

Ronald M. Sullivan
Jesse T. Mountjoy
Frank Stainback
James M. Miller
Michael A. Fiorella
Allen W. Holbrook
R. Michael Sullivan
Bryan R. Reynolds
Tyson A. Kamuf
Mark W. Starnes
C. Ellsworth Mountjoy
Susan Montalvo-Gesser

July 13, 2009

Via Federal Express

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

RECEIVED

JUL 14 2009

PUBLIC SERVICE
COMMISSION

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

Dear Mr. DeRouen:

Supplemental to the filings made this morning by Kendrick Riggs on behalf of E.ON U.S. LLC and Big Rivers Electric Corporation ("Big Rivers"), attached are the following additional documents:

1. Final, signed version of the letter from Big Rivers to Ambac Assurance Corporation that will be delivered at closing. This letter is described in Mr. Rigg's letter of transmittal;
2. Letter to you from Mark A. Bailey, President and CEO of Big Rivers, providing an update on subjects covered in certain data request responses as requested by Public Service Commission ("Commission") staff at the July 6, 2009, informal conference; and
3. Letter from Big Rivers to the Rural Utilities Service ("RUS") committing to seek amendments to the wholesale power contracts with its members following closing to include language required by RUS. The Big Rivers member cooperatives have signed the letter to acknowledge the commitment being made by Big Rivers, but have not yet agreed to amend their wholesale power contracts. The language addition being sought by RUS is language that is currently required by RUS in G&T-member wholesale power contracts.

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

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

Mr. Jeff DeRouen
July 13, 2009
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Representatives of Big Rivers will be prepared to discuss these matters during the telephonic informal conference set for tomorrow afternoon. Please feel free to contact me with any questions.

Sincerely yours,

James M. Miller by BKP w/ permission

James M. Miller

JMM/ej
Enclosures



201 North Street
PO Box 24
Burlington, KY 40319-0024
606.597.2024
www.bigrivers.com

July 16, 2009

Ambac Assurance Corporation
One State Street Plaza
New York, NY 10004
Attention: Michael T. Sagges

Dear Mr. Sagges,

Reference is made to (a) the Transaction Termination Agreement dated as of March 26, 2007 among Big Rivers Electric Corporation ("Big Rivers"), LG&E Energy Marketing Inc. and Western Kentucky Energy Corp. (the "Termination Agreement") and to the termination of the contractual relations and property interests between Big Rivers and several affiliates of E.ON. U.S. LLC contemplated by the Termination Agreement (the "Unwind Transaction"), (b) \$58,800,000 County of Ohio, Kentucky, Pollution Control Float Rate Demand Bonds, Series 1983 (Big Rivers Electric Corporation Project) (the "1983 Bonds"), which are insured by Ambac Assurance Corporation ("Ambac"), (c) \$83,300,000 County of Ohio, Kentucky, Pollution Control Refunding Revenue Bonds, Series 2001A ("Big Rivers Electric Corporation Project"), Periodic Auction Reset Securities (the "2001A Bonds"), which are insured by Ambac, and (d) the Third Restated Mortgage and Security Agreement, dated as of August 1, 2001, made by and among Big Rivers and various other parties, including Ambac, as amended by the First Amendment thereto, dated as of July 15, 2003 (the "Restated Mortgage"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Termination Agreement or, if not defined therein, in the Indenture to be executed and delivered by Big Rivers on or about the closing date of the Unwind Transaction.

Big Rivers has requested that Ambac consent to the Unwind Transaction which will require, inter alia, that Ambac agree that the Restated Mortgage, under which the obligations of Big Rivers to Ambac in connection with Ambac's insurance of the 1983 Bonds and of Big Rivers to the Bond Trustee in connection with the 2001A Bonds, which are currently secured by the Restated Mortgage on a basis under which obligations owed by Big Rivers to the Rural Utilities Services and others are subordinated to the obligations owed to Ambac and the 2001A Bonds Trustee, be replaced with an Indenture under which all of Big Rivers' first mortgage obligations will be secured pari passu.

Ambac is willing to give its consent to the Unwind Transaction on the condition that Big Rivers execute and deliver this letter agreement. Big Rivers and Ambac agree that in consideration for Ambac's consent to the Unwind Transaction:

1. Big Rivers agrees that it will file an application with the Kentucky Public Service Commission ("KPSC"), by a date no later than four months following the closing of the Unwind Transaction, seeking approval to refund in whole the 2001A Bonds. Ambac will have no obligation to insure the obligations used to refund such bonds. If Big Rivers does not file such application by a date no later than four months following the closing of the Unwind Transaction, Big Rivers shall pay to Ambac (a) \$1,600,000 on the date that is four months following the closing of the Unwind Transaction, and (b) \$500,000 annually on each anniversary of such date; provided, however, that no such amounts shall be payable on and after the date that Big Rivers has refunded or otherwise prepaid or retired in whole the 2001A Bonds.
2. If the KPSC approves Big Rivers' request to refund the 2001A Bonds, and Big Rivers does not consummate such refunding no later than two months following the expiration date of the appeal period for such KPSC approval order, Big Rivers shall pay to Ambac (a) \$1,600,000 on the date that is two months following the expiration of such appeal period, and (b) \$500,000 annually on each anniversary of such date; provided, however, that no such amounts shall be payable on and after the date that Big Rivers has refunded or otherwise prepaid or retired in whole the 2001A Bonds.
3. Big Rivers will pay Ambac the sum of \$78,015.42 as reimbursement for legal expenses incurred by Ambac in connection with the consent to the Unwind Transaction.

Nothing in this letter agreement, express or implied, shall or is intended to confer any rights upon any person (including, without limitation, the Trustee under the aforementioned Indenture or any holder of any Obligation thereunder), other than the parties hereto or their respective successors or assigns.

This letter agreement may be signed in counterpart and shall be governed by the law of the State of New York.

If you are in agreement with the foregoing, please execute and return to us a copy of this letter at your convenience.

Ambac Assurance Corporation
July 16, 2009
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Very truly yours,

BIG RIVERS ELECTRIC CORPORATION

By: Mark A. Bailey
Name: Mark A. Bailey
Title: President and CEO

ACKNOWLEDGED AND AGREED

AMBAC ASSURANCE CORPORATION

By:
Title:



201 Third Street
P.O. Box 24
Henderson, KY 42419-0024
270-827-2561
www.bigrivers.com

July 13, 2009

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

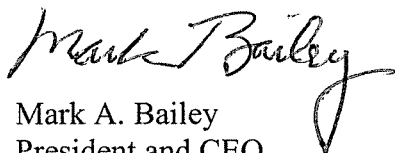
Re: In the Matter of the Applications of Big Rivers Electric Corporation, E.ON U.S., LLC, Western Kentucky Energy Corp. and LG&E Energy Marketing, Inc., P.S.C. Case No. 2007-00455

Dear Mr. DeRouen:

This letter is being provided in response to the request of Public Service Commission (“Commission”) staff made during the informal conference in this matter on July 2, 2009. Big Rivers Electric Corporation (“Big Rivers”) is unaware of any additional consent fees it will be required to pay to close the Unwind Transaction. Big Rivers has disclosed to the Commission all agreements with any person regarding the Unwind Transaction that require Commission approval, and a number of agreements that do not require Commission approval. For purposes of clarity, the Unwind Transaction closing process requires agreements to settle and reconcile last-minute issues that arise, including issues regarding closing conditions. As the Commission is aware, Big Rivers must report to the Commission within ten days after closing that all conditions precedent to the closing of the Unwind Transaction have been satisfied or, if any of the conditions have been waived, the terms on which each waiver was granted.

Sincerely yours,

BIG RIVERS ELECTRIC CORPORATION


Mark A. Bailey
President and CEO



201 Third Street
P.O. Box 24
Henderson, KY 42419-0024
270-827-2561
www.bigrivers.com

July 16, 2009

United States Department of Agriculture
Rural Utilities Service
1400 Independence Ave., S.W.,
Room 0270-South; Stop 1568
Washington, DC 20250
Attn: Victor T. Vu, Director
Power Supply Division

Re: Future Amendment of Big Rivers' Members' Wholesale Power Contracts

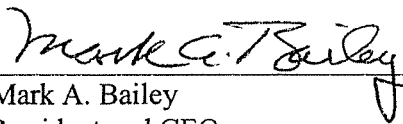
Dear Victor:

In consideration for the consent of USDA Rural Utilities Service ("RUS") to the consummation of various transactions on the date hereof, Big Rivers Electric Corporation ("Big Rivers") agrees promptly to prepare and propose to its members an amendment (collectively, the "Amendments") to their wholesale power contracts (other than the Wholesale Electric Service Agreement (Alcan), dated as of July 1, 2009, and Wholesale Electric Service Agreement (Century), dated as of July 1, 2009, each with Kenergy Corp.). The Amendments will modify these wholesale power contracts to include the language as set forth on Exhibit A hereto. Upon execution by Big Rivers and the members, Big Rivers promptly will deliver the executed Amendments to RUS for its approval.

Big Rivers acknowledges and agrees that RUS can, and will, take into account the status of the Amendments when Big Rivers or any of its members request loans from or seek the approval or consent of RUS for any matter in the future, including by denying any such requests on the basis that the Amendments have not been entered into.

Very truly yours,

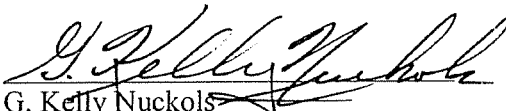
BIG RIVERS ELECTRIC CORPORATION

By: 
Mark A. Bailey
President and CEO

USDA Rural Utilities Service
Victor T. Vu
July 16, 2009
Page 2

The undersigned hereby acknowledge
receipt of a copy of this letter and
understand the contents thereof:

JACKSON PURCHASE ENERGY CORPORATION

By: 
G. Kelly Nuckols
President and CEO

KENERGY CORP.

By: _____
Sandy Novick
President and CEO

MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

By: _____
Burns E. Mercer
President and CEO

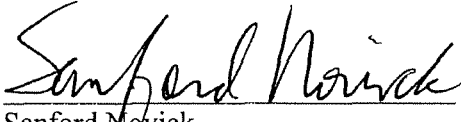
USDA Rural Utilities Service
Victor T. Vu
July 16, 2009
Page 2

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By: 
Sanford Novick
President and CEO

MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

By: _____
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President and CEO

USDA Rural Utilities Service
Victor T. Vu
Page 2

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KENERGY CORP.

By: _____
Sandy Novick
President and CEO

MEADE COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

By: 

Burns E. Mercer
President and CEO

such documents, or be paid to the Seller and held and invested in a manner satisfactory to the Administrator.

SECTION 2. Specific Performance Available.

The Seller, the Member and the Administrator agree that (i) if the Member shall fail to comply with any provision of the Power Contract, the Seller, or the Administrator, if the Administrator so elects, shall have the right to enforce the obligations of the Member under the provisions of the Power Contract and (ii) if the Seller shall fail to comply with any provision of the Power Contract, the Member, or the Administrator, if the Administrator so elects, shall have the right to enforce the obligations of the Seller under the provisions of the Power Contract. Such enforcement may be by instituting all necessary actions at law or suits in equity, including, without limitation, suits for specific performance. Such rights of the Administrator to enforce the provisions of the Power Contract are in addition to and shall not limit the rights which the Administrator shall otherwise have as third party beneficiary of the Power Contract or pursuant to the assignment and pledge of the Power Contract and the payments required to be made thereunder as provided in the "Mortgage" referred to in the Power Contract. The Government shall not, under any circumstances, assume or be bound by the obligations of the Seller or Member under the Power Contract except to the extent the Government shall agree in writing to accept and be bound by any such obligations in whole or in part.

SECTION 3. This Agreement may be simultaneously executed and delivered in two or more counterparts, each of which so executed and delivered shall be deemed to be an original, and all shall constitute but one and the same instrument.

SERVICE LIST
BIG RIVERS ELECTRIC CORPORATION
PSC CASE NO. 2007-00455

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SERVICE LIST
BIG RIVERS ELECTRIC CORPORATION
PSC CASE NO. 2007-00455

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