necessary technical and leadership training opportunities to ensure we have the talent to run our business today and provide talent for the future. It also involves the ability to recruit the necessary people to replace our aging workforce as they retire.

Regulatory and environmental risk is the risk associated with additional environmental regulations that could impact the viability of existing generation assets or impose additional operating costs affecting Big Rivers’ net margins. It also includes risk from non-compliance with existing environmental regulations.

Safety and hazard control risk is the risk of loss from an accident or incident that results in bodily injury or property damage disrupting or impairing operations, and exposing the company to liability, repair, and other costs in the process of mitigating the loss.

Volumetric risk is the risk that energy commodity volumes will vary from expected and result in a potential loss due to changing commodity market prices. The primary volumetric risks that Big Rivers is exposed to are load forecast/weather variability risk, forced outage/de-rate risk, load uncertainty, transmission delivery risk, and transmission congestion risk.

Load forecast/weather variability risk is the risk that actual loads differ from forecasted loads due to the error in weather forecasts and load forecasts. This risk is natural to Big Rivers’ portfolio since it serves load serving entities. Since this risk will result in Big Rivers being unintentionally long or short in the spot market, it naturally results in hourly market price risk.

Forced outage and derate risk is the risk that a generating unit does not perform when it is expected to be available, or when it performs below expected capability. This risk is natural to Big Rivers’ portfolio since it owns and operates generation units to meet its load requirements. Since this risk will result in Big Rivers being unintentionally short in the market, it also naturally results in market price risk.
Loss of load risk is the risk that Big Rivers loses a significant portion of one of its Member-Owners’ load and that the market price for electricity coincidentally falls below the sales price of the lost load and thereby creates a financial strain on the company. However, if market prices for electricity remain above the sales price of a potential lost load it would create a financial benefit to the company.

Congestion risk is the risk of negative price differentials between the location of power supplies and the demand location. If Big Rivers needs to buy electricity and the transmission system is congested, it would pay a premium to secure the needed electricity, if it is available at all. If Big Rivers has excess electricity to sell and the transmission system is congested, then it may not be able to sell the excess or may have to sell at a discounted price to a non-congested area. Congestion risk typically manifests itself in power commodity market price risk.

3. Guidelines and Tools to Manage Risk

ERM Framework Assessment and Risk Dictionary
These tools are used to identify and prioritize risks and the gaps at Big Rivers for effectively managing enterprise-wide risk. The ERM function of the company will assess the ERM framework including gaps in: data, tools, processes, and education/skills gaps necessary for effectively managing risk. Additionally, the ERM function will identify and prioritize all of the enterprise risks of the organization and assure that each risk is being effectively managed within the policies and risk tolerance of the organization. Outcomes of these tools will be a key input to the strategic planning function of Big Rivers.

Strategic Planning Process
Big Rivers periodically deploys a strategic planning process that identifies and addresses strategic issues, high priority risks, and gaps in the ERM framework. Several sources will have input into the strategic plan including employees, the Board, CEO, Member-Owners, ERM function, senior staff, and departmental functions. The objective of the process will be to identify and anticipate strategic issues and risks, understand the assumptions, quantify these risks, and enable Big Rivers to move swiftly to develop and implement effective strategies to address them.

Short/Intermediate-Term Planning - Portfolio Model
Market price risks and volumetric risks will be managed in the near term planning cycle (1-60 months forward) utilizing a portfolio model. The portfolio model is a risk assessment of Big Rivers’ energy portfolio based on Monte-Carlo simulation that provides a cumulative probability curve of Big Rivers’ variable costs in forward months, rolled up to years.

Long-Term Planning – Integrated Resource Planning Model
Market risks and volumetric risks will also be managed by long-term resource planning for a period of 2-15 years. Big Rivers’ Energy Services Department will forecast its long-term firm supply obligations based on its expectations for load growth. This tool, along with the short/intermediate-term portfolio model and the financial forecasting modeling tool, will assist Big Rivers in making appropriate capital investments to meet the needs of its Member-Owners. Big Rivers will seek to meet a planning capacity reserve margin in accordance with applicable reliability region standards. The actual targeted reserve margin will be documented and managed through long-term generation additions and intermediate term purchased power contracts based upon the cost and risk tradeoffs of the company as identified in the Hedge Policy (Board Policy 111).
Financial Forecasting Model
Big Rivers will manage its financial risks and capital planning and budgeting process through the use of a financial forecast modeling tool. The financial forecast modeling tool will include aspects of other short, intermediate, and long-term planning tools to enable Big Rivers to assess cost and risk tradeoffs and impacts on key financial metrics (e.g., targets for TIER, rates, DSC, cash flow, margins) of risk mitigation strategies. The financial forecast will generally be on a monthly basis for approximately 24 months and annually for calendar years beyond that period. The financial forecasting function of the company will work closely with departments that manage key risks and the ERM function.

Delivery Risk
Delivery risks for electricity and fuels will be managed by thoroughly evaluating the risk and procuring firm transmission and transportation in a proactive manner. Delivery procurement strategies will be developed in the Energy Services and Production departments in coordination with electricity and fuel procurement activities. In the event that adequate firm transportation or transmission is not available to adequately mitigate risk, the IRMC will be formally notified as to recommended methods by which it will be managed.

Energy Related Transaction Credit Policy
Credit risk and counterparty performance risk will be managed according to the credit controls, per the Energy Related Transaction Credit Policy (Board Policy 122).

Contract Controls
Counterparty performance risks will be managed according to the Energy Related Transaction Authority Policy (Board Policy 105) and supporting ACES trading control procedures as requested by Big Rivers.

Diversity Management
Big Rivers will manage its concentration risks on a rolling 12-month basis by diversifying its capacity, fuel, and purchased power requirements as defined in the Hedge Policy (Board Policy 111).

Commercial Controls
Big Rivers will manage its commercial operational risks according to trading authority limits to conduct market transactions. The trading authority limits to conduct commodity market transactions are approved by Big Rivers’ Board, and are included in the Energy Related Transaction Authority Policy (Board Policy 105). Big Rivers will also manage its commercial operational risks to new products, instruments, or locations according to a control process for such as found in the Energy Related Transaction Authority Policy (Board Policy 105). Numerous other internal controls and procedures shall be in place at Big Rivers to manage other purchasing activities and vendor relationships.

Financial Policy - Liquidity Management
Financial risks will be managed according to the Financial Policy (Board Policy 118) and supporting internal control procedures.

Hedge Policy
Commodity price risk and volumetric risk will be managed according to the Hedge Policy (Board Policy 111) and supporting internal execution strategies and control procedures.
Risk Management Transactions
Numerous transactions may be entered into to mitigate risk consistent with the Board-approved power supply cost goal and risk tolerance. Several hedging instruments and commodities are used to manage Big Rivers’ enterprise risks, which include purchases or sales of physical commodities, financial instruments, fuel transportation, power transmission, power generation capacity, and fuel storage. The following hedging instruments and commodities are permitted to be transacted when used consistent with this policy and its supporting controls, policies and procedures:

- **Physical Transactions**
  - Forward power, natural gas, solid fuel, fuel oil, and reagents
  - Options on power, natural gas, solid fuel and reagents
  - Spot market power, natural gas, solid fuel, fuel oil, and reagents
  - Power transmission and ancillary services
  - Solid fuel, fuel oil, reagent, and natural gas transportation and ancillary services

- **Financial Transactions**
  - Futures contracts for power, natural gas, and coal
  - Swap contracts for power, natural gas, coal, and interest rates
  - Options on power, natural gas, and coal
  - Weather protection transactions
  - Unit outage protection transactions

**Safety Policy**
Safety and hazard control risk will be managed according to the Safety Policy (Board Policy 124), along with supporting internal safety and training policies and procedures.

4. **Big Rivers’ Energy Supply Risk Profile**
Big Rivers operates its power supply function under a different business model than merchant energy companies, and, therefore, has a different risk profile, requiring a different approach to risk management.

- Big Rivers’ mission is to safely deliver competitive and reliable wholesale power and cost-effective shared services desired by its Member-Owners,
- Big Rivers is not in the energy business to trade speculatively (buy low – sell high), or to initiate energy risk positions,
- Big Rivers is not in the energy business to take at-risk positions in merchant generation,
- Big Rivers by nature has significant volumetric risk that results from: 1) long-term load serving obligations, 2) the supply hedges used to meet those obligations (generation, forwards, options, demand side management, etc.), and 3) the volumetric differences that occur between numbers 1 and 2 (‘unmatched positions’),
- Big Rivers participates in the forward term electric market to hedge the market associated risk of its forward positions based on monthly or seasonal forecasted peak loads, plus a capacity planning reserve.
- Big Rivers participates in the weekly/daily/hourly electric market to balance its unmatched positions at the market price in real time, and in the near term timeframe of predictable weather trends,
Big Rivers also participates in both the short-term and long-term energy markets to hedge its anticipated fuel consumption, financially or physically, and to supply fuel to its generation units,

Big Rivers is not in the practice of mark-to-market revenue recognition. Revenues from rates to its Member-Owners’ systems are cost based, without variability for mark-to-market fluctuations,

Unlike managing a portfolio of only standard traded electric products (e.g., 5X16 Firm LD at a pricing hub) that protect the parties financially from volumetric risk, Big Rivers’ energy portfolio typically has significant volumetric risk, because:

- Its load obligations are obviously not flat in volume, they fluctuate hour-by-hour, minute-by-minute,
- Its loads can be difficult to predict (weather forecasts, weather correlation),
- It owns generation, which is subject to forced outages and derates,
- Some of its’ supply resources are not financially firm (hydro allocations, unit contingent purchases, non-firm purchases, etc.),
- It has physical transmission delivery risks,

Typical derivative risk metrics, such as Value at Risk (VaR), do not factor in volumetric risk, and are, therefore, inadequate to reflect the full risk that is inherent to Big Rivers’ business,

Native load does not behave according to any derivative that can be loaded into a risk system,

The proper risk measurement and decision support tool for most of Big Rivers’ risks are a risk model that incorporates both market price risk and volumetric risk together, and provides for a correlation of native load demand to market prices.

<table>
<thead>
<tr>
<th>Number</th>
<th>Date</th>
<th>Notes</th>
<th>Approved by</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original</td>
<td>06/15/2007</td>
<td>Approved to be effective when management deems appropriate</td>
<td>Board</td>
</tr>
<tr>
<td>Rev 1</td>
<td>01/20/2012</td>
<td>Add Robeson to IRMC, change verbiage relating to Independent Risk Management Function definition</td>
<td>Board</td>
</tr>
<tr>
<td>Rev 2</td>
<td>02/21/2012</td>
<td>Made revisions to account for retirement of Senior VP Energy Services</td>
<td>Board</td>
</tr>
<tr>
<td>Rev 3</td>
<td>02/20/2015</td>
<td>General clean up</td>
<td>Board</td>
</tr>
<tr>
<td>Rev 4</td>
<td>11/18/2016</td>
<td>Added CEO duty, updated IRMC members, clarified language and wording changes to be consistent with other policies.</td>
<td>Board</td>
</tr>
</tbody>
</table>

1Under the GAAP principle of matching revenues and expenses, even the required Accounting Standards Codification section 815 (ASC 815) marks on options are usually deferred from affecting Big Rivers’ statement of revenue and expense since the revenue recovery for option premiums will occur in the period(s) that the option can deliver energy.
1. Purpose

The purpose of Big Rivers Electric Corporation’s (“Big Rivers”) Financial Policy is to provide a framework to enable Big Rivers to timely meet its financial obligations and maintain its financial viability. This policy sets forth responsibilities and guidelines related to the financial management process, including key financial metrics.

The financial metrics utilized will be pursuant to Big Rivers’ by-laws, loan covenants, mortgage, trust indenture, etc., and quantified in accordance with generally accepted accounting principles (“GAAP”). Application of this policy seeks to ensure Big Rivers’ ability to maintain the necessary financial metrics to achieve its desired investment grade credit ratings and ensure its ability to timely access capital, both short-term and long-term.

2. Objectives

The overall objectives of this policy are to ensure:

a. Maintenance of the long-term financial forecasting model – Big Rivers will maintain a financial forecast that reflects current assumptions on key modeling inputs (e.g., load, resource plans, fuel costs, financing, labor costs, etc.).

b. Timely access to capital – Big Rivers will ensure access to sufficient low-cost capital, both short-term and long-term, by achieving its investment grade credit rating, meeting bond covenants, adhering to indenture requirements, maintaining proper liquidity, etc.

c. Financial transparency – Big Rivers will provide appropriate financial information in a timely manner to its stakeholders (Board, Member-Owners, creditors, regulators, etc.), including financial forecasts and performance metrics.

d. Member-Owner wholesale rates – Big Rivers will seek low-cost Member-Owner wholesale rates, with minimal volatility. Management will analyze existing and alternative rate structures, seeking rational cost allocation methodology.

e. Financial analysis – As appropriate, Big Rivers will strive to ensure accurate and consistent assumptions and methodology are employed in project evaluations, whereby such evaluations may include net present value (NPV), internal rate of return (IRR), payback period, etc.

3. Goals

a. Member-Owner rates and margins – Big Rivers will seek to maintain Member-Owner tariff rates that enable it to meet its debt covenants and ensure that sufficient positive margins and net cash flows are generated to meet Times Interest Earned Ratio (“TIER”), Margins for Interest Ratio (“MFIR”) and Debt Service Coverage Ratio (“DSCR”) criteria.
### Financial Policy

<table>
<thead>
<tr>
<th>Original Effective Date</th>
<th>Date Last Reviewed</th>
<th>Approved by</th>
</tr>
</thead>
<tbody>
<tr>
<td>07/16/2009</td>
<td>11/17/2017</td>
<td>BOARD</td>
</tr>
<tr>
<td>Original Approval Date</td>
<td>Date Last Revised</td>
<td></td>
</tr>
<tr>
<td>07/20/2007</td>
<td>11/17/2017</td>
<td></td>
</tr>
</tbody>
</table>

b. **Cash Requirement** – Big Rivers will seek to maintain a minimum cash balance of 45 days of daily average annual forecasted fixed and variable operation and maintenance expenses (where variable costs equal fuel, reagents, disposal, allowances, and purchased power-energy, including the variable cost associated with Big Rivers’ share of Station Two).

c. **Equity** – Big Rivers will seek to maintain a minimum equity to total assets ratio of 20 percent to maintain eligibility for investment grade credit ratings and ensure access to low-cost sources of capital.

d. **Budgeting and capital planning** – Big Rivers will develop an annual O&M budget and capital budget and present them to the Board for approval prior to the start of the year in question. The Board will approve O&M and capital spending through its approval of the annual budget, the 3 year financial plan, and through specific approval of individual projects pursuant to Big Rivers’ policy.

e. **Financing** – Big Rivers will meet its capital needs through a combination of internally generated funds and debt financing consistent with company policy. Big Rivers may elect to utilize debt to finance projects based on an analysis of borrowing costs, internal rate of return, equity ratio, etc. Borrowing funds may be prudent if sufficient debt capacity exists. Regulatory, legal and reliability requirements are other important financing considerations, as is liquidity.

### 4. Other Relevant Company Policies

a. **Financial Forecasting**

1. **GAAP** – All financial forecasts will be consistent with GAAP.
2. **Financial Forecast Updates** – At a minimum, Big Rivers will review and update the financial forecasting model on an annual basis. Big Rivers will periodically update the financial forecast based on known and forecasted changes. The financial forecast will be reviewed with the Board annually. Additionally, Big Rivers will assess its liquidity on a monthly basis when comparing the forecast with monthly actuals.
3. **Risk analysis** – The financial forecasting model will aid in potential risk identification, with output expressed in terms of key financial measures, like margins, MFIR and TIER. Risk analysis will be performed utilizing financial metrics derived from the financial forecasting model. The production cost model will provide key input to the financial forecasting model. A longer term Integrated Resource Plan ("IRP") will also provide key input to the financial forecasting model.

b. **Financial Planning** - The financial planning effort will culminate with the capital and O&M budget, the 3 year financial plan, and the financial forecast. Financial forecast modeling of alternative strategies will occur in support of on-going strategic planning. The financial plan will be reviewed with and approved by the Board annually.
Financial Policy

Policy Number: 118

<table>
<thead>
<tr>
<th>Original Effective Date</th>
<th>Date Last Reviewed</th>
<th>Approved by</th>
</tr>
</thead>
<tbody>
<tr>
<td>07/16/2009</td>
<td>11/17/2017</td>
<td>BOARD</td>
</tr>
</tbody>
</table>

**c. Debt Financing Sources**

1. Federal Financing Bank ("FFB") supported by Rural Utilities Service ("RUS") loan guarantees
2. CoBank, National Rural Utilities Cooperative Finance Corporation ("CFC") and other capital market lenders
3. The Trust Indenture should enable Big Rivers to access the capital markets on a timely basis.

**d. Interest Rate Hedging** – Big Rivers is authorized to utilize interest rate hedging instruments to effectively fix borrowing rates. While not allowed for speculative purposes, subject to Board approval Big Rivers may hedge the risk associated with interest rate volatility for existing and proposed debt.

5. **Annual Fiscal Review**

The CFO shall conduct an annual fiscal review with the Board consisting of appropriate information presented in a clear and concise manner. Specific reporting requirements are as follows:

**a. Cost of capital and cost of debt** - Review the prior year’s cost of capital and the cost of debt as defined in the Appendix of this policy. For comparison, the report will compare the most recent fiscal year to the prior five years and will also compare actual with any covenants or targets that may have been set.

**b. Capital expenditures** - Review the prior year’s capital expenditures and disclose the means of financing them. The Board will be apprised of Big Rivers’ equity ratio and debt capacity. For comparison, the report will compare the most recent fiscal year to the prior five years and will also compare actual with any covenants or targets that may have been set.

**c. Margins, equities and capital credits** - Review Big Rivers’ prior year’s margins, equities, capital credit allocation, and retirement of capital credits. For comparison, the report will compare the most recent fiscal year to the prior five years and will also compare actual with any covenants or targets that may have been set.

**d. MFIR, TIER and DSCR** - Review the prior year’s MFIR, TIER and DSCR as defined in the Appendix of this policy. The Board will be apprised of Big Rivers’ credit ratings. For comparison, the report will compare the most recent fiscal year to the prior five years and will also compare actual with any covenants or targets that may have been set.

**e. Liquidity** - Review Big Rivers’ cash reserves and lines of credit, assessing liquidity. For comparison, the report will compare the most recent fiscal year to the prior five years and will also compare actual with any covenants or targets that may have been set.
f. **Member-Owner wholesale rates** - Review Big Rivers' tariff rates and the revenues generated therefrom. For comparison, the report will compare the most recent fiscal year to the prior five years.

6. **Administration**

The CEO and CFO shall be responsible for the administration of this policy, including 1) making periodic reports to the Board and 2) recommending changes hereto which require Board approval.
APPENDIX

Cost of Debt = Interest expense on long-term debt

13-month average principal balance

Cost of Capital = Cost of Debt (above)

Depreciation and Amortization

+ 13-month average gross plant in service

Property Taxes

+ 13-month average gross plant in service

Property Insurance

+ 13-month average gross plant in service

Times Interest Earned Ratio (TIER)

Net Margins + Interest expense on long-term debt (including interest charged to construction)

Interest expense on long-term debt (including interest charged to construction)

Debt Service Coverage Ratio (DSCR)

Net Margins + Interest Expense on Long-Term Debt + Depreciation and Amortization

(including interest charged to construction)

Interest Expense on Long-Term Debt and Principal Due on Long-Term Debt

(including interest charged to construction)
Margins for Interest Ratio (MFIR)

Margins for Interest\(^1\) + Interest Charges\(^2\)

\[
\frac{\text{Margins for Interest}^1 + \text{Interest Charges}^2}{\text{Interest Charges}^2}
\]

\(^1\) "Margins for Interest" means, for any period, the sum of (i) net margins of the Company for such period (which, except as otherwise provided in this definition, shall be determined in accordance with Accounting Requirements), which shall include revenues of the Company, subject to possible refund at a future date, but which shall exclude provisions for any (a) non-recurring charge to income, whether or not recorded as such on the Company’s books of whatever kind or nature (including the non-recoverability of assets or expenses), except to the extent the Board of Directors determines to recover such non-recurring charge in Rates, (b) refund of revenues collected or accrued by the Company in any prior year subject to possible refund; plus (ii) the amount, if any, included in the computation of net margins for accruals for federal and state income and other taxes imposed on income after deduction of interest expense for such period; plus (iii) the amount, if any, included in the computation of net margins for any losses incurred by any Subsidiary or Affiliate of the Company; plus (iv) the amount, if any, the Company actually receives in such period as a dividend or other distribution of earnings or profits of any Subsidiary or Affiliate (whether or not such earnings were for such period or any earlier period or periods); minus (vi) the amount, if any, included in the computation of net margins for any earnings or profits of any Subsidiary or Affiliate of the Company; and minus (vi) the amount, if any, the Company actually contributes to the capital of, or actually pays under a guarantee by the Company of an obligation of, any Subsidiary or Affiliate in such period to the extent of any accumulated losses incurred by such Subsidiary or Affiliate (whether or not such losses were for such period or any earlier period or periods), but only to the extent such losses have not otherwise caused other contributions or guarantee payments to be included in net margins for purposes of computing Margins for Interest for a prior period and such amount has not otherwise been included in net margins.

\(^2\) "Interest Charges" for any period means the total interest charges (whether capitalized or expensed) for such period (determined in accordance with Accounting Requirements) related to (i) Outstanding Secured Obligations of the Company, or (ii) outstanding Prior Lien Obligations of the Company, in all cases including amortization of debt discount and premium on issuance, but excluding all interest charges related to Obligations that have actually been paid by another Person that has agreed to be primarily liable for such Obligation pursuant to an assumption agreement or similar undertaking, provided such assumption agreement or similar undertaking is not a mechanism by which the Company continues to make payments to such Person based on payments made by such Person on account of its assumed liability or by which the Company otherwise seeks to avoid having interest related to such Obligations included in the definition of Interest Charges without the economic substance of an assumption of liability on the part of such Person; PROVIDED, HOWEVER, that with respect to any calculation of Interest Charges for any period prior to the date hereof, "Interest Charges" means the total interest charges (whether capitalized or expensed of the Company for such period (determined in accordance with Accounting Requirements) with respect to interest related to indebtedness the obligation for the payment of which was secured under the Existing Mortgage or by a lien against property subject to the Existing Mortgage prior to or on a parity with the lien of the Existing Mortgage, other than "Permitted Encumbrances" (as defined in the Existing Mortgage), in all cases including amortization of debt discount and premium on issuance.
Item 8) Provide the calculation of Big Rivers' minimum equity level under each of its loan agreements at December 31, 2017 and at the end of each month thereafter for which actual information is available. Cite to the specific relevant provisions of each loan agreement.

Response) Attached hereto is a schedule calculated in accordance with Big Rivers' Senior Secured Credit Agreement dated March 5, 2015, Section 6.07(b).

Witness) Paul G. Smith

July 6, 2018
Minimum Equity Levels at December 31, 2017 and March 31, 2018
Per Sec. 6.07(b) of Big Rivers' 2015 Syndicated Senior Secured Credit Agreement
(As Amended September 19, 2017)

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2017</th>
<th>March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Minimum Equity</td>
<td>$375,000,000</td>
<td>$375,000,000</td>
</tr>
<tr>
<td>Balance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plus: 50% of 2014</td>
<td>$16,333,720</td>
<td>$16,333,720</td>
</tr>
<tr>
<td>Positive Net Margins:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plus: 50% of 2015</td>
<td>$5,608,059</td>
<td>$5,608,059</td>
</tr>
<tr>
<td>Positive Net Margins:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plus: 50% of 2016</td>
<td>$6,452,633</td>
<td>$6,452,633</td>
</tr>
<tr>
<td>Positive Net Margins:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plus: 50% of 2017</td>
<td></td>
<td>$6,499,211</td>
</tr>
<tr>
<td>Positive Net Margins:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minimum Equity</td>
<td>$403,394,412</td>
<td>$409,893,623</td>
</tr>
<tr>
<td>Requirement</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
NOTICE OF TERMINATION OF CONTRACTS AND APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A DECLARATORY ORDER AND FOR AUTHORITY TO ESTABLISH A REGULATORY ASSET
CASE NO. 2018-00146

Response to the Kentucky Industrial Utility Customers, Inc.’s Initial Request for Information dated June 15, 2018

July 6, 2018

1 Item 9) If Big Rivers continues to operate Station Two until May 31, 2019, provide the calculation of Big Rivers’ projected minimum equity level under each of its loan agreements. Cite to the specific relevant provisions of each loan agreement.

6 Response) See the attached schedule which is calculated in accordance with Big Rivers’ Senior Secured Credit Agreement dated March 5, 2015, Section 6.07(b).

10 Witness) Paul G. Smith
Projected Minimum Equity Level For Quarters Ending in 2019
Per Sec. 6.07(b) of Big Rivers' 2015 Syndicated Senior Secured Credit Agreement
(As Amended September 19, 2017)

Initial Minimum Equity Requirement at December 31, 2014:
Plus: 50% of 2014 Positive Net Margins:
Plus: 50% of 2015 Positive Net Margins:
Plus: 50% of 2016 Positive Net Margins:
Plus: 50% of 2017 Positive Net Margins:
Plus: 50% of 2018 Budgeted Positive Net Margins:

Projected Minimum Equity Requirement

<table>
<thead>
<tr>
<th>Quarters ending in 2019</th>
<th>Minimum Equity Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
</tr>
<tr>
<td>$ 375,000,000</td>
<td></td>
</tr>
<tr>
<td>$ 16,333,720</td>
<td></td>
</tr>
<tr>
<td>$ 5,608,059</td>
<td></td>
</tr>
<tr>
<td>$ 6,452,633</td>
<td></td>
</tr>
<tr>
<td>$ 6,499,211</td>
<td></td>
</tr>
</tbody>
</table>
Item 10) Provide the Station Two fixed expenses by RUS account (operation and maintenance expense by RUS O&M expense account, A&G expense by RUS A&G expense account, property tax expense, depreciation expense, interest expense, TIER, etc.) that are currently being recovered in base rates.

Response) Please see the attached schedule for Big Rivers' share of Station Two expenses for O&M, A&G, property tax, and depreciation. Interest expense and TIER margin are not segregated by plant.

The attached schedule reflects expenses associated with the operation of Station Two that were included in the fully forecasted test period in Big Rivers' last rate case, Case No. 2013-00199. The attachment does not reflect the revenue associated with the operation of Station Two that was included in the last rate case. The attachment also does not consider that certain costs associated with the operation of Station Two will not cease to exist when Station Two no longer operates, but will be borne 100% by Big Rivers.

Witness) Paul G. Smith
Big Rivers Electric Corporation  
Case No. 2018-00146  
Station II Fixed Expenses currently recoverd in rates by RUS Account

<table>
<thead>
<tr>
<th>Description</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>O&amp;M Fixed Expenses-Non Labor</td>
<td>6,588,824</td>
</tr>
<tr>
<td>555-PURCHASED POWER-HMP&amp;L STATION TWO</td>
<td></td>
</tr>
<tr>
<td>O&amp;M Fixed Expenses-Labor</td>
<td>6,562,424</td>
</tr>
<tr>
<td>555-PURCHASED POWER-HMP&amp;L STATION TWO</td>
<td></td>
</tr>
<tr>
<td><strong>Total O&amp;M Fixed Expenses</strong></td>
<td><strong>13,151,248</strong></td>
</tr>
<tr>
<td>G&amp;A Expense-Non Labor</td>
<td>667,107</td>
</tr>
<tr>
<td>555-PURCHASED POWER-HMP&amp;L STATION TWO</td>
<td></td>
</tr>
<tr>
<td>G&amp;A Expense-Labor</td>
<td>876,506</td>
</tr>
<tr>
<td>555-PURCHASED POWER-HMP&amp;L STATION TWO</td>
<td></td>
</tr>
<tr>
<td><strong>Total G&amp;A Expenses</strong></td>
<td><strong>1,543,613</strong></td>
</tr>
<tr>
<td>Property Tax Expense</td>
<td>191,574</td>
</tr>
<tr>
<td>555-PURCHASED POWER-HMP&amp;L STATION TWO</td>
<td></td>
</tr>
<tr>
<td><strong>Total Property Tax Expense</strong></td>
<td><strong>191,574</strong></td>
</tr>
<tr>
<td>Depreciation Expense</td>
<td>3,439,210</td>
</tr>
<tr>
<td>555-PURCHASED POWER-HMP&amp;L STATION TWO</td>
<td></td>
</tr>
<tr>
<td><strong>Total Depreciation Expense</strong></td>
<td><strong>3,439,210</strong></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>18,325,645</strong></td>
</tr>
</tbody>
</table>
Item 11) Provide the Station Two fixed expenses by RUS account (operation and maintenance expense by RUS O&M expense account, A&G expense by RUS A&G expense account, property tax expense, depreciation expense, interest expense, TIER, etc.) recorded on Big Rivers accounting books in each year 2016 and 2017 and for the twelve months ending May 2018.

Response) Please see attached document.

Witness) Paul G. Smith
<table>
<thead>
<tr>
<th>RUS Account</th>
<th>Originating</th>
<th>Allocated</th>
<th>Description</th>
<th>Amount 2016</th>
<th>Amount 2017</th>
<th>Amount Twelve Months Ended May 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>404</td>
<td>55515001</td>
<td></td>
<td>HMP&amp;L STATION TWO AMORT EXP</td>
<td>994,868.98</td>
<td>1,063,043.81</td>
<td>1,075,988.36</td>
</tr>
<tr>
<td>404</td>
<td>55515002</td>
<td></td>
<td>HMP&amp;L STATION TWO AMORT EXP-CLEAN AIR</td>
<td>2,562,774.07</td>
<td>2,278,322.45</td>
<td>2,289,604.68</td>
</tr>
<tr>
<td>427</td>
<td>55515003</td>
<td></td>
<td>HMP&amp;L STATION TWO INTEREST CHARGED TO CONST CR</td>
<td>3,770.00</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>500</td>
<td>55515004</td>
<td></td>
<td>HMP&amp;L STATION TWO OPER SUPERVISION &amp; ENGINEERING</td>
<td>960,388.31</td>
<td>1,039,165.66</td>
<td>993,245.89</td>
</tr>
<tr>
<td>501</td>
<td>55515006</td>
<td></td>
<td>HMP&amp;L STATION TWO FUEL HANDLING</td>
<td>1,173,677.82</td>
<td>952,692.02</td>
<td>805,787.32</td>
</tr>
<tr>
<td>502</td>
<td>55515009</td>
<td></td>
<td>HMP&amp;L STATION TWO STEAM EXPENSES</td>
<td>1,742,501.15</td>
<td>1,866,708.07</td>
<td>1,523,548.60</td>
</tr>
<tr>
<td>502</td>
<td>55515046</td>
<td></td>
<td>HMP&amp;L STATION TWO STEAM EXP-CCR ENVIRONMENTAL</td>
<td>-</td>
<td>25.71</td>
<td>5.71</td>
</tr>
<tr>
<td>502</td>
<td>55515201</td>
<td></td>
<td>HMP&amp;L-STEAM EXPENSES CLEAN AIR</td>
<td>681,039.54</td>
<td>417,087.50</td>
<td>308,943.31</td>
</tr>
<tr>
<td>505</td>
<td>55515011</td>
<td></td>
<td>HMP&amp;L STATION TWO ELECTRIC EXPENSES</td>
<td>986,445.48</td>
<td>999,684.52</td>
<td>880,557.10</td>
</tr>
<tr>
<td>506</td>
<td>55515012</td>
<td></td>
<td>HMP&amp;L STATION TWO STEAM POWER EXPENSES</td>
<td>340,278.23</td>
<td>447,805.69</td>
<td>310,314.73</td>
</tr>
<tr>
<td>506</td>
<td>55515041</td>
<td></td>
<td>HMP&amp;L STATION TWO MISC STEAM PWR-EMISSION FEES</td>
<td>219,759.38</td>
<td>292,038.82</td>
<td>279,050.71</td>
</tr>
<tr>
<td>506</td>
<td>55515202</td>
<td></td>
<td>HMP&amp;L-MISC STEAM PWR EXP-SCR/NOX</td>
<td>282,531.10</td>
<td>306,688.40</td>
<td>250,731.23</td>
</tr>
<tr>
<td>510</td>
<td>55515015</td>
<td></td>
<td>HMP&amp;L STATION TWO MAINT SUPERVISION &amp; ENGINEERING</td>
<td>814,495.57</td>
<td>839,238.54</td>
<td>758,818.21</td>
</tr>
<tr>
<td>511</td>
<td>55515016</td>
<td></td>
<td>HMP&amp;L STATION TWO MAINT STRUCTURES</td>
<td>402,335.03</td>
<td>623,733.48</td>
<td>533,458.04</td>
</tr>
<tr>
<td>512</td>
<td>55515017</td>
<td></td>
<td>HMP&amp;L STATION TWO MAINT BOILER PLANT</td>
<td>2,616,840.27</td>
<td>3,361,202.80</td>
<td>2,294,182.53</td>
</tr>
<tr>
<td>512</td>
<td>55515044</td>
<td></td>
<td>HMP&amp;L STATION TWO MAINTENANCE BOILER PLANT-MATS ENVIRONMENTAL</td>
<td>31,419.68</td>
<td>86,095.26</td>
<td>54,613.15</td>
</tr>
<tr>
<td>512</td>
<td>55515204</td>
<td></td>
<td>HMP&amp;L-MAINT BOILER PLANT CLEAN AIR</td>
<td>499,483.36</td>
<td>570,178.36</td>
<td>375,420.68</td>
</tr>
<tr>
<td>512</td>
<td>55515205</td>
<td></td>
<td>HMP&amp;L-MAINT SCRUBBER/SOLID WASTE</td>
<td>403,136.33</td>
<td>532,094.55</td>
<td>407,554.29</td>
</tr>
<tr>
<td>512</td>
<td>55515206</td>
<td></td>
<td>HMP&amp;L-MAINT BOILER PLANT-REAGENT PREP</td>
<td>42,699.43</td>
<td>29,382.09</td>
<td>17,915.08</td>
</tr>
<tr>
<td>512</td>
<td>55515207</td>
<td></td>
<td>HMP&amp;L-MAINT BOILER PLANT-WASTE TREATMENT</td>
<td>235,473.39</td>
<td>87,251.41</td>
<td>36,359.62</td>
</tr>
<tr>
<td>513</td>
<td>55515018</td>
<td></td>
<td>HMP&amp;L STATION TWO MAINT ELECTRIC PLANT</td>
<td>641,646.60</td>
<td>1,083,720.69</td>
<td>889,461.97</td>
</tr>
</tbody>
</table>
## Big Rivers Share of Station Two Fixed Expenses

<table>
<thead>
<tr>
<th>RUS Account</th>
<th>Description</th>
<th>Amount 2016</th>
<th>Amount 2017</th>
<th>Amount Twelve Months Ended May 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>514 55515019</td>
<td>HMP&amp;L STATION TWO MAINTENANCE MIS STEAM PLANT</td>
<td>562,111.31</td>
<td>470,018.42</td>
<td>516,129.56</td>
</tr>
<tr>
<td>560 55515030</td>
<td>HMP&amp;L STATION TWO OPER SUPERVISION &amp; ENGINEERING-LINES</td>
<td>8,451.70</td>
<td>6,262.83</td>
<td>5,906.97</td>
</tr>
<tr>
<td>560 55515031</td>
<td>HMP&amp;L STATION TWO OPER SUPERVISION &amp; ENGINEERING-STATIONS</td>
<td>8,451.69</td>
<td>6,262.65</td>
<td>5,906.79</td>
</tr>
<tr>
<td>568 55515032</td>
<td>HMP&amp;L STATION TWO MAINT SUPERVISION &amp; ENGINEERING-LINES</td>
<td>8,451.70</td>
<td>6,262.83</td>
<td>5,906.97</td>
</tr>
<tr>
<td>568 55515033</td>
<td>HMP&amp;L STATION TWO MAINT SUPERVISION &amp; ENGINEERING-STATIONS</td>
<td>8,451.70</td>
<td>7,956.27</td>
<td>7,600.41</td>
</tr>
<tr>
<td>570 55515042</td>
<td>HMP&amp;L STATION TWO MAINTENANCE STATION EQUIPMENT</td>
<td>750.94</td>
<td>2,451.52</td>
<td>74.27</td>
</tr>
<tr>
<td>920 55515020</td>
<td>HMP&amp;L STATION TWO ADMIN &amp; GENERAL SALARIES</td>
<td>711,461.73</td>
<td>742,275.87</td>
<td>757,061.13</td>
</tr>
<tr>
<td>920 55515034</td>
<td>HMP&amp;L STATION TWO ADMINISTRATIVE AND GENERAL SALARIES-GENERATION</td>
<td>457,439.76</td>
<td>316,124.77</td>
<td>275,304.14</td>
</tr>
<tr>
<td>921 55515021</td>
<td>HMP&amp;L STATION TWO OFFICE SUPPLIES &amp; EXPENSE</td>
<td>483,107.47</td>
<td>449,662.03</td>
<td>313,568.69</td>
</tr>
<tr>
<td>921 55515035</td>
<td>HMP&amp;L STATION TWO OFFICE SUPPLIES AND EXPENSES-GENERATION</td>
<td>3,740.55</td>
<td>6,124.69</td>
<td>7,215.70</td>
</tr>
<tr>
<td>921 55515037</td>
<td>HMP&amp;L STATION TWO OFF SUP &amp; EXP-HMPL EXP</td>
<td>516,715.92</td>
<td>516,715.92</td>
<td>516,715.92</td>
</tr>
<tr>
<td>923 55515022</td>
<td>HMP&amp;L STATION TWO OUTSIDE SERVICES EMPLOYED</td>
<td>50,627.59</td>
<td>40,437.78</td>
<td>30,501.03</td>
</tr>
<tr>
<td>923 55515036</td>
<td>HMP&amp;L STATION TWO OUTSIDE SERVICES EMPLOYED-GENERATION</td>
<td>3,033.50</td>
<td>1,864.21</td>
<td>-</td>
</tr>
<tr>
<td>923 55515038</td>
<td>HMP&amp;L STATION TWO OUTSIDE SVCS-HMPL EXP</td>
<td>82,797.12</td>
<td>190,597.13</td>
<td>175,824.42</td>
</tr>
<tr>
<td>923 55515045</td>
<td>HMP&amp;L STATION TWO OUTSIDE SERVICES-TOTAL STA TWO G&amp;A-PROFESSIONAL FEES</td>
<td>94,410.79</td>
<td>94,476.59</td>
<td>30,506.36</td>
</tr>
<tr>
<td>925 55515024</td>
<td>HMP&amp;L STATION TWO INJURIES &amp; DAMAGES</td>
<td>13,074.60</td>
<td>12,844.50</td>
<td>13,275.20</td>
</tr>
<tr>
<td>930 55515026</td>
<td>HMP&amp;L STATION TWO MISC GENERAL EXPENSES</td>
<td>-</td>
<td>1,271.35</td>
<td>1,306.11</td>
</tr>
<tr>
<td>930 55515039</td>
<td>HMP&amp;L STATION TWO MISC GEN EXP-HMPL EXP</td>
<td>15,103.32</td>
<td>15,103.32</td>
<td>15,103.32</td>
</tr>
<tr>
<td>935 55515027</td>
<td>HMP&amp;L STATION TWO MAINT OF GENERAL PLANT</td>
<td>13,623.42</td>
<td>8,553.09</td>
<td>9,873.94</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>18,669,828.53</strong></td>
<td><strong>19,771,425.60</strong></td>
<td><strong>16,773,342.14</strong></td>
<td></td>
</tr>
</tbody>
</table>
Item 12) Describe the Big Rivers accounting for Station Two capital expenditures and explain why Big Rivers records such capital expenditures in electric plant in service on its accounting books.

Response) Big Rivers records Station Two capital expenditures in accordance with its Capitalization Policy and the Memorandum of Understanding between Big Rivers and Henderson Municipal Power and Light (HMP&L) dated April 7, 2014, copies of which are attached.

Witness) Paul G. Smith
Scope: Big Rivers Electric Corporation's ("Big Rivers" or "Company") Capitalization Policy establishes guidance related to costs to be capitalized and reported in "Electric Plant in Service" (account 101). Capitalized costs consist of both direct costs (e.g. labor, materials, supplies, equipment, services, etc.) and indirect costs (e.g. overheads, funding costs, etc.) attributable to the acquisition, construction and improvement of electric plant. The Rural Utilities Service (RUS) regulations have established guidelines to be followed in determining whether expenditures incurred are to be capitalized as electric plant or expensed as maintenance. In addition, Generally Accepted Accounting Principles (GAAP) have established standards of financial accounting and reporting for capitalizing interest on certain additions to electric plant. Big Rivers' Capitalization Policy is structured to assist in the determination of what constitutes Capital Expenditures and under what criteria Capitalized Interest will be charged to construction projects.

Capital Expenditures — include direct purchase expenditures (i.e. electric plant requiring no or minimal installation), construction expenditures (i.e. electric plant requiring installation), and capitalized spare parts. The guidance for determination of capital expenditures (whether individually or in combination) that constitute electric plant assets is defined in Section A – Capital Expenditures on page 3.

Capitalized interest — allowance for funds used during construction is included on projects with an estimated total cost of $250,000 or more before consideration of such allowance. The interest capitalized is determined by applying Big Rivers' effective weighted average interest rate on long term debt to the accumulated expenditures for qualifying projects included in construction work in progress. The guidance for determination of when interest should be capitalized on electric plant assets and the determination of the amount of interest is defined in the policy set out in Section B – Capitalized Interest on page 7.

Regulations Applicable
Rural Utilities Service (RUS):
7 CFR Part 1767—Accounting Requirements for RUS Electric Borrowers
Subpart B—Uniform System of Accounts (RUS Bulletin 1767 B-1)

Kentucky Public Service Commission (KPSC):
KRS 278.220—Uniform system of accounts for utilities (as applied to Big Rivers the KPSC has adopted the RUS Uniform System of Accounts)

Generally Accepted Accounting Principles
Financial Accounting Standards Board:
FASB ASC 835-20—Interest – Capitalization of Interest
Capitalization Policy

(formerly SFAS 34 Capitalization of Interest Cost)

Debt Provisions Applicable

The Chief Financial Officer (CFO) is responsible for ensuring that the Company’s capitalization policy is in compliance with all debt covenants.

NOTE: An Authorization for Investment Proposal (AIP) is required when purchasing, constructing, fabricating, modifying, installing, or removing capital facilities or equipment. Capital purchases and projects are subject to the AIP process and are not considered approved until an AIP Form is submitted and proper approvals are obtained through that process. Therefore, no capital costs covered by this Capitalization Policy shall be incurred until the requirements of the AIP Policy have been met.
Section A – Capital Expenditures

1. Purpose

This section of Big Rivers’ Capitalization Policy is to establish guidance for determining when expenditures are to be capitalized to “Electric Plant in Service” (account 101) as opposed to being expensed to operations or maintenance.

This guidance is based on the codified policies and procedures found in 7CFR Part 1767, Accounting Requirements for RUS Electric Borrowers. Appendix A contains the definitions of certain terms used in this policy. Appendix B contains the text of Sections of 7 CFR Part 1767 cited in this policy.

2. Policy

RUS accounting requirements state: For the purpose of avoiding undue refinement in accounting for additions to and retirements and replacements of electric plant, all property shall be considered as consisting of retirement units and minor items of property [7 CFR Part 1767 Subpart B § 1767.16(j)(1)].

To be capitalized, an item of property must be covered by one of the following classifications:

a. New retirement unit
b. Retirement unit replacement
c. Retirement system addition
d. Retirement system replacement
e. New minor property item
f. Minor property item replacement with betterment
g. Computer software and software upgrades
h. Capitalized Spare Parts
i. Capital item per Big Rivers’ Units of Property List

See the corresponding lettered paragraph below for rules governing each case. Stated dollar values are after consideration of freight, sales tax, discount, etc.

Note: Dollar values and percentages can be updated with senior management approval. However, changes should be supported by the reasons for such changes, explaining the deviation from consistency in applying the policy.
3. **Rules**

**a. New Retirement Unit — 7 CFR Part 1767 Subpart B §1767.16(j)(2)**

1. Cost more than $2,000 in Steam and Other Production Plant or $500 in other accounts, and  
2. Be readily separable and separately useable, and  
3. Have an expected useful life of more than one year.

**b. Retirement Unit Replacement — 7 CFR Part 1767 Subpart B §1767.16(j)(2) and 7 CFR Part 1767 Subpart B §1767.16(j)(3)(i)**

1. Cost more than $2,000 in Steam and Other Production Plant or $500 in other accounts, and  
2. Be a replacement of a similar retirement unit or consist of replacing minor property items that total to more than 50% of the existing retirement unit cost.  
   If the 50% test is met it is assumed a new retirement unit has been created.  
   Retire 100% of the old unit and recapitalize the salvageable portion along with the new minor property item(s).  
   Note: The replacement of existing minor property items costing 50% or less of the original retirement unit is to be charged to maintenance.

**c. Retirement System Addition — 7 CFR Part 1767 Subpart B §1767.16(j)(2)**

1. Be an addition to or an expansion of a system, and  
2. Cost more than $2,000 in Steam and Other Production Plant or $500 in other accounts, and  
3. Be of permanent nature, and  
4. Be an integral part of an existing system.  
   Note: A system is a grouping of generic or interacting items forming a unified whole. Classification as a system is for accounting convenience and enables an efficient and methodical means to account for a grouping of items which are frequently changing as a result of additions and replacements.  
   Classification as a system may be appropriate where specific item identity is difficult to ascertain. The Finance/Accounting area will make all system determinations. When it is evident that multiple items are purchased on multiple requisitions, possibly on different dates, for the same system project, the capitalization decision shall be based on the total project cost.
Capitalization Policy

**d. Retirement System Replacement** — 7 CFR Part 1767 Subpart B §1767.16(j)(2) and 7 CFR Part 1767 Subpart B §1767.16(j)(3)(i)

1. Be an integral part of an existing system,
2. Be of permanent nature, and
3. Cost more than 50% of the existing retirement system. If the 50% test is met, it is assumed a new retirement system has been created. Retire 100% of the old system and recapitalize the salvageable portion along with the new replacement cost. (Replacement of an existing system costing 50% or less of the original system is to be charged to maintenance.)

**e. New Minor Property Item** — 7 CFR Part 1767 Subpart B §1767.16(j)(3)(i)

1. Minor property item not previously existing, and
2. Be of a permanent nature, and
3. Cost exceeds 25% of the retirement unit of which it will become a part or $10,000, the smaller of the two. (Otherwise the addition of minor property items is to be charged to maintenance)

**f. Minor Property item Replacement with Betterment** — 7 CFR Part 1767 Subpart B §1767.16(j)(3)(iii)

1. Be of a permanent nature, and
2. Result in a substantial betterment with the primary aim of making the property affected more useful, more efficient, more durable, or capable of greater capacity. Capitalize the cost in accordance with NOTE 1 below.

**g. Computer Software and Software Upgrades** 7 CFR Part 1767 Subpart B §1767.16(j)(2) and 7 CFR Part 1767 Subpart B §1767.16(j)(3)(i)

1. Capitalize any new software purchase of $2,000 or more if used with a computer associated with Steam and Other Production Plant operations or $500 or more if used for any other computer as long as the new software has a useful life of more than one year.
2. Any software upgrade should be capitalized if the cost of the upgrade exceeds 25% of the software which it will become a part or $10,000 the smaller of the two. The 25% must be $2,000 or more if used with a computer associated with Steam and Other Production Plant operations or $500 or more if used for any other computer. The software upgrade must have a life of more than one year.
h. Capitalized Spare Parts — 7 CFR Part 1767 Subpart B §1767.16(j)(3)(i)

Determining when to capitalize a spare part as a minor property item as opposed to expense through the inventory system.

To be capitalized, a spare part must meet all of the following guidelines:
1. Parts have to be purchased or ordered prior to the commercial operation date of the equipment for which they are designed.
2. Parts are considered critical and peculiar to the original equipment so as to result in unacceptable downtime when needed.
3. Parts are purchased with the intention of being retired along with the equipment for which they were designed and are not subject to any periodic, frequent, or anticipated replacements.
4. Parts can usually be restored to serviceable condition (refurbished) in the event of use.
   Note: Valves that are requisitioned, including those inventoried, which cost more than $2,000 and are over 2” in size are to be capitalized.

i. Capital Item per Big Rivers’ Units of Property List

To the extent consistent with applicable accounting principles, debt covenants, law and governmental authorities, Big Rivers shall capitalize items included in its Units of Property List. The Finance and/or Accounting department(s) will maintain, and update, the Units of Property List as deemed necessary.

NOTE 1: In all cases above, except item f, the amount capitalized is governed by standard accounting principles. For item f, above the amount capitalized is equal to the difference between the cost of the new minor property item and the cost of replacement without betterment at today’s prices. The remaining dollars are to be charged to maintenance.
Section B – Capitalized Interest

1. Purpose
This section of Big Rivers' Capitalization Policy is to establish guidance for determining when interest should be capitalized on construction (installation) projects and determining the amount of interest to be capitalized for inclusion in "Electric Plant in Service" (account 101) as a cost of an electric plant asset.

This guidance is based on the FASB ASC 835-20 Interest – Capitalization of Interest (formerly SFAS 34 Capitalization of Interest Cost). FASB ASC 835-20 establishes financial accounting and reporting criteria for capitalizing interest cost as a part of the historical cost of acquiring certain electric plant assets.

2. Policy
The objectives of capitalizing interest are (a) to obtain a measure of acquisition cost that more closely reflects Big Rivers' total investment to bring an item of property to the condition and location necessary for its intended use, and (b) to charge a cost that relates to the acquisition of a resource that will benefit future periods against the revenues of the periods benefited.

It is the policy of Big Rivers to capitalize interest as follows:

1. The Company will capitalize interest on any construction (installation) project which meets both of the following criteria: (a) estimated total cost of $250,000 or more (excluding consideration of capitalized interest) and (b) requires more than a minimal amount of construction (installation) time.

2. The amount of interest to be capitalized for a qualifying construction project is that portion of interest cost incurred during the project's construction period that could have been avoided if expenditures for that project had not been made.

3. The amount of interest capitalized during a month shall be determined by applying an interest rate (the capitalization rate) to the amount of to-date accumulated expenditures for qualifying construction projects as described below:
   a. The capitalization rate used shall be Big Rivers' monthly effective weighted average interest rate on long term debt.
Capitalization Policy

b. Accumulated expenditures, to be included in the calculation of monthly capitalized interest for a project, are calculated as set out below:

Prior month project balance in construction work in progress (CWIP)
(+) ½ current month project expenditures
(-) Retainage
(-) Internal labor costs
(-) Capitalized interest previously recorded
(=) Accumulated expenditures used for calculating capitalized interest

4. The capitalization of interest shall start when both the first dollar is expended and the construction has begun on the qualifying project.

5. The capitalization of interest shall cease when the qualifying construction project is substantially complete and ready for its intended use.

6. The capitalization of interest shall be suspended on a qualifying construction project during any period in which no activity necessary to ready the project for its intended use is taking place. Notify the Finance/Accounting department if this situation occurs.
Appendix A

Definitions:

Retirement Unit – those items of electric plant which, when retired with or without replacement, are accounted for by removing its cost from the plant account in which included.

Minor Property Item - the associated parts or items of which retirement units are composed. The addition and retirement of minor items of property shall be accounted for as defined in this capitalization policy.

Record Unit - unit designed for accounting convenience and to facilitate record keeping of plant costs on a practical basis. It is never smaller than a retirement unit but is sometimes a combination of associated retirement units serving a single basic operating purpose.
Appendix B

Code of Federal Regulations

Title 7: Agriculture
PART 1767—ACCOUNTING REQUIREMENTS FOR RUS ELECTRIC BORROWERS
Subpart B—Uniform System of Accounts

§1767.16 (j) Additions and retirements of electric plant.

(1) For the purpose of avoiding undue refinement in accounting for additions to and retirements and replacements of electric plant, all property shall be considered as consisting of retirement units and minor items of property.

(2) The addition and retirement of retirement units shall be accounted for as follows:

(i) When a retirement unit is added to electric plant, the cost thereof shall be added to the appropriate electric plant account, except that when units are acquired in the acquisition of any electric plant constituting an operating system, they shall be accounted for as provided in paragraph (e) of this section.

(ii) When a retirement unit is retired from electric plant, with or without replacement, the book cost thereof shall be credited to the electric plant account in which it is included, determined in the manner set forth in Item in paragraph (j)(4) of this section. If the retirement unit is of a depreciable class, the book cost of the unit retired and credited to electric plant shall be charged to the accumulated provision for depreciation applicable to such property. The cost of removal and the salvage shall be charged or credited, as appropriate, to such depreciation account.

(3) The addition and retirement of minor items of property shall be accounted for as follows:

(i) When a minor item of property which did not previously exist is added to plant, the cost thereof shall be accounted for in the same manner as for the addition of a retirement unit, as set forth in Item in paragraph (j)(2)(i) of this section, if a substantial addition results, otherwise the charge shall be to the appropriate maintenance expense account.
(ii) When a minor item of property is retired and not replaced, the book cost thereof shall be credited to the electric plant account in which it is included; and, in the event the minor item is a part of depreciable plant, the account for accumulated provision for depreciation shall be charged with the book cost and cost of removal and credited with the salvage. If, however, the book cost of the minor item retired and not replaced has been or will be accounted for by its inclusion in the retirement unit of which it is a part when such unit is retired, no separate credit to the property account is required when such minor item is retired.

(iii) When a minor item of depreciable property is replaced independently of the retirement unit of which it is a part, the cost of replacement shall be charged to the maintenance account appropriate for the item, except that if the replacement effects a substantial betterment (the primary aim of which is to make the property affected more useful, more efficient, of greater durability, or of greater capacity), the excess cost of the replacement over the estimated cost at current prices of replacing without betterment shall be charged to the appropriate electric plant accounts.

(4) The book cost of electric plant retired shall be the amount at which such property is included in the electric plant accounts, including all components of construction costs. The book cost shall be determined from the utility’s records and if this cannot be done, it shall be estimated. When it is impracticable to determine the book cost of each unit, due to the relatively large number or small cost thereof, an appropriate average book cost of the units with due allowance for any differences in size and character, shall be used as the book cost of the units retired.

(5) The book cost of land retired shall be credited to the appropriate land accounts. If the land is sold, the difference between the book cost (less any accumulated provision for depreciation or amortization therefore which has been authorized and provided) and the sale price of the land (less commissions and other expenses of making the sale) shall be recorded in Account 411.6, Gains from Disposition of Utility Plant, or Account 411.7, Losses from Disposition of Utility Plant, when the property has been recorded in Account 105, Electric Plant Held for Future Use, otherwise to Accounts 421.1, Gain on Disposition of Property, or 421.2, Loss on Disposition of Property, as appropriate. If the land is not used in utility service but is retained by the utility, the book cost shall be charged to Account 105, Electric Plant Held for Future Use, or Account 121, Nonutility Property, as appropriate.

(6) The book cost less net salvage of depreciable electric plant retired shall be charged in its entirety to Account 108, Accumulated Provision for Depreciation of Electric Utility
Plant in Service. Any amounts which, by approval or order of RUS, are charged to Account 182.1, Extraordinary Property Losses, shall be credited to Account 108.

(7) The accounting for the retirement of amounts included in Account 302, Franchises and Consents, and Account 303, Miscellaneous Intangible Plant, and the items of limited-term interest in land included in the accounts for land and land rights, shall be as provided for in the text of Account 111, Accumulated Provision for Amortization of Electric Utility Plant in Service; Account 404, Amortization of Limited-Term Electric Plant; and Account 405, Amortization of Other Electric Plant.

<table>
<thead>
<tr>
<th>Number</th>
<th>Date</th>
<th>Notes</th>
<th>Approved by</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rev 1</td>
<td>04/2013</td>
<td>Incorporated Capital Expenditures, Capitalized Spare Parts and Capitalized Interest into single policy; documents $ and % criteria agreed to at the “Unwind”; provides reference to applicable RUS regulations and Generally Accepted Accounting Principles; provides list of debt provisions that require accounting records be maintained in accordance with RUS and GAAP accounting requirements</td>
<td>IRMC</td>
</tr>
<tr>
<td>Rev 2</td>
<td>04/09/2014</td>
<td>Removes reference to specific lines of credit and smelters and provides CFO with responsibility to maintain lending criteria requirements</td>
<td>IRMC</td>
</tr>
</tbody>
</table>
MEMORANDUM OF UNDERSTANDING

Big Rivers Electric Corporation ("Big Rivers") and Henderson Municipal Power and Light ("HMP&L") sign and enter into this memorandum of understanding for the purpose of resolving the question of what capacity allocation percentage applies to a capital asset acquired by Big Rivers under the Station Two Contracts. The parties mutually understand and agree that the capacity allocation percentage established under the Power Sales Contract applicable to a capital asset will be the capacity allocation percentage established for the Contract Year in which Big Rivers incurs the capital asset cost liability. For purposes of this memorandum of understanding, Big Rivers "incurs the capital asset cost liability" when Big Rivers accepts receipt of the relevant materials or supplies. This approach is consistent with Section 16 of the Power Plant Construction and Operation Agreement dated August 1, 1970, as amended.

The actual allocation of capital assets to Station Two will not occur until the capital project has been satisfactorily completed by Big Rivers and unitized on the accounting books of record. However, such capital asset costs transferred to the Station Two accounting books of record will be allocated between Big Rivers and HMP&L at the MW capacity split in effect as stated in the previous paragraph. The agreements stated in this memorandum of understanding will remain in effect until changed by written agreement of the parties.

Henderson Municipal Power and Light

BY: [Signature]

ITS: [Signature]

DATE: [Date]

Big Rivers Electric Corporation

BY: [Signature]

ITS: [Signature]

DATE: [Date]
June 28, 2018

Item 13) Describe the Big Rivers accounting for Station Two service revenues billed to HMP&L and the operating expenses incurred on behalf of and recovered from HMP&L. In your response, address the service revenues from HMP&L for recovery of Big Rivers' overheads, such as A&G expenses.

Response) Big Rivers does not bill service revenues to HMP&L. In accordance with the Power Plant Construction and Operating Agreement dated August 1, 1970, as amended, and the Station Two G&A Allocation Agreement, dated July 16, 2009, Big Rivers records HMP&L's share of Station Two operating, maintenance and G&A expenses as accounts receivable. HMP&L makes monthly payments to Big Rivers for its share of Station Two costs based on the most recent Station Two budget approved by the City of Henderson Utility Commission. Within one hundred twenty days of the end of the Station Two fiscal year, Big Rivers provides an annual settlement report of each party's share of actual Station Two costs and trues-up HMP&L's total monthly budgeted payments to its actual costs.

Witness) Paul G. Smith
Item 14) Indicate whether Big Rivers has an ownership interest and/or title to the Station Two physical assets associated with the cost recorded in electric plant in service on its accounting books. If so, provide a detailed description of the ownership interest and/or title.

Response) Big Rivers does not own or hold title to the Station Two physical assets associated with the cost recorded in electric plant in service related to Station Two.

Witness) Robert W. Berry
Item 15) **Indicate whether the Big Rivers ownership interest and/or title to the Station Two physical plant, if any, will survive the termination of the Station Two purchased power contracts cited in the Application in this proceeding. If so, provide a detailed description and cite to the relevant portions of each purchased power contract.**

Response) Big Rivers does not own or hold title to the Station Two physical plant.

Witness) Robert W. Berry
Item 16) Indicate whether Big Rivers has the right and/or obligation to transfer the ownership interest and/or title to the physical plant and/or demand reimbursement for the net book value or some other valuation of those assets from HMP&L upon termination of the Station Two contracts. Cite to and provide copies of the relevant provisions of each contract in your response.

Response) Big Rivers does not own or hold title to the physical plant associated with Station Two. The Station Two contracts do not provide a mechanism that would allow Big Rivers to demand reimbursement for its net book value or some other valuation of those assets from HMP&L.

Witness) Robert W. Berry
BIG RIVERS ELECTRIC CORPORATION

NOTICE OF TERMINATION OF CONTRACTS AND APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A DECLARATORY ORDER AND FOR AUTHORITY TO ESTABLISH A REGULATORY ASSET

CASE NO. 2018-00146

Response to the Kentucky Industrial Utility Customers, Inc.’s Initial Request for Information dated June 18, 2018

June 28, 2018

Item 17) For Big Rivers’ share of Station Two, please provide the FDE Non-Labor costs and the FDE Labor costs that are currently being recovered in base rates. Please provide this information in the same format as Confidential Exhibit Berry Rebuttal-2 in Case No. 2012-00535.

Response) Please see the table below for Big Rivers’ share of Station Two FDE Non-Labor costs and FDE Labor costs that are currently being recovered in base rates. The information is not available in the requested format. This table reflects expenses associated with the operation of Station Two that were included in the fully forecasted test period in Big Rivers’ last rate case, Case No. 2013-00199. The table does not consider that certain costs associated with the operation of Station Two will not cease to exist when Station Two no longer operates, but will be borne 100% by Big Rivers.

<table>
<thead>
<tr>
<th>Big Rivers Electric Corporation</th>
<th>Share of Station Two FDE Non-Labor and Labor</th>
</tr>
</thead>
<tbody>
<tr>
<td>FDE Non-Labor</td>
<td>$6,588,824</td>
</tr>
<tr>
<td>FDE Labor</td>
<td>$6,562,424</td>
</tr>
<tr>
<td>Total FDE Budget</td>
<td>$13,151,248</td>
</tr>
</tbody>
</table>

Witness) Paul G. Smith
Item 18) Provide the deferred depreciation regulatory asset for Coleman plant at the end of each month from December 2016 through the most recent month for which actual information is available.

Response) Big Rivers objects to this request on the ground that it is not reasonably calculated to lead to the discovery of admissible evidence.

Witness) Counsel
Item 19)  Provide the deferred depreciation regulatory asset for Wilson plant at the end of each month from December 2016 through the most recent month for which actual information is available.

Response) Big Rivers objects to this request on the ground that it is not reasonably calculated to lead to the discovery of admissible evidence.

Witness) Counsel
Item 20) Provide the gross plant and accumulated depreciation for Coleman plant at the end of each month from December 2016 through the most recent month for which actual information is available.

Response) Big Rivers objects to this request on the ground that it is not reasonably calculated to lead to the discovery of admissible evidence.
Item 21)  Provide the gross plant and accumulated depreciation for Wilson plant at the end of each month from December 2016 through the most recent month for which actual information is available.

Response) Big Rivers objects to this request on the ground that it is not reasonably calculated to lead to the discovery of admissible evidence.

Witness) Counsel
Item 22) Provide the monthly Coleman plant depreciation expense from January 2016 through the most recent month for which actual information is available.

Response) Big Rivers objects to this request on the ground that it is not reasonably calculated to lead to the discovery of admissible evidence.

Witness) Counsel
Item 23) Provide the monthly Wilson plant depreciation expense from January 2016 through the most recent month for which actual information is available.

Response) Big Rivers objects to this request on the ground that it is not reasonably calculated to lead to the discovery of admissible evidence.

Witness) Counsel
Item 24) Provide the gross plant and accumulated depreciation for each of Big Rivers generating plants, including Station Two, but excluding Coleman, and Wilson, at the end of each month from December 2016 through the most recent month for which actual information is available.

Response) Big Rivers objects to this request on the ground that it is not reasonably calculated to lead to the discovery of admissible evidence. Notwithstanding this objection, and without waiving it, please see the attached document for Station Two gross plant and accumulated depreciation.

Witnesses) Paul G. Smith and Counsel
## Big Rivers Electric Corporation

**Case No. 2018-00146**

**Station Two**

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Month</th>
<th>Gross Plant Balance</th>
<th>Accumulated Depreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>12/31/16</td>
<td>$116,216,827.44</td>
<td>($26,256,568.75)</td>
</tr>
<tr>
<td>2</td>
<td>01/31/17</td>
<td>$116,216,827.44</td>
<td>($26,545,956.10)</td>
</tr>
<tr>
<td>3</td>
<td>02/28/17</td>
<td>$116,216,827.44</td>
<td>($26,840,846.25)</td>
</tr>
<tr>
<td>4</td>
<td>03/31/17</td>
<td>$116,225,631.28</td>
<td>($27,135,255.46)</td>
</tr>
<tr>
<td>5</td>
<td>04/30/17</td>
<td>$116,572,796.39</td>
<td>($27,332,064.46)</td>
</tr>
<tr>
<td>6</td>
<td>05/31/17</td>
<td>$116,572,796.39</td>
<td>($27,400,632.43)</td>
</tr>
<tr>
<td>7</td>
<td>06/30/17</td>
<td>$116,572,796.39</td>
<td>($27,658,642.40)</td>
</tr>
<tr>
<td>8</td>
<td>07/31/17</td>
<td>$116,575,088.67</td>
<td>($27,827,729.78)</td>
</tr>
<tr>
<td>9</td>
<td>08/31/17</td>
<td>$116,576,128.64</td>
<td>($27,946,392.90)</td>
</tr>
<tr>
<td>10</td>
<td>09/30/17</td>
<td>$117,763,011.37</td>
<td>($28,063,879.01)</td>
</tr>
<tr>
<td>11</td>
<td>10/31/17</td>
<td>$118,049,743.09</td>
<td>($28,030,542.83)</td>
</tr>
<tr>
<td>12</td>
<td>11/30/17</td>
<td>$118,069,376.26</td>
<td>($28,322,082.98)</td>
</tr>
<tr>
<td>13</td>
<td>12/31/17</td>
<td>$118,250,117.42</td>
<td>($28,453,763.72)</td>
</tr>
<tr>
<td>14</td>
<td>01/31/18</td>
<td>$118,250,117.42</td>
<td>($28,660,376.51)</td>
</tr>
<tr>
<td>15</td>
<td>02/28/18</td>
<td>$118,250,117.42</td>
<td>($28,955,003.53)</td>
</tr>
<tr>
<td>16</td>
<td>03/31/18</td>
<td>$118,310,579.77</td>
<td>($29,199,945.79)</td>
</tr>
<tr>
<td>17</td>
<td>04/30/18</td>
<td>$118,310,579.77</td>
<td>($29,490,232.32)</td>
</tr>
<tr>
<td>18</td>
<td>05/31/18</td>
<td>$118,530,146.69</td>
<td>($29,813,415.06)</td>
</tr>
</tbody>
</table>
Item 25) *Please confirm that the 1.10 minimum MFIR that Big Rivers must maintain for each fiscal year under its loan agreements can be adjusted to exclude non-recurring charges to income, including impairment loss writeoffs due to the non-recoverability of assets or expenses.*

Response) Big Rivers' Indenture states that the Margins for Interest (used to calculate Big Rivers' Margins for Interest Ratio (MFIR) for determining compliance with the minimum 1.10 MFIR requirement) "shall exclude provisions for any (a) non-recurring charge to income, whether or not recorded as such on the Company's books, of whatever kind or nature (including the non-recoverability of assets or expenses), except to the extent the Board of Directors determines to recover such non-recurring charge in Rates." Impairment loss writeoffs are not explicitly mentioned in the MFIR definition provided in Big Rivers' Indenture.

Witness) Paul G. Smith
ITEM 26) For each of the last ten years, provide the average price of power in total and by component (e.g., energy, demand, FAC, environmental surcharge and all other riders) for service to the Rural Class and Large Industrial Class.

Response) Big Rivers objects to this request on the grounds that it is overly broad, unduly burdensome, and not reasonably calculated to lead to the discovery of admissible evidence.
Item 27) Provide the number of Rural customers and the number of Large Industrial customers at December 31, 2017. List each of the Large Industrial customers.

Response) Big Rivers objects to this request on the grounds that it is overly broad, unduly burdensome, and not reasonably calculated to lead to the discovery of admissible evidence.

Witness) Counsel
BIG RIVERS ELECTRIC CORPORATION

NOTICE OF TERMINATION OF CONTRACTS AND APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A DECLARATORY ORDER AND FOR AUTHORITY TO ESTABLISH A REGULATORY ASSET
CASE NO. 2018-00146

Response to the Kentucky Industrial Utility Customers, Inc.’s Initial Request for Information dated June 15, 2018

July 6, 2018

1 Item 28) Provide the annual actual and projected revenues that Big Rivers received or projects that it will receive from the Missouri Municipal transaction, the Nebraska Public Power transaction and the sale to KMEA for the years 2017 through 2026.

6 Response) Big Rivers objects to this request on the ground that it is not reasonably calculated to lead to the discovery of admissible evidence.

10 Witness) Counsel
BIG RIVERS ELECTRIC CORPORATION

NOTICE OF TERMINATION OF CONTRACTS AND APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A DECLARATORY ORDER AND FOR AUTHORITY TO ESTABLISH A REGULATORY ASSET

CASE NO. 2018-00146

Response to the Kentucky Industrial Utility Customers, Inc.’s Initial Request for Information dated June 15, 2018

July 6, 2018

1 Item 29) **Provide the patronage capital account balances at Big Rivers at December 31, 2107 for Domtar and Kimberley Clark.**

2

3

4 **Response** Big Rivers objects to this request on the ground that it is not reasonably calculated to lead to the discovery of admissible evidence.

5

6

7

8 **Witness** Counsel

9