

SULLIVAN, MOUNTJOY, STAINBACK & MILLER PSC
ATTORNEYS AT LAW

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PUBLIC SERVICE
COMMISSION

December 11, 2008

Via Federal Express

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

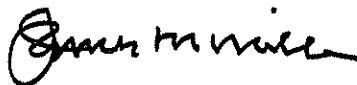
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C. Ellsworth Mountjoy
Susan Montalvo-Gesser

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

Dear Ms. Stumbo:

Enclosed for filing on behalf of Big Rivers Electric Corporation are an original and ten copies of (i) Big Rivers' responses to information requested during the hearing that commenced December 2, 2008, and (ii) a petition seeking confidential treatment of certain documents filed as attachments to those responses. One sealed copy of the confidential documents, with the confidential information highlighted with transparent ink, is attached to the petition, and ten copies of those documents, with the confidential information redacted, are attached to the copies of the responses. A copy of this cover letter, the petition, and a redacted copy of the confidential documents have been served on the persons on the attached service list. A verification page for C. William Blackburn will be sent under separate cover.

Sincerely yours,



James M. Miller

JMM/ej
Enclosures

cc: Mark A. Bailey
David Spainhoward
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BIG RIVERS ELECTRIC CORPORATION
PSC CASE NO. 2007-00455

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PSC CASE NO. 2007-00455

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In The Matter Of:

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

**PETITION OF BIG RIVERS ELECTRIC CORPORATION FOR CONFIDENTIAL
PROTECTION**

Big Rivers Electric Corporation ("Big Rivers") hereby petitions the Kentucky Public Service Commission ("Commission"), pursuant to 807 KAR 5:001 Section 7 and KRS 61.878(1)(c), to grant confidential protection to portions of a revolving line of credit agreement between Big Rivers and National Rural Utilities Cooperative Finance Corporation ("CFC") (the "CFC Agreement"), to portions of a schedule entitled "Analysis of Changes in Revolving Credit Facilities" (the "CFC Schedule"), and to portions of a schedule showing the effective Smelter rates if all the payments E.ON U.S., LLC is making to the Smelters are included in that calculation (the "Smelter Schedule"). The portions of the CFC Agreement and the CFC Schedule that Big Rivers seeks to protect are referred to herein as the "Confidential Information." In support of this petition, Big Rivers states as follows:

1. One (1) sealed copy of each of the CFC Agreement and the CFC Schedule, with the Confidential Information highlighted with transparent ink, are filed with this Petition. Ten

(10) copies of each of the CFC Agreement and the CFC Schedule, with the Confidential Information redacted, are attached to the copies of Item 1 of Big Rivers' Response to the Information Requested at the December 2, 2008, Hearing filed with this Petition. One (1) sealed copy of the Smelter Schedule, with the confidential portions highlighted with transparent ink, are filed with this Petition; and ten (10) copies of the Smelter Schedule, with the confidential portions redacted, are attached to the copies of Item 2 of Big Rivers' Response to the Information Requested at the December 2, 2008, Hearing filed with this Petition. 807 KAR 5:001 Sections 7(2)(a)(2), 7(2)(b).

2. Copies of this Petition and the redacted CFC Agreement, CFC Schedule, and Smelter Schedule have been served on all parties. 807 KAR 5:001 Section 7(2)(c).

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

4. As discussed below, the Confidential Information and the confidential portions of the Smelter Schedule are entitled to confidential protection based upon KRS 61.878(1)(c)(1), which protects "records confidentially disclosed to an agency or required by an agency to be disclosed to it, generally recognized as confidential or proprietary, which if openly disclosed would permit an unfair commercial advantage to competitors of the entity that disclosed the records." KRS 61.878(1)(c)(1).

A. THE CFC AGREEMENT AND THE CFC SCHEDULE SHOULD BE GIVEN CONFIDENTIAL PROTECTION

5. The Commission should grant confidential treatment to the Confidential Information contained in the CFC Agreement and CFC Schedule for the reasons stated in Big

Rivers' Motion for Rehearing filed on or about July 8, 2008, which is incorporated herein by reference. The Confidential Information should also be protected because the cover letter filed confidentially as Exhibit 109 to Big Rivers' November 24, 2008, Motion to Amend and Supplement Application, prohibits Big Rivers from publicly disclosing any of the financing terms relating to the CFC Agreement. Additionally, the CFC Agreement and the revolving line of credit agreement between Big Rivers and CoBank ACB (the "CoBank Agreement") that Big Rivers is also proposing to enter into as part of the Unwind Transaction, have different terms. If CFC or CoBank ACB knew the terms that Big Rivers had agreed to with the other, Big Rivers would have been disadvantaged in its negotiations and would certainly not have achieved terms as financially favorable as those reflected in those agreements. In fact, Big Rivers was able to negotiate even more favorable terms in the CFC Agreement filed with this Petition than were in the cover letter and term sheet filed with Big Rivers' November 24, 2008, Motion to Amend and Supplement Application, which may not have been possible had the agreements been publicly disclosed. The improved terms can be seen on the CFC Schedule.

6. Neither the CFC Agreement nor the CoBank Agreement have been executed, and they will not be signed until the closing of the Unwind Transaction. As such, disclosure of the Confidential Information or the confidential terms of the CoBank Agreement would serve to disadvantage Big Rivers in negotiations with CFC or CoBank ACB should any changes in the agreements be required before closing, and in doing so, the disclosure could lead to less favorable agreements and higher prices for Big Rivers. As explained in the Motion for Rehearing, Big Rivers competes in the wholesale power market, and as its costs rise (including financing costs), and with less favorable agreements, it is less competitive in that market. Big

Rivers will suffer competitive injury if confidential protection is not given to the Confidential Information, at least until the CFC Agreement is executed at the closing.

7. It should also be noted that all of the parties to this case who signed confidentiality agreements with Big Rivers have had access to the Confidential Information. Thus, granting confidential treatment to the Confidential Information does not prejudice any party with a proper interest.

8. Based on the foregoing, the Confidential Information is entitled to confidential protection.

B. THE SMELTER SCHEDULE SHOULD BE GIVEN CONFIDENTIAL PROTECTION

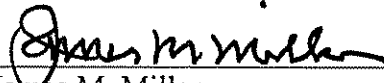
9. The confidential portions of the Smelter Schedule relate to a payment that E.ON U.S., LLC (“E.ON”) will make to the Smelters at closing. The amount of that payment has remained confidential throughout this proceeding. Big Rivers requests that the Commission grant confidential treatment to the confidential portions of the Smelter Schedule for the reasons stated in E.ON’s petition for confidential treatment filed February 14, 2008, relating to E.ON’s responses to the Attorney General’s Initial Request for Information, which petition for confidential treatment was granted by the Commission by a letter dated April 29, 2008. Big Rivers incorporates that petition for confidential treatment herein.

C. THE COMMISSION IS REQUIRED TO HOLD AN EVIDENTIARY HEARING

10. The Confidential Information and the confidential portions of the Smelter Schedule should be given confidential protection. If the Commission disagrees that Big Rivers is entitled to confidential protection, due process requires the Commission to hold an evidentiary hearing. *Utility Regulatory Com'n v. Kentucky Water Service Co., Inc.*, 642 S.W.2d 591 (Ky. App. 1982).

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

On this the 11th day of December, 2008.



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Sullivan, Mountjoy, Stainback
& Miller, P.S.C.
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COUNSEL FOR BIG RIVERS
ELECTRIC CORPORATION

BIG RIVERS ELECTRIC CORPORATION'S
RESPONSE TO THE INFORMATION REQUESTED
AT THE DECEMBER 2, 2008, HEARING
PSC CASE NO. 2007-00455
December 12, 2008

1 **Item 1)** Provide the final version of the Revolving Line of Credit Agreement between Big
2 Rivers and National Rural Utilities Cooperative Finance Corporation (“CFC”) and an update of
3 the schedule entitled “Analysis of Changes in Revolving Credit Facilities” to show the changes
4 in the CFC Revolving Line of Credit Agreement negotiated since that schedule was filed on
5 December 1, 2008.

6
7 **Response)** Attached is the final version of the CFC Revolving Line of Credit Agreement and
8 an update of the schedule entitled “Analysis of Changes in Revolving Credit Facilities” showing
9 changes made to the CFC Revolving Line of Credit Agreement since that schedule was filed.
10 These changes improved the terms of the CFC agreement.

11

12 **Witness)** C. William Blackburn

Analysis of Changes in Revolving Credit Facilities

Original:

Revision
filed Dec 1:

Revision
filed Dec 12:

	CoBank (1)	CoBank (1)
1 Facility Amount (\$Millions)	50	50
2 Security	Unsecured	Unsecured
3 Senior Secured Credit Rating (Higher of)	BBB/Baa2	BBB/Baa2
4 Term - Years	3	3
5 Upfront Fee (one-time)		
6 Facility Fee (annual, qtrly in arrears; rate resets annually)		
7 BBB- Unused Facility Fee - bp (annual)		
8 Margin - bp (annual)		
9 Default Rate Adder - bp (annual)		
10		
11 Upfront Fee - 1st year only		
12		
13 If Unused - annually		
14		
15 If Utilized - annually, excl. Upfront Fee - % utilized >>>		
16		
17		

	CFC (1)	CFC (2)	CFC (2)
19 Facility Amount (\$Millions)	50	50	50
20 Security	Unsecured	Unsecured	Unsecured
21 Senior Secured Credit Rating (Higher of)	BBB/Baa2	BBB/Baa2	BBB-/Baa3
22 Term - Years	5	5	5
23 Upfront Fee (one-time)			
24 Facility Fee (annual, qtrly in arrears; rate resets annually)			
25 BBB- Unused Facility Fee - bp (annual)			
26 Margin* - bp (annual)			
27 Default Rate Adder - bp (annual)			
28			
29 Upfront Fee			
30			
31 If Unused - annually			
32			
33 If Utilized - annually, excl. Upfront Fee - % utilized >>>			
34			

<u>Summary</u>	Original	Revised	Total
36 Upfront Fee (one time), CoBank			
37 Upfront Fee (one time), CFC			
38 Net Change			
39			
40 Facility Fee, if unused (annual) CoBank			
41 Facility Fee, if unused (annual) CFC			
42 Net Change			
43			
44 Facility Fee, if Utilized (50%) (annual) CoBank			
45 Facility Fee, if Utilized (50%) (annual) CFC			
46 Net Change			
47			

(1) Margin over Libor

(2) Standard CFC Line of Credit Rate

51

Date Prepared: 12/10/2008

52

REVOLVING LINE OF CREDIT AGREEMENT

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

RECITALS

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

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

ARTICLE I

DEFINITIONS

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

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

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

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

"Business Day" means any day that both CFC and the depository institution CFC utilizes for funds transfers hereunder are open for business.

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

"CFC Line of Credit Rate" shall mean _____

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

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

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

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

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

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

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

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

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

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

"Letter of Credit" means an irrevocable letter of credit issued by CFC pursuant to Section 3.04 hereof.

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

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

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

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

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

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

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

"Person" shall mean natural persons, cooperatives, corporations, limited liability companies, limited partnerships, general partnerships, limited liability partnerships, joint ventures, associations, companies, trusts or other organizations, irrespective of whether they are legal entities, and Governmental Authorities.

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

ARTICLE II

REPRESENTATIONS AND WARRANTIES

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

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

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

This Agreement is, and when fully executed and delivered will be, legal, valid and binding upon the Borrower and enforceable against the Borrower in accordance with its terms, subject to

applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity.

C. No Conflicting Agreements. The execution and delivery of the Loan Documents and performance by the Borrower of the obligations thereunder, and the transactions contemplated hereby or thereby, will not: (i) violate any provision of law, any order, rule or regulation of any court or other agency of government, any award of any arbitrator, the articles of incorporation or by-laws of the Borrower, or any indenture, contract, agreement, mortgage, deed of trust or other instrument to which the Borrower is a party or by which it or any of its property is bound, or (ii) be in conflict with, result in a breach of or constitute (with due notice and/or lapse of time) a default under, any such award, indenture, contract, agreement, mortgage, deed of trust or other instrument, or result in the creation or imposition of any Lien upon any of the property or assets of the Borrower.

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

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

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

F. Litigation. Except for those matters set forth in Schedule 2, there are no outstanding judgments, suits, claims, actions or proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any of its properties which, either individually or collectively, is reasonably expected to have a material adverse effect upon the business, operations, prospects, assets, liabilities or financial condition of the Borrower. The Borrower is not, to the Borrower's knowledge, in default or violation with respect to any judgment, order, writ, injunction, decree, rule or regulation of any Governmental Authority which would have a material adverse effect upon the business, operations, prospects, assets, liabilities or financial condition of the Borrower.

G. Financial Statements. The balance sheet of the Borrower as at the date identified in Schedule 1 hereto, the statement of operations of the Borrower for the period ending on said date, and the interim financial statements of the Borrower, all heretofore furnished to CFC, are complete and correct. Said balance sheet fairly presents the financial condition of the Borrower as at said date and said statement of operations fairly reflects its operations for the period ending on said date. The Borrower has no contingent obligations or extraordinary forward or long-term commitments except as specifically stated in said balance

sheet, in the Confidential Information Memorandum dated January 2008 or herein. There has been no material adverse change in the business, assets, liabilities (actual or contingent), operations, condition (financial or otherwise) of the Borrower and its subsidiaries taken as a whole from that set forth in said financial statements except changes disclosed in writing to CFC prior to the date hereof.

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

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

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

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

ARTICLE III

CREDIT TERMS

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

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

Section 3.03 Requests for Advances. To request any Advance other than an Advance made pursuant to Section 3.04.H., the Borrower shall notify CFC of such request in writing by delivery of an Advance Request not later than 12:00 noon, local time at CFC's offices in Herndon, Virginia on the Business Day prior to the Business Day of the proposed Advance. Each Advance Request shall be in the form of Exhibit B hereto and contain the information required therein.

Section 3.04 Letters of Credit.

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

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

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

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

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

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

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

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

F. No Liability. CFC shall have no liability for, and the Borrower's repayment and other obligations hereunder shall not be affected by (i) the use which may be made of the funds drawn under a Letter of Credit or for the acts or omissions of the beneficiary or any other

person, (ii) the validity, accuracy, sufficiency or genuineness of drafts, required statements or documents, even if such drafts, statements or documents should in fact prove to be in any or all respects invalid, inaccurate, insufficient, fraudulent or forged, (iii) errors, omissions, interruptions or delays in transmission or delivery of any message by mail, telephone, facsimile or otherwise, or (iv) any consequences arising from causes beyond CFC's control.

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

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

I. Reinstatement.

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

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

Section 3.05 Repayment of Advances. The Borrower unconditionally promises and agrees to pay, as and when due, without setoff or counterclaim, interest on each Advance hereunder, from the date thereof and to repay the outstanding principal amount of the Advances and all other amounts then outstanding on the Maturity Date.

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

B. Application of Payments. Each payment shall be applied first to any fees, costs, expenses or charges other than interest or principal then due on the Borrower's indebtedness to CFC, second to interest accrued on the Advance or Advances selected to be paid, and the balance to principal on such Advance or Advances.

C. Interest Rate. The interest rate on all Advances will be equal to the CFC Line of Credit Rate. The effective date of an interest rate adjustment will be determined from time to time by CFC, and shall remain in effect until any subsequent change in the interest rate occurs. The applicable interest rate as determined by CFC shall be conclusive absent manifest error. No provision of this Agreement shall require the payment, or permit the collection, of interest in excess of the highest rate permitted by applicable law.

D. Payment of Interest. Accrued interest on each Advance shall be payable in arrears in accordance with CFC's regular billing cycles as may be in effect from time to time, and on the Maturity Date; provided that (i) interest accrued pursuant to Section 3.07 shall be payable on demand, (ii) in the event of any repayment or prepayment of any Advance, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment.

E. Computation. All interest hereunder shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

Section 3.06 Fees.

A. Upfront Fee. Borrower shall pay to CFC a nonrefundable fee in an amount equal to [REDACTED], due and payable as of the Effective Date set forth below. Payment of such fee is a precondition to the effectiveness of this Agreement.

B. Annual Facility Fee. On the Effective Date set forth below, and at each anniversary date thereof ("Anniversary Date") for so long as this Agreement is in effect, there shall be due and payable to CFC a nonrefundable facility fee ("Facility Fee"). Borrower shall pay the Facility Fee to CFC quarterly in arrears. The initial Facility Fee shall be in an amount equal to [REDACTED]

[REDACTED]. Any increase in the Facility Fee shall be effective only as of an Anniversary Date. The Facility Fee shall be prorated for any year in which this Agreement is not in effect for the entire year. The Payment of the Facility Fee is a precondition to the issuance of any Letter of Credit.

C. Issuance Fee. For each Letter of Credit issued hereunder, Borrower shall pay to CFC a nonrefundable fee ("Issuance Fee"), due and payable prior to the issuance of each Letter of Credit. The Issuance Fee shall be in an amount determined in accordance with CFC's credit policies and practices as of the date of issuance. In the event the Letter of Credit is outstanding for more than one year, then such fee shall be due and payable annually and shall be in an amount determined in accordance with CFC's credit policies and practices as of the annual renewal date. Borrower shall pay the Issuance Fee to CFC quarterly in arrears. The Issuance Fee shall be prorated for any year in which the Letter of Credit is not outstanding for the entire year. Payment of the Issuance Fee is a precondition to the issuance of any Letter of Credit.

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

Section 3.07 Default Rate. If Borrower defaults on its obligation to make a payment due hereunder by the applicable date payment is due, and such default continues for thirty days thereafter, then beginning on the thirty-first day after the payment is due and for so long as such default continues, Advances shall bear interest at the Default Rate.

Section 3.08 Optional Prepayment. The Borrower shall have the right at any time and from time to time to prepay any Advance in whole or in part, subject to the requirements of this Agreement. Prior to any prepayment of any Advance hereunder, the Borrower shall select the Advance or Advances to be paid and shall notify CFC by telephone (confirmed by telecopy) of such selection not later than 11:00 a.m., local time at CFC's offices in Herndon, Virginia, one Business Day before the scheduled date of such prepayment. Each such notice shall be irrevocable and shall specify the prepayment date, the principal amount of each Advance or portion thereof to be prepaid. Prepayments shall be accompanied by accrued interest to the extent required herein and shall be made and applied in the manner specified in Section 3.05.

Section 3.09 Mandatory Prepayment. If there is a change in the Borrower's corporate structure (including without limitation by merger, consolidation, conversion or acquisition), then upon the effective date of such change (the "Change Date"), (a) except for Advances made to repay a Draw on a Letter of Credit pursuant to Section 3.04.H, the Borrower shall no longer have the ability to request, and CFC shall have no obligation to make, Advances hereunder, (b) the Borrower shall no longer have the ability to request, and CFC shall have no obligation to issue, a Letter of Credit hereunder, and (c) the Borrower shall prepay the outstanding principal balance of all Obligations (excluding Obligations represented by undrawn amounts under outstanding Letters of Credit), together with any accrued but unpaid interest thereon, any unpaid costs or expenses provided for herein, and a prepayment premium prescribed by CFC pursuant to its policies of general application in effect from time to time.

Any Letter of Credit outstanding on the Change Date shall remain outstanding and subject to the terms and conditions hereof until its stated expiry date unless cancelled or returned by the Beneficiary thereof prior to such expiry date. Any Draw on such Letter of Credit shall be reimbursed by an automatic Advance made pursuant to Section 3.04.H. The Borrower shall repay the outstanding principal balance of such automatic Advance, together with any accrued but unpaid interest thereon and any unpaid costs or expenses provided for herein within five (5) Business Days of CFC's payment of the Draw.

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

Notwithstanding anything to the contrary in this Section 3.09 Borrower shall retain the ability to request Advances and the issuance of Letters of Credit, CFC shall retain the obligation to make Advances and issue Letters of Credit, and no prepayment shall be required under this Section 3.09 if, on and after the Change Date, Borrower, or its successor in interest, is engaged in the furnishing of electric utility services to its members and is organized as a cooperative, nonprofit

corporation, public utility district, municipality, or other public governmental body.

Section 3.10 Optional Commitment Reduction. The Borrower may at any time terminate, or from time to time reduce, the CFC Commitment; provided that (i) each reduction of the CFC Commitment pursuant to this Section shall be in an amount that is \$5,000,000 or a larger multiple of \$1,000,000 and (ii) the Borrower shall not terminate or reduce the Commitments if, after giving effect to any such reduction, the amount of Advances plus LC Exposure would exceed the CFC Commitment.

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

ARTICLE IV

CONDITIONS OF LENDING

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

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

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

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

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

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

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

Section 4.02**ARTICLE V****COVENANTS**

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

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

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

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

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

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

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

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

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

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

ARTICLE VI

EVENTS OF DEFAULT

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

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

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

C. Other Covenants.



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

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

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

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

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

H. Insolvency. The Borrower shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the

appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to, or be generally unable to, pay its debts as they become due, or shall take any action to authorize any of the foregoing.

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

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

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

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

M. Wholesale Power Contracts.

- (i) Any one or more members of the Borrower shall default in the performance of any payment obligations under its or their wholesale power contracts with the Borrower where the aggregate principal amount of such default or defaults exceeds \$10,000,000.
- (ii) Any one or more members of the Borrower shall contest the validity or enforceability of its or their wholesale power contracts with the Borrower by filing any official judicial or regulatory filing seeking as a remedy the declaration of the unenforceability or the material modification of its or their wholesale power contracts
- (iii) One or more of the Borrower's wholesale power contract with its distribution cooperative members which, individually or in the aggregate, represent more than 10% of Borrowers' total gross revenue shall for any reason be terminated.

ARTICLE VII

REMEDIES

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

- (a) Cease making Advances hereunder other than Advances made pursuant to Section 3.04.H hereof;
- (b) Terminate the Line of Credit;
- (c) Cease issuing Letters of Credit hereunder;
- (d) Declare all unpaid principal outstanding on the Line of Credit, all accrued and unpaid interest thereon, and all other Obligations to be immediately due and payable and the same shall thereupon become immediately due and payable without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived;
- (e) Exercise rights of setoff or recoupment and apply any and all amounts held, or hereby held, by CFC or owed to the Borrower or for the credit or account of the Borrower against any and all of the Obligations of the Borrower now or hereafter existing hereunder or under the Line of Credit, including, but not limited to, patronage capital allocations and retirements, money due to Borrower from equity certificates purchased from CFC, and any membership or other fees that would otherwise be returned to Borrower. The rights of CFC under this section are in addition to any other rights and remedies (including other rights of setoff or recoupment) which CFC may have. The Borrower waives all rights of setoff, deduction, recoupment or counterclaim;
- (f) Pursue all rights and remedies available to CFC, including, but not limited to, a suit for specific performance and injunctive relief.

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

ARTICLE VIII

MISCELLANEOUS

Section 8.01 Notices. All notices, requests and other communications provided for herein including, without limitation, any modifications of, or waivers, requests or consents under, this Agreement shall be given or made in writing (including, without limitation, by telecopy) and delivered to the intended recipient at the "Address for Notices" specified below; or, as to any party, at such other address as shall be designated by such party in a notice to

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

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

The Borrower:

The address set forth in
Schedule 1 hereto

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

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

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

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

Section 8.05 Filing Fees. To the extent permitted by law, the Borrower agrees to pay all expenses of CFC (including the reasonable fees and expenses of its counsel) in connection with the filing, registration, recordation or perfection of any instruments as may be required by CFC in connection with this Agreement, including, without limitation, all documentary stamps,

recordation and transfer taxes and other costs and taxes incident to execution, filing, registration, recordation or perfection of any document or instrument in connection herewith. The Borrower agrees to save harmless and indemnify CFC from and against any liability resulting from the failure to pay any required documentary stamps, recordation and transfer taxes, recording costs, or any other expenses incurred by CFC in connection with this Agreement. The provisions of this subsection shall survive the execution and delivery of this Agreement and the payment of all other amounts due hereunder.

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

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

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

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

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

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

SECTION 8.09 INDEMNIFICATION. THE BORROWER HEREBY INDEMNIFIES AND AGREES TO HOLD HARMLESS, AND DEFEND CFC AND ITS MEMBERS, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, ATTORNEYS AND REPRESENTATIVES (EACH AN

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

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

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

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

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

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

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

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

Section 8.17 Schedules; Exhibits. Schedules 1 and 2 and Exhibits A, B and C are attached hereto and are an integral part of this Agreement.

[EXECUTION ON FOLLOWING PAGE]

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

BIG RIVERS ELECTRIC CORPORATION

(SEAL)

By: _____

Title: _____

Attest: _____

Title: _____
Secretary

NATIONAL RURAL UTILITIES COOPERATIVE
FINANCE CORPORATION

(SEAL)

By: _____
Assistant Secretary-Treasurer

Attest: _____
Assistant Secretary-Treasurer

Loan Number: KY062-H-5102 _____

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

SCHEDULE 1

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

SCHEDULE 2



**National Rural Utilities
Cooperative Finance Corporation**

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

A Touchstone Energy Cooperative

**EXHIBIT A
FORM OF ADVANCE REQUEST**

Borrower Name: BIG RIVERS ELECTRIC CORPORATION

Facility Number: KY052-H-5102

Effective Date of Advance:

Advance Amount:

Wiring Instructions:

Bank Name

City, State

ABA No

Account No

Credit Account Name

Additional Instructions

Certification

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

Certified By:

Signature Date

Title of Authorized Officer

PLEASE FAX TO _____

ATTN:

**EXHIBIT B
FORM OF LETTER OF CREDIT REQUEST**

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

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

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

Beneficiary Name and Address:

Letter of Credit Amount:

Letter of Credit Effective Date:

Expiry Date:

Conditions of Draw:

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

Very truly yours,
BIG RIVERS ELECTRIC CORPORATION

By: _____

Name: _____

Title: _____

Date: _____

CFC LOCAGMT
KY062-H-5102 (AMATO)
129433-5

**EXHIBIT C
FORM OF LETTER OF CREDIT**

IRREVOCABLE LETTER OF CREDIT NUMBER «LoanNumber»

Date: «LetterDate»

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

Letter of Credit Expiration Date: «ExpiryDate»

Beneficiary Name and Address:

Name of Applicant:

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

To the above-named Beneficiary:

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

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

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

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

This Letter of Credit is governed by the provisions of the Uniform Customs and Practice for Documentary Credits (1993 Version), International Chamber of Commerce Publication No. 500

("UCP"). As to matters not governed by the UCP, this Letter of Credit is governed by the laws of the Commonwealth of Virginia. This Letter of Credit is not transferable.

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION

By: _____
Assistant Secretary-Treasurer

BIG RIVERS ELECTRIC CORPORATION'S
RESPONSE TO THE INFORMATION REQUESTED
AT THE DECEMBER 2, 2008, HEARING
PSC CASE NO. 2007-00455
December 12, 2008

1 **Item 2)** Provide a schedule in the format of page four of the Unwind Financial Model,
2 below line 98, showing the effective Smelter rates if the payments that E.ON will make to the
3 Smelters at closing are included in that calculation.

4
5 **Response)** Attached is a schedule showing the effective Smelter rates if the payments that
6 E.ON U.S., LLC ("E.ON") will make to the Smelters at closing (excluding the confidential
7 payment) are included in that calculation. A schedule showing the effective Smelter rates if all
8 payments that E.ON will make to the Smelters at closing (including the confidential payment) is
9 filed under seal and attached to a petition for confidential treatment filed with this response. In
10 that schedule, the receipt of the confidential payment is spread over two years. These two
11 schedules were prepared by Big Rivers – in order to relate the payments from E.ON to Proforma
12 line 98 of the Unwind Financial Model – based on data provided by Henry Fayne, which was not
13 independently confirmed by Big Rivers.

14
15 **Witness)** C. William Blackburn

Effective Smelter Rates - Summary

Publicly Disclosed Payments

	Source	Total/ Avg.	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
1	\$/ MWh																	
2	<i>Effective Rate - Financial Model</i>	Pro Forma, Line 98	51.42	43.11	42.98	49.19	52.33	53.92	46.67	48.42	48.44	54.47	50.77	55.05	54.30	56.77	56.32	58.53
3																		
4	<i>Payments Outside Financial Model</i>																	
5	Disbursement from Fuel Sub-Account	Smelter schedules (a)	(0.64)	(5.32)	(4.27)	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Disbursement from Reserve Sub-Account A	Smelter schedules (a)	(0.02)	(0.34)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Payment from BREC	Smelter schedules (a)	(0.06)	(0.53)	(0.43)	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Total		(0.73)	(6.19)	(4.69)	-	-	-	-	-	-	-	-	-	-	-	-	-
9																		
10	<i>Net</i>		50.69	36.91	38.28	49.19	52.33	53.92	46.67	48.42	48.44	54.47	50.77	55.05	54.30	56.77	56.32	58.53
11																		
12	TWh		109.516	7.297	7.297	7.297	7.317	7.297	7.297	7.297	7.317	7.297	7.297	7.317	7.297	7.297	7.297	7.297
13																		
14	\$Millions																	
15	<i>Effective Rate - Financial Model</i>	Line 2 x Line 12	5,631.3	314.6	313.6	359.0	382.9	393.5	340.6	353.3	354.5	397.5	370.5	401.7	397.3	414.3	411.0	427.1
16																		
17	<i>Payments Outside Financial Model</i>																	
18	Disbursement from Fuel Sub-Account	Line 5 x Line 12	(70.0)	(38.8)	(31.1)	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Disbursement from Reserve Sub-Account A	Line 6 x Line 12	(2.5)	(2.5)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	Payment from BREC	Line 7 x Line 12	(7.0)	(3.9)	(3.1)	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Total		(79.5)	(45.2)	(34.3)	-	-	-	-	-	-	-	-	-	-	-	-	-
22																		
23	<i>Net</i>		5,551.8	269.4	279.4	359.0	382.9	393.5	340.6	353.3	354.5	397.5	370.5	401.7	397.3	414.3	411.0	427.1

a) Prepared by Henry Fayne, 12/5/08

Effective Smelter Rates - Summary

Confidential Items Highlighted

	Source	Total/ Avg.	2009	2010	2011	2012	2013	2014	2016	2016	2017	2018	2019	2020	2021	2022	2023	
1	\$/ MWh																	
2	<i>Effective Rate - Financial Model</i>	Pro Forma, Line 98	51.42	43.11	42.98	49.19	52.33	53.92	46.67	48.42	48.44	54.47	50.77	55.05	54.30	56.77	56.32	58.53
3																		
4	<i>Payments Outside Financial Model</i>																	
5	Disbursement from Fuel Sub-Account	Smelter schedules (a)	(0.64)	(5.32)	(4.27)	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Disbursement from Reserve Sub-Account A	Smelter schedules (a)	(0.02)	(0.34)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Payment from BREC	Smelter schedules (a)	(0.06)	(0.53)	(0.43)	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Payment from E.ON	Smelter schedules (a)																
9	Total																	
10																		
11	<i>Net</i>				49.19	52.33	53.92	46.67	48.42	48.44	54.47	50.77	55.05	54.30	56.77	56.32	58.53	
12																		
13	TWh		109.516	7.297	7.297	7.297	7.317	7.297	7.297	7.297	7.317	7.297	7.297	7.317	7.297	7.297	7.297	
14																		
15	\$Millions																	
16	<i>Effective Rate - Financial Model</i>	Line 2 x Line 13	5,631.3	314.6	313.6	359.0	382.9	393.5	340.6	353.3	354.5	397.5	370.5	401.7	397.3	414.3	411.0	427.1
17																		
18	<i>Payments Outside Financial Model</i>																	
19	Disbursement from Fuel Sub-Account	Line 5 x Line 13	(70.0)	(38.8)	(31.1)	-	-	-	-	-	-	-	-	-	-	-	-	-
20	Disbursement from Reserve Sub-Account A	Line 6 x Line 13	(2.5)	(2.5)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Payment from BREC	Line 7 x Line 13	(7.0)	(3.9)	(3.1)	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Payment from E.ON	Line 8 x Line 13																
23	Total																	
24																		
25	<i>Net</i>				359.0	382.9	393.5	340.6	353.3	354.5	397.5	370.5	401.7	397.3	414.3	411.0	427.1	

a) Prepared by Henry Fayne, 12/5/08

BIG RIVERS ELECTRIC CORPORATION'S
RESPONSE TO THE INFORMATION REQUESTED
AT THE DECEMBER 2, 2008, HEARING
PSC CASE NO. 2007-00455
December 12, 2008

1 **Item 3)** Provide the property damage insurance deductible for damage to Big Rivers'
2 generating stations.

3
4 **Response)** After the closing of the Unwind Transaction, Big Rivers will have a property
5 damage insurance policy covering damage to its generating stations with a \$1 million deductible.
6 Under the existing transaction, Western Kentucky Energy Corporation carries a property damage
7 insurance policy covering damage to the Big Rivers generating stations.

8
9 **Witness)** C. William Blackburn

BIG RIVERS ELECTRIC CORPORATION'S
RESPONSE TO THE INFORMATION REQUESTED
AT THE DECEMBER 2, 2008, HEARING
PSC CASE NO. 2007-00455
December 12, 2008

1 **Item 4)** Calculate the Margins for Interest ("MFI") for years 2009 and 2010 in the version
2 of the Unwind Financial Model filed in October.

3

4 **Response)** The MFI calculation for the years 2009 and 2010 is attached. Big Rivers exceeds
5 the MFI requirement of the Indenture for the period through 2023. I would note that the MFI
6 requirement is part of a ratemaking covenant, and is not a trigger for default, cash sweep, or the
7 like.

8

9 **Witness)** C. William Blackburn

2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023

Source

Line #	Income Statement from October Filed Model (page 7; M\$)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
1	Source																
2	Line #																
3	178	<u>Revenues</u>															
4	179	Rural	90.5	93.2	108.7	111.7	121.8	131.9	136.1	139.3	149.4	154.1	158.3	167.0	171.1	176.6	181.3
5	180	Large Industrial	33.3	35.0	41.8	43.5	48.3	53.2	55.3	57.0	61.2	63.6	65.7	69.9	72.0	74.7	77.0
6	181	Smelters	314.6	313.6	359.0	382.9	393.5	340.6	353.3	354.5	397.5	370.5	401.7	397.3	414.3	411.0	427.1
7	182	Off-System	94.3	108.5	87.7	90.9	99.4	82.2	82.1	78.8	67.6	73.6	59.7	59.5	59.1	58.4	54.7
8	185	Gain on Sale of Allowances	3.8	3.0	(0.6)	(0.4)	(0.2)	(1.9)	(16.3)	(15.1)	(14.5)	(15.6)	(14.2)	(15.5)	(15.6)	(16.0)	(16.5)
9	188	Interest Earnings	6.4	5.5	5.7	5.7	4.1	3.4	3.6	3.3	3.1	2.9	3.8	3.4	3.3	3.6	3.8
10	189	Total Revenues	542.9	558.9	602.2	634.3	666.8	609.5	614.2	617.8	664.3	649.2	675.0	681.6	704.1	708.2	727.4
11	190																
12	191	<u>Expenses</u>															
13	192	PPA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	193	Fuel Costs	270.8	301.0	305.8	339.5	366.4	276.1	259.3	261.7	260.2	267.6	268.0	275.4	277.0	285.9	285.5
15	194	SEPA & Other Purchases	22.8	19.3	25.9	24.3	27.1	26.5	28.1	29.4	41.7	31.9	38.8	39.1	46.6	44.0	51.3
16	197	Non-Fuel Variable Production O&M	30.8	33.7	38.3	39.9	40.9	41.8	51.4	53.0	52.9	55.3	55.3	58.1	60.4	61.4	63.3
17	198	Fixed Production O&M	101.3	93.3	105.0	104.9	106.0	102.3	111.8	108.5	129.6	113.5	129.3	123.8	133.5	128.7	137.0
18	199	Transmission O&M	8.0	8.3	8.5	8.8	9.0	9.3	9.6	9.9	10.2	10.5	10.8	11.1	11.4	11.8	12.1
19	200	APM, L/C, Cogen, CW & TVA Trans	6.3	6.5	5.8	5.7	5.9	6.0	6.2	6.4	6.6	6.8	7.0	7.2	7.4	7.6	7.8
20	201	A&G	29.5	27.8	29.2	29.5	30.3	31.7	32.1	33.0	34.3	35.1	36.0	37.5	38.2	39.5	40.9
21	202	Property Taxes & Insurance	6.9	7.1	7.8	8.5	8.8	9.1	9.3	9.6	9.9	10.2	10.5	10.8	11.1	11.5	11.8
22	203	Depreciation & Amortization	34.4	35.6	44.6	46.0	46.1	46.4	48.0	49.5	63.6	64.9	66.3	67.8	69.2	70.6	72.2
23	204	Income Tax	-	-	-	-	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.8	0.8	0.8	0.8
24	205	Interest Expense (Incl. Financing Fees)	53.1	48.9	48.4	51.0	47.9	46.4	44.8	43.5	42.0	40.4	40.1	38.4	36.9	35.2	33.7
25	206	RUS Note & PCB Restructuring Charge	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
26	208	Other - Net	(0.3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	209	Total Expenses	564.1	581.7	619.8	656.7	689.3	596.6	601.5	605.4	652.2	637.4	663.2	670.1	692.9	697.4	716.8
28	210																
29	213	Non-Smelter Member Economic Reserve	35.5	36.1	30.8	38.3	35.7	-	-	-	-	-	-	-	-	-	-
30	214																
31	217	Net Margin	14.3	13.3	13.2	13.9	13.2	12.9	12.6	12.4	12.1	11.8	11.8	11.5	11.2	10.9	10.6
32																	
33		<u>Margins for Interest Ratio *</u>															
34		Margins for Interest															
35		(i) Net Margin	14.3	13.3	13.2	13.9	13.2	12.9	12.6	12.4	12.1	11.8	11.8	11.5	11.2	10.9	10.6
36		Plus:															
37		(ii) Tax on Post-Interest Income	-	-	-	-	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.8	0.8	0.8	0.8
38		(iii) Losses of Subsidiaries and Affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39		(iv) Dividends and Distributions from Subsidiaries and Affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
40		Minus:															
41		(v) Earnings or Profits of Subsidiaries and Affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
42		(vi) Capital Contributions to Subsidiaries and Affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43		Net	14.3	13.3	13.2	13.9	13.8	13.5	13.3	13.0	12.8	12.5	12.5	12.2	12.0	11.7	11.4
44																	
45		Interest Charges															
46		Line 24	53.1	48.9	48.4	51.0	47.9	46.4	44.8	43.5	42.0	40.4	40.1	38.4	36.9	35.2	33.7
47		Less Interest Not Related to Outstanding Secured Obligations:															
48		AMBAC Amortization (PCB) A/C 165	3.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
49		Line of Credit Fee	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
50		Net	48.8	48.4	47.9	50.5	47.4	45.9	44.3	43.0	41.5	39.9	39.6	37.9	36.4	34.7	33.2
51																	
52		Margins for Interest Ratio (Line 43 + Line 50) / Line 50	1.29	1.27	1.28	1.28	1.29	1.29	1.30	1.30	1.31	1.31	1.32	1.32	1.33	1.34	1.34

* Projected, unaudited numbers believed to materially approximate GAAP and MFI formulation of Indenture.